

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



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8 December 2016

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 15 DECEMBER 2016** at **11:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 1 - 8)
Policy and Resources Committee held on 27 October 2016
4. **FINANCIAL REPORT MONITORING PACK - OCTOBER 2016** (Pages 9 - 14)
Report by Head of Strategic Finance
5. **BUDGETARY OUTLOOK** (Pages 15 - 44)
Report by Head of Strategic Finance
- * 6. **INTEGRATION JOINT BOARD - FUNDING REQUEST** (Pages 45 - 62)
Report by Head of Strategic Finance
7. **PERFORMANCE REPORT - FQ2 2016-17** (Pages 63 - 72)
Report by Executive Director – Customer Services
8. **PEOPLE STRATEGY ACTION PLAN - PROGRESS REPORT** (Pages 73 - 84)
Report by Executive Director – Customer Services

9. BIG LOTTERY FUND CONTRACT

Report by Executive Director – Customer Services (to follow)

10. NEW SCHOOLS REDEVELOPMENT PROJECT - CAMPBELTOWN GRAMMAR SCHOOL, OBAN HIGH SCHOOL AND KIRN PRIMARY SCHOOL - CONTRACT MONITORING (Pages 85 - 86)

Joint report by Executive Director – Customer Services and Acting Executive Director – Community Services

11. FUTURE GRANT DISTRIBUTION: THIRD SECTOR AND EARLY YEARS GRANTS (Pages 87 - 96)

Report by Acting Executive Director – Community Services

12. CARBON MANAGEMENT: WIND TURBINE AT GLENGORM LANDFILL SITE UPDATE (Pages 97 - 100)

Report by Executive Director – Development and Infrastructure Services

13. FIREWORKS DISPLAY - HELENSBURGH PIER CAR PARK (Pages 101 - 104)

Report by Executive Director – Development and Infrastructure Services

14. KERRERA LINK ROAD (Pages 105 - 108)

Report by Executive Director – Development and Infrastructure Services

15. TARBERT AND LOCHGILPHEAD REGENERATION FUND (Pages 109 - 140)

Report by Executive Director – Development and Infrastructure Services and recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 7 December 2016

16. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT DECEMBER 2016 (Pages 141 - 144)

17. MAJOR CAPITAL REGENERATION PROJECTS - UPDATE REPORT AS AT 4 NOVEMBER 2016

(a) Report by Executive Director - Development and Infrastructure Services (Pages 145 - 152)

E1 (b) Appendices (Pages 153 - 162)

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.

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

Policy and Resources Committee

Councillor Dick Walsh (Chair)	Councillor Rory Colville
Councillor Robin Currie	Councillor Mary-Jean Devon
Councillor Kieron Green	Councillor Roderick McCuish
Councillor Iain MacLean	Councillor Alistair MacDougall
Councillor Neil MacIntyre	Councillor Aileen Morton
Councillor Ellen Morton (Vice-Chair)	Councillor Gary Mulvaney
Councillor James Robb	Councillor Len Scoullar
Councillor Isobel Strong	Councillor Sandy Taylor

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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 27 OCTOBER 2016**

Present: Councillor Dick Walsh (Chair)

Councillor Rory Colville	Councillor Aileen Morton
Councillor Kieron Green	Councillor Ellen Morton
Councillor Roderick McCuish	Councillor Len Scoullar
Councillor Alistair MacDougall	Councillor Isobel Strong
Councillor Neil MacIntyre	

Attending: Douglas Hendry, Executive Director of Customer Services
Ann Marie Knowles, Acting Executive Director of Community Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Kirsty Flanagan, Head of Strategic Finance
Patricia O'Neill, Central Governance Manager
Fergus Murray, Head of Economic Development and Strategic Transportation
Tom Kerr, Senior HR Officer
David Gunn, Oban Lorn Arc Programme Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Robin Currie, Mary Jean Devon, Iain MacLean, Gary Mulvaney, James Robb and Sandy Taylor.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

(a) Policy and Resources Committee held on 18 August 2016

The Minutes of the meeting of the Policy and Resources Committee held on 18 August 2016 were approved as a correct record.

(b) Special Policy and Resources Committee held on 29 September 2016

The Minutes of the meeting of the Special Policy and Resources Committee held on 29 September 2016 were approved as a correct record.

4. FINANCIAL REPORT MONITORING PACK – AUGUST 2016

(a) Executive Summary

Consideration was given to a report providing a summary of the financial monitoring reports as at the end of August 2016. There were six detailed reports summarised which included the Revenue Budget Monitoring Report as at 31 August 2016, the Monitoring of Service Choices Savings, the Monitoring of Financial Risks, the Capital Plan Monitoring Report as at 31 August 2016, the Treasury Monitoring Report as at 31 August 2016, and the Reserves and Balances report.

Decision

The Committee –

1. Noted the Revenue Budget Monitoring report as at 31 August 2016.
2. Noted the progress of the Service Choices Policy Saving Options as at the end of August 2016.
3. Noted the Capital Plan Monitoring report as at 31 August 2016.
4. Noted the Treasury Monitoring Report as at 31 August 2016 and agreed to recommend to Council that the Investment Strategy be amended to reduce the minimum sovereign rating from AA to AA- to match the Capita Asset Services suggested counterparty criteria and allow access to a wider range of counterparties.
5. Noted the overall level of reserves and balances and noted the monitoring of the earmarked reserves.

(Reference: Report by Head of Strategic Finance dated 13 October 2016, submitted)

* (b) **Treasury Monitoring Report as at 31 August 2016**

Consideration was given to a report which set out the Council's treasury management position for the period 1 July 2016 to 31 August 2016 and included information on the overall borrowing position, borrowing activity, investment activity, economic background, interest rate forecast and prudential indicators.

Decision

The Committee –

1. Noted the treasury monitoring report as at 31 August 2016.
2. Agreed to recommend to Council that the Investment Strategy be amended to reduce the minimum sovereign rating from AA to AA- to match the Capita Asset Services suggested counterparty criteria and allow access to a wider range of counterparties.

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

5. BUDGETARY OUTLOOK 2017-18 TO 2019-20 - UPDATE

A report which provided the Committee with an update on the budgetary outlook 2017-18 to 2019-20 was considered. The report contained detail on the assumptions which had been updated and included a timetable for the 2017-18 budget preparation process.

Decision

The Committee:

1. Noted with concern that the local government settlement is not due to be announced until late December and that this will result in considerable pressure for local authorities in terms of their budget process.
2. Noted with concern the assumed reduction of 3.3% in funding from the Scottish Government, and the challenging consequences as a result for the council's future service delivery.
3. Noted that these circumstances result in considerable uncertainty in relation to future funding towards external spending pressures.
4. Noted with concern the advice supplied within the updated Budgetary Outlook position for 2017-18 to 2019-20.
5. Acknowledged that, as a result of the challenging position facing the council as outlined in the points above, work is currently ongoing to identify areas where expenditure can be reduced with future proposals coming forward for consideration by members through the budget process to ensure that the Council complies with its statutory responsibilities and promotes a balanced budget.
6. Agreed to the budget timetable for 2017-18 as set down in the report at paragraph 4.9.1 in the report to members.

(Reference: Report by Head of Strategic Finance dated 13 October 2016, submitted and Notice of Motion by Councillor Dick Walsh, seconded by Councillor Ellen Morton, tabled)

6. ROTHESAY HARBOUR - JUDICIAL REVIEW

The Committee gave consideration to a report updating Members on the outcome of the Rothesay Harbour Judicial Review raised against the Council.

Decision

The Committee noted the favourable outcome achieved in respect of the Review.

(Reference: Report by Executive Director – Customer Services dated 12 October 2016, submitted)

7. NEW SCHOOLS - CAMPBELTOWN GRAMMAR AND OBAN HIGH SCHOOLS; KIRN PRIMARY - CONTRACT MONITORING

The Committee considered a report updating Members on the ongoing monitoring of financial, legal and technical risk in respect of the delivery of new high schools in Campbeltown and Oban; and of a new primary school in Kirn.

Decision

The Committee noted the content of the report.

(Reference: Report by Executive Director of Customer Services and Acting Executive Director of Community Services dated 13 October 2016, submitted)

* **8. DIGNITY AT WORK: ELIMINATING WORKPLACE BULLYING AND HARASSMENT POLICY AND PROCEDURE**

The Committee gave consideration to a report which presented the revised Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure for approval for implementation on 1 December 2016.

Decision

The Committee –

1. Noted the content of the report.
2. Recommended the revised Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure be approved by Council on 24 November 2016 for implementation on 1 December 2016; subject to the inclusion of a reference being made to the Councillors Code of Conduct as being the process in place in respect of elected members.

(Reference: Report by Executive Director – Customer Services dated 27 October 2016, submitted)

* **9. PROCUREMENT STRATEGY 2016/17-2017/18 AND SUSTAINABLE PROCUREMENT POLICY 2016/17-2017/18 - DRAFT DOCUMENTS AND ONGOING CONSULTATION**

Consideration was given to a report which sought approval of the Procurement Strategy 2016/17 to 2017/18 and Sustainable Procurement Policy 2016/17 to 2017/18 and which detailed the output of the consultation undertaken for both.

Decision

The Committee –

1. Noted the content of the report.
2. Recommended approval of the Procurement Strategy 2016/17 to 2017/18 and Sustainable Procurement Policy 2016/17 to 2017/18 to full Council.

(Reference: Report by Executive Director – Customer Services dated 17 October 2016, submitted)

* **10. COUNCIL TAX ON SECOND HOMES**

The Committee gave consideration to a report inviting them to consider whether they wished to remove the Council Tax discount for second homes from April 2017. The Scottish Government had produced draft legislation to allow Councils to bring this into effect.

Decision

The Committee agreed to recommend to full Council that the Council exercise its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 to vary the council tax charge on second homes such that no discount applies across the whole of the Council area with effect from 1 April 2017 which would be conditional on the draft SSI entitled The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016 being enacted with effect from 1 April 2017.

(Reference: Report by Executive Director – Customer Services dated 15 September 2016, submitted)

11. DISCRETIONARY HOUSING PAYMENTS POLICY UPDATE

The Council gave consideration to a report which sought approval of the updating of the Discretionary Housing Payments Policy following new guidance from the Department for Work and Pensions about households affected by the new reduced benefit cap which would be brought in from 7 November 2016.

Decision

The Committee approved the proposed amendment to the policy for awarding Discretionary Housing Payment as detailed in appendix 1 to the report by the Executive Director.

(Reference: Report by Executive Director – Customer Services dated 13 September 2016, submitted)

12. CONSULTATION ON SOCIAL SECURITY

The Committee considered a report inviting them to respond to a Scottish Government consultation on the future of Social Security in Scotland. A draft response to the consultation was appended to the report for the Committees consideration.

Decision

The Committee agreed the response to the Scottish Government consultation as detailed at appendix 1 to the report by the Executive Director.

(Reference: Report by Executive Director – Customer Services dated 12 September 2016, submitted)

13. KILMAHEW/ST PETER'S - CHANGE OF NAME FOR OFFER OF GRANT

Consideration was given to a report which sought agreement for a change of grant awardee name for the Kilmahew/St Peter's Project.

Decision

The Committee agreed to change the grantee name from NVA to Kilmahew/St Peter's Ltd on the Council award for £900k, made up of £250k capital funds and £650k of Regeneration Grant Funding, for the Kilmahew/St Peter's Project.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 19 September 2016, submitted)

14. AMBERG-SULZBACH TWINNING ARRANGEMENT

Consideration was given to a report outlining the detail of a twinning visit that took place on 1 to 5 August 2016 with Amberg Sulzbach. The report also presented options for strengthening the twinning arrangement in anticipation of its 50th anniversary in 2017.

Decision

The Committee –

1. Noted the content of the report.
2. Noted the similarities between Argyll and Bute and Amberg-Sulzbach and the invaluable shared knowledge and experience.
3. Endorsed the proposed strengthening of the twinning arrangement with Amberg-Sulzbach.
4. Agreed that a small delegation from Amberg-Sulzbach be invited to celebrate the 50th anniversary of the twinning arrangement in Argyll and Bute.
5. Agreed that this would be funded through the existing twinning budget and supplemented by a one off allocation of up to a maximum of £10K from the earmarked balance no longer required as outlined in the Reserves and Balances August 2016 update report at paragraph 3.3.3 of the submitted report.
6. Noted the recent trip to Bavaria undertaken by the Scottish Government, accompanied by business representatives and welcomes the synergy between the Council's actions and those now undertaken by the Scottish Government

(Reference: Report by Executive Director – Development and Infrastructure Services dated 27 October 2016, submitted)

15. LORN ARC UPDATE

The Chair welcomed the new Lorn Arc Programme Manager, David Gunn, to the meeting; who had joined the Council the previous month and was based in Oban.

A report was considered which provided the Committee with an update on progress in relation to the review of the commercial market and affordability assumptions in the Lorn Arc Business Case, the latest position with regard to the delivery of the individual projects, the recruitment of staff for the Lorn Arc team and latest budget position as at the end of August 2016.

Decision

The Committee –

1. Noted that the current position of the Lorn Arc Programme had been to the Oban, Lorn and the Isles Area Committee for information.
2. Noted that commercial agents had been appointed to review the economic modelling assumptions in the 2013 full business case.
3. Agreed that a more substantive report be prepared and reported to the first appropriate Policy and Resources Committee.
4. Noted the current position with the Lorn Arc Programme.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 28 September 2016, submitted)

16. POLICY AND RESOURCES COMMITTEE WORKPLAN - OCTOBER 2016

Consideration was given to the Policy and Resources Committee Work Plan as at October 2016.

Decision

The Committee noted the work plan as at October 2016.

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

The Chair advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, the appendices relating to the following 2 items of business would require exclusion of the press and public should any Member wish to discuss the content of those appendices on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

17. OBAN NORTH PIER - PHASE 1 - MARITIME QUARTER VISITOR FACILITY

Consideration was given to a report which presented the revised final business case for the Maritime Visitor Facility for approval by the Committee.

Decision

The Committee –

1. Approved the Full Business Case for the Maritime Visitor Facility;
2. Agreed that £1.6m is drawn down from the CHORD budget allocation for provision of the Maritime Visitor Facility;
3. Instructed the Executive Director of Development and Infrastructure Services to proceed to tender for the Maritime Visitor Facility; and

4. Instructed the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should total project costs fall within the allocated project budget.

(Reference: Reports by Executive Director – Development and Infrastructure Services dated September 2016 and Full Business Case, submitted)

18. OBAN NORTH PIER - PHASE 2 - MARITIME QUARTER TRANSIT BERTHING FACILITY

Consideration was given to a report which presented the full business case for the Transit Berthing Facility for approval by the Committee.

Decision

The Committee –

1. Approved the Full Business Case for the Transit Berthing Facility;
2. Agreed that £1.5m is drawn down from the CHORD budget allocation for provision of the Transit Berthing Facility;
3. Instructed the Executive Director of Development and Infrastructure Services to proceed to tender for the Transit Berthing Facility; and
4. Instructed the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should the project costs fall within the allocated project budget, as augmented by any external funding.

(Reference: Reports by Executive Director – Development and Infrastructure Services dated September 2016 and full business case, submitted)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****15 DECEMBER 2016**

EXECUTIVE SUMMARY**FINANCIAL REPORT MONITORING PACK – OCTOBER 2016**

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of October 2016. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 31 October 2016
- Monitoring of Service Choices Savings
- Monitoring of Financial Risks
- Capital Plan Monitoring Report as at 31 October 2016
- Treasury Monitoring Report as at 31 October 2016
- Reserves and Balances

The web link to the detailed reports is as follows:

<http://www.argyll-bute.gov.uk/financial-monitoring>

1.2 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. Financial reporting in respect of Integration Services will now be submitted to the IJB via the IJB's Chief Financial Officer and it is expected that the Chief Financial Officer of the IJB will also keep the Council up to date on the financial position. The Scheme of Integration notes at paragraph 8.2.17 that "Any potential deviation from the planned outturn should be reported to Argyll and Bute Integration Joint Board, the Council and NHS Highland at the earliest opportunity".

1.3 The reports contained in the Council's monitoring pack will no longer have the same level of detail on Integration Services, however, the latest budget monitoring for the IJB as at the end of October 2016 is attached as Appendix 2 to the Monitoring of Financial Risks report.

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

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

- 2.1.2 The forecast outturn is an underspend of £0.922m. The underspend mainly relates to an underspend in utility costs (£0.500m), a forecast saving in loans interest payments (£0.500m), additional anticipated income from berthing, car and passenger dues since the introduction of RET (£0.200m), offset by a shortfall in planning fees (£0.080m) and the shortfall in savings due to the delay in implementing two service choices savings options (£0.349m).
- 2.1.3 There is a year to date surplus of £306k against the year to date budgeted expenditure which is due to profiling of costs.

2.2 Monitoring of Service Choices Savings

- 2.2.1 This report provides an update on the implementation and delivery of the Service Choices policy savings options agreed by Council in February 2016. The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed or delayed.
- 2.2.2 Of the 125 savings options, 55 have already been delivered, 42 are on track to be delivered, 14 have still to be implemented, 5 have still to be developed and 9 are delayed.
- 2.2.3 There are 9 savings options reported as delayed. The changes to the delayed savings reported to P&R on 27 October 2016 for the period end of August 2016 are noted below.

Development and Infrastructure

- The financial impact in 2016-17 of the delay in implementing the three weekly rubbish collection has increased from £137k to £321k.
 - The financial impact in 2016-17 of the delay in implementing the removal of school crossing patrollers has increased from £18k to £29k.
- 2.2.4 The 9 options delayed are noted below and further information is contained within the report.

Community Services:

- Creation of a Charitable Leisure Trust – initial timeframe not feasible, delay of around 6 months with a financial implication in 2017-18 of £0.429m. The business case suggests full year NDR and VAT savings of £0.636m offset by recurring costs of £0.095m resulting in a net saving of £0.541m full year (original estimate £0.700m). This has been reflected within the updated budgetary outlook.
- ASN Efficiencies - as a result of the annual exercise to consider the individual needs of our young people there has been a greater need identified than previously forecast with a financial delay implication of £0.090m within 2016-17. The service are working to ensure that the cost of this delay is met from existing resources.
- The increase to fees for non-statutory music tuition by 50% - not fully achievable in 2016-17 due to the implementation date being pushed back until August for legal reasons. Although non-statutory music tuition fees were increased by 50% it should be noted that:

- In schools in Argyll and Bute, Music Education as a subject is part of the expressive Arts curriculum area for Curriculum for Excellence. It is taught by GTCS registered teachers to young people from primary one and throughout the Broad General Education
- In addition, Education Services contribute to the delivery of the Youth Music Initiative, a Scottish Government programme administered by Creative Scotland – the national agency for the arts, screen and creative industries. This allows for additional music experiences for pupils with one year of free tuition provided,
- There are no charges for Argyll and Bute pupils who are provided with instrumental music provision relating to learners' SQA course work in music examinations.
- Instrumental Instructor provision reduced by 20% - this equates to a 2.6 FTE reduction however this will not be fully achieved as instructors are on teacher's terms and conditions and on which there is currently a no redundancy policy. The financial implication of the two music related savings amounts to £0.018m in 2016-17. The service are working to ensure that the cost of this delay is met from existing resources.

Customer Services:

- Catering and Cleaning redesign (3 options) - Catering and Cleaning Business Case outlines total savings of £0.777m expected by 2020-21 with £0.331m deliverable by 2018-19. Comparing to the original savings estimated there is a shortfall reflected within the budgetary outlook of £0.040m in 2017-18 and £0.524m in 2018-19 as shown in the table below:

	2017-18 £000	2018-19 £000	2019-20 £000
FS01A-C - Long term redesign of catering service.	0	560	560
FS01D - Build up and develop catering service for events and functions.	40	40	40
FS02A-B - Long term redesign of cleaning service.	0	255	255
Total Original Estimate of Savings:	40	855	855
Revised Estimate of Savings	0	331	331
Shortfall / Delayed Saving	(40)	(524)	(524)

Development and Infrastructure:

- Removal of school crossing patrollers - the original proposal to remove school crossing patrollers (SCP) was amended to remove lunch time element of service. Original completion date was for implementation by school summer holidays. The financial implication of this delay amounts to £0.028m in 2016-17 and although this was originally forecast as an overspend position, the department have now identified additional income to offset this overspend.
- Three weekly rubbish collection - Slight delay to original June

implementation date due to complexity of the Service Choice, amendments to routes, negotiations with staff, Trade Unions, Third Sector Groups and contractors. On track for implementation from October. The financial implication of this delay amounts to £0.321m in 2016-17 and although this was originally forecast as an overspend position, the department have now identified additional income to offset the majority of this overspend.

2.3 Monitoring of Financial Risks

2.3.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

2.3.2 There are a number of Council wide risks identified. In respect of revenue all have been assessed as remote or unlikely with the exception of two risks that have been assessed as likely as noted below:

- Auto enrolment into the pension scheme which impacts on employers superannuation. The majority of staff will not be auto enrolled until October 2017 and the impact of this has been reflected within the medium term budgetary outlook.
- The risk that the Integrated Joint Board (IJB) refer back to the Council for additional funding in the event that there is an overspend and where a recovery plan has proved to be unsuccessful.

2.3.3 There are currently 43 departmental risks totalling £3.643m. Only 3 of the risks are categorised as likely, with a potential impact of £0.700m, and no risks have been categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

2.3.4 The top 3 risks in terms of their likely financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	4	570
Facility Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	3	250
Roads and Amenity Services	Roads Maintenance	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230

2.4 Capital Plan Monitoring Report

2.4.1 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.

- 2.4.2 Actual net expenditure to date is £13.029m compared to a budget for the year to date of £12.921m giving rise to an overspend for the year to date of £0.108m. The forecast outturn for the year is a forecasted underspend of £3.008m.
- 2.4.3 The £0.108m year to date overspend consists of an overspend within Capital Property works which will be covered from elsewhere within the service, in addition to other small variances.
- 2.4.4 The forecast underspend for the year is £3.008m. This is largely due to £2.321m of slippage within the Dunoon CHORD project to reflect that the main contractor will not commence work until December 2016. The projects are still working to planned timescales, the expenditure is simply being re-profiled to when it is likely to be incurred.

2.5 Treasury Monitoring Report

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 No new long term borrowing was taken out during the period 1 September 2016 to 31 October 2016.
- 2.5.3 Borrowing is estimated to be below the capital financing requirement for the period to 31 March 2017. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risks. However, if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.
- 2.5.4 Investments at 31 October 2016 were £77.9m with a return achieved of 0.598% which compares favourably with the target of 7 day LIBID which was 0.124%.

2.6 Reserves and Balances

- 2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.6.2 The Council has a total of £146.204m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 The Council has a total of £57.115m usable reserves as at the end of 31 March 2016. Of this balance, £0.671m relates to Repairs and Renewals Fund, £4.027m relates to Capital Funds and the remainder is held in the General Fund, with £43.272m of the balance earmarked for specific purposes.

2.6.4 The General Fund contingency is set at 2% of net expenditure for 2016-17. There is currently an estimated surplus over contingency of £5.370m and this is being directed towards the delivery of the Single Outcome Agreement.

3. RECOMMENDATIONS

3.1 Members to note the revenue budget monitoring report as at 31 October 2016.

3.2 Members to note the progress of the service choices policy saving options as at the end of October 2016.

3.3 Members to note the current assessment of the Council's financial risks.

3.4 Members to note the capital plan monitoring report as at 31 October 2016 and note the over project cost changes, the project slippages and accelerations and the updated capital plan reflecting these changes.

3.5 Members note the treasury monitoring report as at 31 October 2016.

3.6 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves.

4. IMPLICATIONS

- | | | |
|-----|--------------------|--------------------------------------------------------------------------------|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2016-17 as at 31 October 2016. |
| 4.3 | Legal - | None. |
| 4.4 | HR - | None. |
| 4.5 | Equalities - | None. |
| 4.6 | Risk - | Details of financial risks are included within the report. |
| 4.7 | Customer Service - | None. |

Policy Lead for Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
14 November 2016**

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****15 DECEMBER 2016**

BUDGETARY OUTLOOK 2017-18 TO 2019-20 - UPDATE

1. EXECUTIVE SUMMARY

- 1.1 A report on the budgetary outlook 2017-18 to 2019-20 was presented to the Policy and Resources Committee on 18 August 2016 with an update on 27 October 2016. This report provides Members with a further update to the position and contains detail on the assumptions that have been updated.
- 1.2 The estimated employee cost increases have been updated to reflect the updated staffing establishment. For 2017-18, there is a saving on the departmental base of £0.586m, the main reason relates to a year on year decrease in school roll related teacher entitlements. The Council require to maintain the pupil/teacher ratio level in line with the 2015 census return to the Scottish Government and there remains sufficient budget provision to do so. This is offset by increases to the costed pay inflation and increments for 2017-18 and there is a small reduction to the basic pay estimate for the living wage for our own employees. Overall, for 2017-18, the costed establishment is £0.119m more than estimated for the best case and £0.032m less than estimated for the worst case.
- 1.3 As part of the Service Review process in 2011-12, there was a saving approved for Education of £0.109m, to be achieved from the creation of an Arts, Culture and Music Fund managed by an external social enterprise. The decision to implement this saving was subsequently reversed and the Education service was not provided with an additional budget allocation to accommodate this shortfall in savings. No recurring saving has been identified to date. Members could consider removing this saving target from the base budget for 2017-18 by offsetting the base budget reduction (which is mainly within Education) by this amount. This would increase the budget gap reported by a further £0.109m.
- 1.4 The non-pay inflation assumptions for 2017-18 have been reviewed by Strategic Finance in conjunction with budget holders. The position remains that only unavoidable/inescapable inflation has been included for 2017-18. The costed inflation for 2017-18 has been revised to be between £0.590m and £1.533m. The difference is in respect of applying the Scottish Living Wage inflationary increase for commissioned services.
- 1.5 There are currently ongoing negotiations for additional integration funding in order to pay for the full year effect of the living wage (funding was only provided to implement from 1 October last year), the inflation of the Living Wage from £8.25 to £8.45, clarity over the 25% provider contribution and also sleepovers. The best case scenario assumes that sufficient funding will be provided to cover the inflation and the worst case assumes that no

additional funding will be provided. It is highly likely that an element of funding will be agreed and therefore the worst case position will not happen, however, the quantum of funding is still to be determined.

- 1.6 The previous non-pay inflation assumed inflation of between £0.750m and £1.000m, therefore this update results in a reduction to the best case scenario of £0.160m but an increase to the worst case scenario of £0.533m.
- 1.7 A review of the cost and demand pressures was carried out during October and November and the new cost pressures or amended cost pressures identified for 2017-18 amount to around £1.8m. These include pressures in respect of the Waste PPP contract, Criminal Justice, Sleepovers, Enterprise Agreement and others. A list of the new pressures are included within Appendix 3.
- 1.8 As Head of Strategic Finance and Section 95 Officer, it is my responsibility to advise Members of the potential cost and demand pressures, however, it is a matter for Members to determine which cost and demand pressures they approve taking into consideration their priorities. To aid Members, cost and demand pressures have been categorised into those that have arisen due to:
- Increased cost/growth to deliver the current level of service including local priorities/changes (Local);
 - National policy or legislative changes (National); and
 - New policy initiatives/priorities/manifesto commitments of the Scottish Government (Scottish Government).
- 1.9 The total cost and demand pressures within the various categories are summarised in the table below, with detail provided within Appendix 4.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Local	556	2,987	4,642	1,338	4,369	6,624
National	1,525	1,601	1,677	2,123	2,199	2,275
Scottish Government	0	400	400	1,910	3,045	3,366
Total Cost and Demand Pressures	2,081	4,988	6,719	5,371	9,613	12,265

- 1.10 The original saving estimated in connection with moving to 3 weekly rubbish collection for 2017-18 and 2018-19 was £0.548m. It has now been estimated that the likely saving will be £0.504m, a reduction of £0.044m, due to recurring costs not previously anticipated in respect of access to landfill sites outwith opening hours. The department will look for opportunities to meet the reduction in saving, but it is included in the revised budgetary outlook at this stage.
- 1.11 In respect of the Council Tax base growth, in the previous budget outlook

this was assumed to be 0.25%. This position has been reviewed and a more realistic assumption would be a growth rate of 0.5%. This would yield around £0.100m additional Council Tax income each year.

- 1.12 There is also a minor change to the Council Tax funding as a result of applying the growth percentage to a revised base position.
- 1.13 One of the options to assist in balancing the budget is the setting of an efficiency savings target for 2017-18 and officers have been working to a 2% target and this was reported to Council on 24 November 2016. The savings identified amount to a full year saving of £1.403m with £1.377m deliverable in 2017-18.
- 1.14 The funding gap estimated over the three year period 2017-18 to 2019-20 has been revised to be between £19.3m and £42.1m, with a gap of between £4.3m and £13.9m in 2017-18.
- 1.15 Members are asked to note the updated estimated budgetary outlook position 2017-18 to 2019-20.

BUDGETARY OUTLOOK 2017-18 TO 2019-20

2. INTRODUCTION

- 2.1 A report on the budgetary outlook 2017-18 to 2019-20 was presented to the Policy and Resources Committee on 18 August 2016 with an update on 27 October 2016. This report provides Members with a further update to the position and contains detail on the assumptions that have been updated.

3. RECOMMENDATIONS

- 3.1 Members to note the updated estimated budgetary outlook position 2017-18 to 2019-20.

4. DETAIL

4.1 Background

- 4.1.1 A budgetary outlook report was presented to the Policy and Resources Committee on 18 August 2016 with a further update on 27 October 2016. The funding gap estimated over the three year period 2017-18 to 2019-20 was between £18.2m and £39.9m with a gap of between £4.0m and £13.1m in 2017-18.

- 4.1.2 The Scottish Government have advised that they will only be announcing a 1 year budget with individual Council allocations expected on 15 December 2016, following the Chancellor's Autumn Statement on 23 November 2016.

- 4.1.3 Any budget outlook is based on a number of assumptions. Since producing the latest budget outlook update presented to Policy and Resources Committee on 27 October, Strategic Finance have been working with services in order to firm up the employee costs, non-pay inflation and cost and demand pressures; updates are included within this report in relation to these areas. There is also an update in relation to recurring savings in respect of the three weekly bin collection saving option and the Council tax estimated yield. The 2% efficiency savings identified for 2017-18 and reported to Council on 24 November 2016 have also been factored into the revised outlook.

4.2 Employee Costs

- 4.2.1 Strategic Finance have populated salary templates with details of the staff establishment for 2017-18 and where necessary liaised with budget holders to confirm their staff. The templates calculate the next years pay bill, including superannuation and national insurance contributions. The cost of

the employees from the template is compared to the previous year and reasons for differences explained.

4.2.2 In terms of the level of employee budgets for 2017-18, the expectation would be that the budget would reflect the 2016-17 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2017-18 there is an overall saving on the departmental base of £0.586m. The main reason for this reduction is in relation to a year on year decrease in school roll related teacher entitlements. The Council require to maintain the pupil/teacher ratio level in line with the 2015 census return to the Scottish Government and there remains sufficient budget provision to do so. There are other small fluctuations related to employee turnover.

4.2.3 The table below compares the costed establishment for 2017-18 to the estimates within the budget outlook, still assuming a 1% pay award for best case and a 1.5% pay award for worst case.

	Budget Outlook Estimate Best Case	Budget Outlook Estimate Worst Case	Costed Employee Changes 2017-18	(Increase) / Decrease to Budget Gap Best Case	(Increase) / Decrease to Budget Gap Worst Case
	£000	£000	£000	£000	£000
Pay Award	1,000	1,500	1,348-2,022	(348)	(522)
Increments	350	700	780	(430)	(80)
Basic Pay Living Wage Increase	200	200	127-152	73	48
Change to Employee Base	0	0	(586)	586	586
TOTAL	1,550	2,400	1,669-2,368	(119)	32

4.2.4 For 2017-18, the costed establishment is £0.119m more than estimated for the best case and £0.032m less than estimated for the worst case.

4.2.5 In terms of estimating additional costs through to 2019-20, it would be prudent to increase the pay award estimate in line with what is noted above. In terms of increments, from 2018-19 onwards, a best and worst case scenario is assumed on the basis that many employees will be at the top of the spinal column point scale for their grade. No assumption will be made for changes to the employee base in future years. The changes are summarised below:

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Current Budget Outlook Estimates:						
Pay Award	1,000	2,000	3,000	1,500	3,000	4,500
Increments	350	700	1,050	700	1,400	2,100
Living Wage	200	400	600	200	400	600
Total	1,550	3,100	4,650	2,400	4,800	7,200
Revised Budget Outlook Estimates:						
Pay Award	1,348	2,696	4,044	2,022	4,044	6,066
Increments	780	1,130	1,480	780	1,560	2,340
Living Wage	127	254	381	152	304	456
Base Adj	(586)	(586)	(586)	(586)	(586)	(586)
Total	1,669	3,494	5,319	2,368	5,322	8,276
Change (Increase) / Decrease	(119)	(394)	(669)	32	(522)	(1,076)

4.2.6 As part of the Service Review process in 2011-12, there was a saving approved for Education of £0.109m, to be achieved from the creation of an Arts, Culture and Music Fund managed by an external social enterprise. The decision to implement this saving was subsequently reversed and the Education service was not provided with an additional budget allocation to accommodate this shortfall in savings. No recurring saving has been identified to date. Members could consider removing this saving target from the base budget for 2017-18 by offsetting the base budget reduction (which is mainly within Education) by this amount. This would increase the budget gap reported by a further £0.109m.

4.3 Non-Pay Inflation

4.3.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable.

4.3.2 In the current budget outlook the cost of unavoidable/inescapable non-pay inflation was estimated to be within the range of £0.750m to £1.000m per annum.

4.3.3 The inflation assumptions for 2017-18 have been reviewed by Strategic Finance in conjunction with budget holders. The position remains that only unavoidable/inescapable inflation has been included for 2017-18 and a list of inflation assumptions has been drafted on that basis and included within Appendix 1.

4.3.4 The table below summarises the inflationary cost by department and notes the key inflations.

Department	Best Case Inflation 2017-18 £000	Worst Case Inflation 2017-18 £000	Key Inflations
Council Wide	165	165	Utility Costs
Community Services	34	34	Subsidies and SLAs
Customer Services	125	125	Catering and Transport fuel costs
Development and Infrastructure	150	150	Landfill Tax and Waste PPP
Integration Services	116	1,059	Living Wage
Total	590	1,533	

- 4.3.5 The non-pay inflation agreed for 2016-17 was £0.505m, this was lower than in previous years as there was no allowance for utility cost inflation recognising that this would not be sustainable into the future. The increase between 2016-17 and 2017-18 has been driven by reintroducing an increase to utility costs, accounting for the impact of BREXIT which has seen an increase in food and consumables lately and the inflationary element of the Scottish Living Wage increase (for worst case), offset by non-provision of NDR inflation for one year, due to inflation in 2016-17 being less than anticipated therefore leaving surplus base budget.
- 4.3.6 In respect of the Scottish Living Wage for commissioned providers, this is the only inflation assumption that has estimated a best and worst case position. There are currently ongoing negotiations for additional integration funding in order to pay for the full year effect of the Scottish Living Wage (funding was only provided to implement from 1 October last year), the inflation of the Scottish Living Wage from £8.25 to £8.45, clarity over the 25% provider contribution and also sleepovers. The best case scenario assumes that sufficient funding will be provided to cover the inflation and the worst case assumes that no additional funding will be provided. It is highly likely that an element of funding will be agreed and therefore the worst case position will not happen, however, the quantum of funding is still to be determined.
- 4.3.7 In terms of estimating non-pay inflation for future years, the estimates currently within the budget outlook of between £0.750m and £1.000m per annum will remain. The table below summarises the changes to the current outlook.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Current Estimate	750	1,500	2,250	1,000	2,000	3,000
Revised Estimate	590	1,340	2,090	1,533	2,533	3,533
Change (Increase) / Decrease	160	160	160	(533)	(533)	(533)

4.3.8 In respect of growth and inflation, future economic forecasts were published in early November by two of the most respected bodies working in this field, the Bank of England (BoE) and the National Institute for Economic and Social Research (NIESR). On inflation, both bodies have raised their forecasts, driven by the fall in sterling. For the NIESR this peaks at around 4% in late 2017, then rapidly falls post 2018, whereas for the BoE the increase is less dramatic, staying below 3%, but is maintained at a heightened level through to at least 2019. It should be noted that the NIESR forecast an even bigger rise for RPI, to above 5% in 2017. The differences between the two sets of forecasts highlights how key assumptions made by economists can affect the final outcomes using different forecasting models. However, while the scale of impact differs the underlying trends are similar.

4.3.9 The continued position of budgeting for only unavoidable/inescapable inflation needs to be considered in light of the future inflation forecasts as it is becoming increasingly difficult for services to continue to maintain current service levels with no general inflationary rises.

4.4 Cost and Demand Pressures

4.4.1 Strategic Finance have liaised with services throughout the year via the regular budget monitoring engagement meetings to identify the cost and demand pressures already included within the current budgetary outlook. A list of these are included within Appendix 2 and are summarised in the table below.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Previously Agreed Cost and Demand Pressures	(35)	0	100	(35)	0	100
Apprenticeship Levy	0	0	0	679	679	679
NDR Revaluation	50	50	50	175	175	175
Payment Card Industry Compliance	34	35	36	34	35	36

SW Adult Care Growth	600	1,200	1,800	1,200	2,400	3,600
SW Younger Adults	300	600	900	300	600	900
SW Living Wage Commissioned Provider's – full year effect	0	0	0	1,410	1,410	1,410
SW Carer's Act	0	400	400	0	400	400
SW Continuing Care	0	0	0	500	1,235	1,556
New Schools Running Cost in previous budgetary outlook	651	680	709	651	680	709
Changes to New Schools ASP Payment	(1,043)	134	454	(1,043)	134	454
Adjustment to New School NDR Profile	(267)	0	0	(267)	0	0
Total	290	3,099	4,449	3,604	7,748	10,019

4.4.2 An additional review of the cost and demand pressures was carried out during October and November and further cost and demand pressures have been identified for consideration. There were also two changes to the cost and demand pressures previously identified:

- Apprenticeship Levy updated to reflect that there is now no possibility of Local Government being exempt from this levy and also updating the current estimate based on the newly costed employee establishment (an increase of £0.010m).
- Housing Benefit Admin Grant where the pressure has decreased.

A list of the new pressures and changes to existing ones are included within Appendix 3 and are summarised in the table below:

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Insurance Contract	88	88	88	88	88	88
Change to Apprenticeship Levy	689	689	689	10	10	10
Change to HB Admin Grant	0	(100)	(25)	0	(100)	(25)
Enterprise Licence Agreement	157	157	157	157	157	157

Catering & Cleaning Management Post	56	0	0	56	0	0
Argyll and Isles Tourism Cooperative	0	0	0	50	50	50
Landfill Tax Tonnage Increase	44	44	44	44	44	44
Island Recyclate	45	45	45	45	45	45
Commercial Refuse	57	57	57	57	57	57
Waste PPP Contract	159	159	159	159	159	159
Waste PPP Financial Model	0	254	560	0	254	560
Sleepovers – Adult Care Commissioned Services	380	380	380	380	380	380
Sleepovers – Children and Family own units	116	116	116	116	116	116
Criminal Justice Services	0	0	0	132	132	132
Un-accompanied Young asylum seekers	0	0	0	473	473	473
Total	1,791	1,889	2,270	1,767	1,865	2,246

4.4.3 The total cost and demand pressures now required in the budget outlook are noted below:

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Current Outlook	290	3,099	4,449	3,604	7,748	10,019
New Cost and Demand Pressures	1,791	1,889	2,270	1,767	1,865	2,246
Total Cost and Demand Pressures	2,081	4,988	6,719	5,371	9,613	12,265

4.4.4 As Head of Strategic Finance and Section 95 Officer, it is my responsibility to advise Members of the potential cost and demand pressures, however, it

is a matter for Members to determine which cost and demand pressures they approve taking into consideration their priorities. As previously mentioned within the inflation paragraphs there are currently ongoing negotiations for additional integration funding in order to pay for the full year effect of the Scottish living wage to adult care workers and the cost of sleepovers. The best case scenario assumes that sufficient funding will be provided to cover this in total and the worst case assumes that no additional funding will be provided. It is highly likely that funding will be agreed and therefore the worst case position will not happen, however, the quantum of funding is still to be determined.

4.4.5 To aid Members, the cost and demand pressures have been categorised into those that have arisen due to:

- Increased cost/growth to deliver the current level of service including local priorities/changes (Local);
- National policy or legislative changes (National); and
- New policy initiatives/priorities/manifesto commitments of the Scottish Government (Scottish Government).

4.4.6 The total cost and demand pressures within the various categories are summarised in the table below, with detail provided within Appendix 4.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Local	556	2,987	4,642	1,338	4,369	6,624
National	1,525	1,601	1,677	2,123	2,199	2,275
Scottish Government	0	400	400	1,910	3,045	3,366
Total Cost and Demand Pressures	2,081	4,988	6,719	5,371	9,613	12,265

4.5 Update to Service Choices Savings

4.5.1 The budgetary outlooks presented in August and October included changes to the Service Choices savings agreed for both the Leisure Trust and the redesign of catering and cleaning services. A further change to savings achievable from 2017-18 onwards has now been identified in respect of the rubbish collection saving.

4.5.2 The original saving estimated in connection with moving to 3 weekly rubbish collection for 2017-18 and 2018-19 was £0.548m. It has now been estimated that the likely saving will be £0.504m, a reduction of £0.044m, due to recurring costs not previously anticipated in respect of access to landfill sites outwith opening hours. The department will look for opportunities to meet the reduction in saving, but it is included in the revised budgetary outlook at this stage.

4.6 Update to Council Tax

- 4.6.1 There are two updates within Council Tax. One relates to a review of the Council Tax base growth and the other is a minor presentational issue, which has a small financial impact.
- 4.6.2 In respect of the Council Tax base growth, in the previous budget outlook this was assumed to be 0.25%. This position has been reviewed and a more realistic assumption would be a growth rate of 0.5%. This would yield around £0.100m additional Council Tax income each year.
- 4.6.3 The second update relates to the presentation of two savings agreed as part of the 2016-17 which impacted on Council Tax:
- CSS03h – Apply landlord penalties where applicable £0.034m
 - CSS02i – Retrieve the cost of administering the double charge Council Tax from income raised £0.080m.
- 4.6.4 In the previous budgetary outlook, the base budget had been reduced for these savings (as was the case with all other service choices savings) but in terms of presentation what should have happened is that the Council Tax income line should have been increased instead. This is a presentational change to the 2016-17 base budget and increases the Council Tax income base by £0.114m and also the base budget by the equivalent amount.
- 4.6.5 The financial impact of this change is that the percentage increase for growth and also the estimated 3% capped increase is also applied to the additional £0.114m Council Tax, giving a small increase of £0.004m in 2017-18 rising to £0.008m in 2018-19 and £0.012m in 2019-20.
- 4.6.6 The changes to the Council Tax figure within the budget outlook are summarised below:

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Additional 0.25% Growth	103	213	331	103	213	331
Presentational Change	4	8	12	4	8	12
Total Change	107	221	343	107	221	343

4.7 Efficiency Savings Identified for 2017-18

- 4.7.1 One of the options to assist in balancing the budget is the setting of an efficiency savings target for 2017-18 and officers have been working to a 2% target and this was reported to Council on 24 November 2016.
- 4.7.2 The savings identified amount to a full year saving of £1.403m with £1.377m deliverable in 2017-18.

- 4.7.3 It was difficult for Education to meet the 2% efficiency savings target as a large element of their target is linked to teacher expenditure and due to the Scottish Government teacher number commitment it was not possible to identify efficiency savings at that level. The service will continue to look for other possible alternative savings that are efficiency in nature.
- 4.7.4 It may be possible to pass on a 2% efficiency savings target for Social Work Services onto the IJB but this may be influenced by any conditions attached to the settlement and it would also require Member approval.
- 4.7.5 At this stage only the savings already identified and reported to Council have been included into both the best and worst case scenarios.

4.8 Summary of Revised Estimated Funding Gap

- 4.8.1 The table below summarises the revised estimated funding gap, with further detail provided in Appendix 5 and 6.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Funding Surplus / (Gap) per previous report	(4,050)	(11,369)	(18,235)	(13,156)	(27,222)	(39,931)
Changes to employee costs	(119)	(394)	(669)	32	(522)	(1,076)
Changes to Inflation	160	160	160	(533)	(533)	(533)
Changes to Cost and Demand Pressures	(1,791)	(1,889)	(2,270)	(1,767)	(1,865)	(2,246)
Changes to Service Choices Savings	0	(44)	(44)	0	(44)	(44)
Changes to Council Tax Income	107	221	343	107	221	343
Efficiency Savings for 2017-18	1,377	1,403	1,403	1,377	1,403	1,403
Revised Funding Surplus / (Gap) Cumulative	(4,316)	(11,912)	(19,312)	(13,940)	(28,562)	(42,084)
Funding Surplus / (Gap) In-Year	(4,316)	(7,596)	(7,400)	(13,940)	(14,622)	(13,522)

4.8.2 The funding gap estimated over the three year period 2017-18 to 2019-20 has been revised to be between £19.3m and £42.1m, with a gap of between £4.3m and £13.9m in 2017-18.

5. CONCLUSION

5.1 The funding gap estimated over the three year period 2017-18 to 2019-20 has been revised to be between £19.3m and £42.1m, with a gap of between £4.3m and £13.9m in 2017-18.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.1 | Policy – | Sets out the budgetary outlook that provides the financial envelope for policy decisions. |
| 6.2 | Financial - | Sets best and worst case scenarios in respect of the budgetary outlook. Consideration will need to be given as to the budget strategy to balance the budget. |
| 6.3 | Legal - | None directly from this report but Council will need to balance the budget. |
| 6.4 | HR - | None directly from this report but there is a strong link between HR and budgets. |
| 6.5 | Equalities - | None directly from this report but any proposals to address the forecast funding gap will need to consider equalities. |
| 6.6 | Risk - | None directly from this report but any proposals to address the forecast funding gap will need to consider risk. |
| 6.7 | Customer Service - | None directly from this report but any proposals to address the forecast funding gap will need to consider customer service. |

Policy Lead for Finance: Councillor Dick Walsh

Kirsty Flanagan, Head of Strategic Finance

1 December 2016

APPENDICES:

Appendix 1 – Non Pay Inflation Estimates

Appendix 2 – Cost and Demand Pressures included in previous Budget Outlook

Appendix 3 – New Cost and Demand Pressures Identified

Appendix 4 – All Cost and Demand Pressures with category added

Appendix 5 – Budgetary Outlook 2017-18 to 2019-20 Best Case Scenario

Appendix 6 – Budgetary Outlook 2017-18 to 2019-20 Worst Case Scenario

Department	Service	Inflation Category	Basis of Inflation	17-18 Inflation %	Best Case Inflation 2017-18 £000	Best Case Inflation 2017-18 £000
Council Wide	Council Wide	Utilities - Heating Oils and Solid Fuel	Prices are unknown as supplies are not purchased in advance. Oil costs are at an all time low and are starting to increase, forecasts by the World Bank for 2017 for costs to increase by about 25%.	15.00%	146	146
Council Wide	Council Wide	Utilities - Water	Forecasted RPI rate as at Q1 2017.	3.00%	19	19
Council Wide Total					165	165
Community Services	Community and Culture	Community Pool Subsidies	Forecasted RPI rate as at Q1 2017.	3.00%	18	18
Community Services	Community and Culture	Events and Festivals	Service Level Agreements for Major Events & Festivals	2.50%	2	2
Community Services	Education	Pre-Primary Partner Provider Uplift	Inflationary increase agreed as per service choices	1.00%	14	14
Community Services Total					34	34
Customer Services	Facility Services	Catering Purchases and Milk	Inflationary increase in line with 16-17 increase. Food costs increasing and unsure of impact of Brexit, potato prices risen significantly which has a material impact.	5.00%	75	75
Customer Services	Facility Services	School and Public Transport Contract Fuel Uplifts	Inflation to fuel element of transport contracts, fuel prices have increased by this amount since the start of 2016-17. Only the fuel element of the contracts would be affected by this uplift.	3.30%	50	50
Customer Services Total					125	125
Development and Infrastructure	Roads and Amenities	Landfill Tax	Published predicted landfill taxes from Scottish Government	2.30%	63	63
Development and Infrastructure	Roads and Amenities	Waste PPP Contract	85% of RPIX between Aug 15 and Aug 16	1.64%	87	87
Development and Infrastructure Total					150	150
Integration Services	Adult Care	Care at Home Services Affected by Scottish Living Wage	Inflationary increase in line with the increase in the Scottish Living Wage from £8.25 to £8.45 per hour from April 2017 adjusted for likely impact on providers employee element of costs only. This equates to 83% of the cost and this percentage has been applied to the full inflationary rate of 2.4%.	2.00%	0	454

Department	Service	Inflation Category	Basis of Inflation	17-18 Inflation %	Best Case Inflation 2017-18 £000	Best Case Inflation 2017-18 £000
Integration Services	Adult Care	Care Home Services Affected by Scottish Living Wage	Inflationary increase in line with the increase in the Scottish Living Wage from £8.25 to £8.45 per hour from April 2017 adjusted for likely impact on providers employee costs. This equates to 68% of the total provider costs. This percentage has been applied to the full inflationary rate of 2.4%.	1.60%	0	219
Integration Services	Adult Care	Staffing Recharges	Inflationary increase to cover the estimated cost of increments and pay inflation for posts in NHS funded by the Council using an estimate derived from information provided by colleagues in NHS Highland Finance.	4.77%	40	40
Integration Services	Adult Care	Commissioned Sleepover Services - Scottish Living Wage	The requirement to bring the rates for sleepovers up from £7.20 per hour to £8.45 per hour from April 2017 to fulfill Scottish Government commitment on Adult Social Care Services	17.43%	0	269
Integration Services	Adult Care	Catering purchases and prepared meals in care homes, day centres, meals on wheels and lunch clubs.	Inflationary increase in line with 16-17 increase. Food costs increasing and unsure of impact of Brexit, potato prices risen significantly which has a material impact.	5.00%	11	11
Integration Services	Adult Care	Purchase and maintenance of OT Equipment	Inflationary increase based on RPI at October 2016 to reflect increased cost of buying specialist equipment to support people at home.	2.00%	5	5
Integration Services	Children and Families	Catering purchases and prepared meals in children's houses and hostels.	Inflationary increase in line with 16-17 increase. Food costs increasing and unsure of impact of Brexit, potato prices risen significantly which has a material impact.	5.00%	6	6

Department	Service	Inflation Category	Basis of Inflation	17-18 Inflation %	Best Case Inflation 2017-18 £000	Best Case Inflation 2017-18 £000
Integration Services	Children and Families	Care Home Services Affected by National Living Wage	Inflationary increase in line with the estimated increase in the National Living Wage reflecting the Government policy to increase it from £7.20 to £9.00 per hour over 4 years from 2016 to 2020. The rate will increase from £7.20 per hour to £7.50 per hour from 1 April 2017, an increase of 4.2%. As it is estimated that 68% of the providers' costs relate to staffing costs, the 4.2% is multiplied by 68% to more accurately reflect the impact on charges of an increase in staffing costs.	2.86%	32	32
Integration Services	Children and Families	Care at Home Services Affected by National Living Wage	Inflationary increase in line with the estimated increase in the National Living Wage reflecting the Government policy to increase it from £7.20 to £9.00 per hour over 4 years from 2016 to 2020. The rate will increase from £7.20 per hour to £7.50 per hour from 1 April 2017, an increase of 4.2%. As it is estimated that 83% of the providers' costs relate to staffing costs, the 4.2% is multiplied by 83% to more accurately reflect the impact on charges of an increase in staffing costs.	3.49%	16	16
Integration Services	Children and Families	Care at Home Services Affected by Scottish Living Wage	Inflationary increase in line with the increase in the Scottish Living Wage from £8.25 to £8.45 per hour from April 2017 adjusted for likely impact on providers.	2.00%	0	1
Integration Services	Children and Families	Adoption Allowances	Inflationary increase based on RPI at October 2016 to reflect increase in allowances for adoptive parents which were frozen in 2016/17.	2.00%	2	2
Integration Services	Children and Families	Fostering Allowances	Inflationary increase based on RPI at October 2016 to reflect increase in fee element of allowances for foster carers which were frozen in 2016/17. Please note that the fee element is equivalent to approximately 28.5% of the total allowance, therefore 28.5% of 2% = 0.57% has been applied to the base.	0.57%	4	4
Integration Services Total					116	1,059
Grand Total					590	1,533

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
ALREADY INCLUDED WITHIN CURRENT BUDGET OUTLOOK**

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Previously Agreed (February 2014) Cost and Demand Pressures:								
Community Services	Education	Education Painting - end of four year programme	0	(150)	(150)	0	(150)	(150)
Customer Services	Customer and Support Services	Broadband Pathfinder Inflationary Increase	10	20	30	10	20	30
Customer Services	Customer and Support Services	Universal Credit - HB Admin Grant	55	230	230	55	230	230
Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry	0	0	90	0	0	90
Development and Infrastructure	Planning and Regulatory Services	Reduction to Building Warrant Fees	(50)	(50)	(50)	(50)	(50)	(50)
Development and Infrastructure	Economic Development	Argyll and the Isles Tourism Cooperative - end of matched funding	(50)	(50)	(50)	(50)	(50)	(50)
New Cost and Demand Pressures included within Budget Outlook:								
Council Wide	Council Wide	From April 2017 an apprenticeship levy is being applied to larger employers with a paybill in excess of £3m. The levy will be set at 0.5% of an employer's paybill. COSLA are currently seeking exemption from this levy for local authorities in Scotland and the Local Government Association in England have also called for English local authorities to be exempt from the apprenticeship levy.	0	0	0	679	679	679

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
ALREADY INCLUDED WITHIN CURRENT BUDGET OUTLOOK**

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Council Wide	Council Wide	The next NDR revaluation is due to take place in 2017. The last revaluation gave rise to a cost pressure of £0.175m as the value of public sector assets went up more than assets generally. Finance Circular 6/2016 published on 6 July 2016 advises of a downward change to the decapitalisation rates for the 2017 revaluation. Whilst this could be seen as positive we have been advised that although some property values may reduce schools may go up by more than average as large tranches of the commercial market have seen large slumps in rental values which are reflected in much reduced values for these subjects. In addition the values of schools and other subjects valued with reference to construction costs contain a significant element of sit value and it is quite possible that increases in land values, could, at least partly, offset any reduction arising from decapitalisation rate changes. It is therefore very difficult to predict what might be required.	50	50	50	175	175	175
Customer Services	Customer and Support Services	Compliance with the Payment Card Industry Data Security Standards (PCI DSS) is mandatory for all organisations which accept payments from customers using payment cards such as Visa, Mastercard etc. The Council is currently not PCI DSS compliant and there is risk of a data breach which would have both a financial and reputational impact. If the Council does not address PCI DSS compliance, there is a significant risk that we would not be permitted to collect electronic card payments in future except through our internet payment facility. There is an upfront capital cost for implementing the new software required and an ongoing revenue cost of £0.034 per annum which would increase in line with inflation. The capital cost can be accommodated from within the ICT Capital Programme.	34	35	36	34	35	36

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
ALREADY INCLUDED WITHIN CURRENT BUDGET OUTLOOK**

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Integration Services	Adult Care	Historically, the Council has included a demand pressure for increasing demand for services for older people based on 3% of the total budget for homecare and purchased residential care. This percentage is based on demographic projection data suggesting a 3% year-on-year increase in the number of people aged 65 and over in Argyll. However, service data suggests that the increase in cost is around 6%, reflecting not only the increase in the number of older people but also the increasingly complex care needs of the oldest residents and changes in how they are looked after resulting from the shift in the balance of care away from care home provision to support at home. At 3%, the demand pressure is approximately £600k per annum, increasing to £1.2m at 6%.	600	1,200	1,800	1,200	2,400	3,600
Integration Services	Adult Care	Between 2012-13 and 2015-16, the spend on supported living services for disabled younger adults (adults aged 18 to 64) increased by 12%, equivalent to approximately £1.000m. Assuming that inflation accounts for around 3% of this, the remaining 9% averaged across the three financial years suggests an annual increase of 3%, equivalent to £0.300m. The key reasons for this increase is that older disabled people are living longer and they require more complex support as they age and their carers, typically elderly parents, are no longer able to support their disabled children as they themselves become frailer with age. Added to this, is new demand from young people transferring from children's services whose costs historically would have been offset by attrition amongst the older service users; as the attrition has reduced, the financial impact on the service is compounded as it is squeezed from both ends of the age spectrum.	300	600	900	300	600	900

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
ALREADY INCLUDED WITHIN CURRENT BUDGET OUTLOOK**

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Integration Services	Adult Care	For 2016-17, the Deputy First Minister announced the creation of a new £250m Scotland wide Integration Fund to support the integration of Health and Social Care services to ensure improved outcomes for Social Care. A condition of the funding was for partnerships to work with local care providers to ensure that social care workers are paid the Scottish Living Wage of £8.25 per hour from 1 October 2016, a cost of approx £1.410m for 2016-17 (half year). It is unclear whether the Scottish Government will provide additional funding in 2017-18 to meet the full year cost of the uplifts.	0	0	0	1,410	1,410	1,410
Integration Services	Social Work (Adult Care and Children and Families)	Carers Act: The Carers Act, commencing on 1 April 2018, will introduce new statutory duties in relation to the assessment and provision of support to unpaid and young carers and the people they care for. Although most of the new duties have been decided, discussion is ongoing in relation to the charging of looked after people for replacement care, that is the care provided to replace the input which an absent unpaid carer would normally provide. Although the Scottish Government has advised that sufficient funding will be provided to deliver the new statutory duties, the availability of free replacement care is highly likely to increase demand for support, leading to significant pressure on Social Work budgets. An early assessment of the potential implications for Argyll and Bute of the new Act, assuming that replacement care is provided free, suggests a potential demand pressure of £0.400m from 2018-19.	0	400	400	0	400	400

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
ALREADY INCLUDED WITHIN CURRENT BUDGET OUTLOOK**

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Integration Services	Children and Families	Continuing Care: Part 11 of the Children and Young People (Scotland) Act 2014 introduced new provisions requiring Social Work to continue to provide accommodation for Looked After and Accommodated Children (LAAC) born after 1 April 1999 from their 16th birthday until they reach 21 years if the child chooses to remain in their current or equivalent alternative accommodation. An assessment of the young people currently in care who would be eligible to continue to be accommodated in the next few years suggests a year-on-year increase in the cost to Social Work of £0.500m in 2017-18 and additional £0.735m in 2018-19 and a further £0.321m in 2019-20. These figures assume that 90% of the eligible young people will choose to continue in their current accommodation but do not take account of any additional eligible children accommodated over the assessment period.	0	0	0	500	1,235	1,556
Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools. As the financial close was completed later than anticipated, the first year's pressure is a negative figure as the previously estimated pressure is not required.	(659)	814	1,163	(659)	814	1,163
TOTAL			290	3,099	4,449	3,604	7,748	10,019

NEW COST AND DEMAND PRESSURES 2017-18 to 2019-20 (INCLUDING CHANGES TO PREVIOUS)

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Council Wide	Council Wide	Insurance Contract. Increase required to ensure the costs of the current contract can be contained within budget. The contract was to be renewed in October 2016, however due to no compliant bidders submitting tenders the current contract has been extended. There will be a tender re-submitted to cover 2017-18 to 2019-20, cannot quantify the financial impact of the re-tendering exercise and whether this will increase or reduce the cost.	88	88	88	88	88	88
Council Wide	Council Wide	From April 2017 an apprenticeship levy is being applied to larger employers with a paybill in excess of £3m. The levy will be set at 0.5% of an employer's paybill. COSLA were seeking exemption from this levy for local authorities in Scotland but is now become known that local government will not be exempt, therefore, the best case scenario needs to reflect the 0.5% levy also.	689	689	689	10	10	10
Customer Services	Customer and Support Services	Universal Credit - HB Admin Grant - reduction to previously agreed cost and demand pressure	0	(100)	(25)	0	(100)	(25)
Customer Services	Customer and Support Services	Enterprise Licence agreement. This is a like for like replacement of the current MS licensing, the current cost is £200k and the replacement will cost £357k. The service are investigating alternatives but this is becoming more and more complex and they are not in a position to say that costs will be contained. It is also possible that these prices will go up because of the fall in sterling against the dollar.	157	157	157	157	157	157
Customer Services	Facility Services	Catering and Cleaning - additional management post approved as part of the longer term re-design of catering and cleaning services, as per business case. Savings to offset costs of additional post will not be delivered until 2018-19 onwards.	56	0	0	56	0	0

NEW COST AND DEMAND PRESSURES 2017-18 to 2019-20 (INCLUDING CHANGES TO PREVIOUS)

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Development and Infrastructure Services	Economic Development	The provision of this funding would allow the Argyll and the Isles Tourism Cooperative Ltd (AITC) to continue to develop strategic partnership working with VisitScotland, local marketing associations and others with an objective to increase the number of new visitors and create the conditions for tour operators and other businesses to develop new tourism products for Argyll and Bute. This proposal offers the Council the opportunity to deliver on agreed outcomes with the Single Outcome Agreement and the Economic Development Action with specific regards to making the region an attractive place to do business, live and visit	0	0	0	50	50	50
Development and Infrastructure Services	Roads and Amenity	Increased tonnages that impact on the level of landfill tax that requires to be paid. This is based on activity for the first quarter in 2016/17 and the the remaining 3 quarters are estimate on the corresponding period in 2015/16.	44	44	44	44	44	44
Development and Infrastructure Services	Roads and Amenity	The current process for the transferring of recyclate from the island is no longer operated via a tendered contract. The cost pressure is based on this years proposed activities and the associated costs.	45	45	45	45	45	45
Development and Infrastructure Services	Roads and Amenity	Commercial Refuse income is monitored through a departmental database and is able forecast the level of income that will be achieved within a financial year. Based on the customer base at the moment there is an anticipated shortfall.	57	57	57	57	57	57
Development and Infrastructure Services	Roads and Amenity	Increased cost associated with waste PPP contract that have not been included in the Waste Financial model. This relates to the banding within the contract and the Council moved between bandings and this has resulted in additional costs.	159	159	159	159	159	159
Development and Infrastructure Services	Roads and Amenity	This cost pressure relates to the Waste PPP Financial model that was developed that forecast costs till 2039/40. There will be a total cost pressure over the period of £9.2m. This just reflects the additional cost within the two financial years.	0	254	560	0	254	560

NEW COST AND DEMAND PRESSURES 2017-18 to 2019-20 (INCLUDING CHANGES TO PREVIOUS)

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
			2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Integration Services	Adult Care	Due to a combination of the European Working Time Directive and the National Living Wage requirements, care providers commissioned by the HSCP are required to pay their staff at least an average of £7.20 per hour for the hours they work, including those when they are asleep during a sleepover shift. This cost pressure reflects 50% of the full year cost of implementing new cost rates with local providers which will enable them to meet their statutory requirements. The HSCP is working to meet the other half of the cost through a review and redesign of existing sleepover services.	380	380	380	380	380	380
Integration Services	Children and Families	Due to a combination of the European Working Time Directive and the National Living Wage requirements, the HSCP is having to change how it uses sleepovers to deliver overnight services/supervision in it's children's houses and education hostels. New overnight arrangements and rotas will be required to ensure that staff have appropriate breaks between shifts and that they are paid at least the Living Wage for the hours they are classed as working during the night. This cost pressure represents the balance of the estimated costs of introducing new staffing arrangements in the 5 affected units.	116	116	116	116	116	116
Integration Services	Children and Families	West Dunbartonshire Council (WDC) currently deliver Criminal Justice services in the Helensburgh and Lomond area on behalf of the Criminal Justice Partnership and the HSCP and from April 2017 WDC are withdrawing which could create a potential pressure depending on the model of service delivery.	0	0	0	132	132	132
Integration Services	Children and Families	The government has advised that up to 11 unaccompanied young asylum seekers could be moved to Argyll and Bute and there is a lack of clarity around how these children would be supported and funding and what contribution would come from Government.	0	0	0	473	473	473
TOTAL			1,791	1,889	2,270	1,767	1,865	2,246

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
SPLIT BY CATEGORY**

APPENDIX 4

Category	Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
				2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Local	Community Services	Education	Previously Agreed - Education Painting - end of four year programme	0	(150)	(150)	0	(150)	(150)
Local	Council Wide	Council Wide	Insurance Contract	88	88	88	88	88	88
Local	Customer Services	Customer and Support Services	Previously Agreed - Broadband Pathfinder Inflationary Increase	10	20	30	10	20	30
Local	Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools.	(659)	814	1,163	(659)	814	1,163
Local	Customer Services	Facility Services	Catering and Cleaning - additional management post for longer-term re-design of services as per business case.	56	0	0	56	0	0
Local	Development and Infrastructure	Economic Development	Previously Agreed - Argyll and the Isles Tourism Cooperative - end of matched funding	(50)	(50)	(50)	(50)	(50)	(50)
Local	Development and Infrastructure Services	Economic Development	Re-instate match funding for Argyll and the Isles Tourism Cooperative.	0	0	0	50	50	50
Local	Development and Infrastructure	Planning and Regulatory Services	Previously Agreed - Local Plan Enquiry	0	0	90	0	0	90
Local	Development and Infrastructure	Planning and Regulatory Services	Previously Agreed - Reduction to Building Warrant Fees	(50)	(50)	(50)	(50)	(50)	(50)
Local	Development and Infrastructure Services	Roads and Amenity	Island Recylate	45	45	45	45	45	45
Local	Development and Infrastructure Services	Roads and Amenity	Commercial Refuse	57	57	57	57	57	57
Local	Development and Infrastructure Services	Roads and Amenity	Waste PPP Contract Banding	159	159	159	159	159	159
Local	Development and Infrastructure Services	Roads and Amenity	Waste PPP Financial Model	0	254	560	0	254	560
Local	Integration Services	Children and Families	Criminal Justice Services	0	0	0	132	132	132
Local	Integration Services	Adult Care	SW Adult Care Growth Demand	600	1,200	1,800	1,200	2,400	3,600
Local	Integration Services	Adult Care	SW Young Adults Demand	300	600	900	300	600	900
Total Local				556	2,987	4,642	1,338	4,369	6,624
National	Council Wide	Council Wide	Apprenticeship Levy	689	689	689	689	689	689
National	Council Wide	Council Wide	NDR Revaluation	50	50	50	175	175	175
National	Customer Services	Customer and Support Services	Universal Credit - HB Admin Grant	55	130	205	55	130	205
National	Customer Services	Customer and Support Services	Compliance with the Payment Card Industry Data Security Standards.	34	35	36	34	35	36

**COST AND DEMAND PRESSURES 2017-18 to 2019-20
SPLIT BY CATEGORY**

APPENDIX 4

Category	Department	Service	Cost/Demand Pressure	Best Case			Worst Case		
				2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
National	Customer Services	Customer and Support Services	Enterprise Licence agreement.	157	157	157	157	157	157
National	Development and Infrastructure Services	Roads and Amenity	Increased tonnages that impact on the level of landfill tax that requires to be paid.	44	44	44	44	44	44
National	Integration Services	Adult Care	Sleepovers - Adult Care Commissioned Providers - to National Living Wage	380	380	380	380	380	380
National	Integration Services	Children and Families	Sleepovers - to National Living Wage	116	116	116	116	116	116
National	Integration Services	Children and Families	Unaccompanied young asylum seekers.	0	0	0	473	473	473
Total National				1,525	1,601	1,677	2,123	2,199	2,275
Scottish Government	Integration Services	Adult Care	Scottish Living Wage full year	0	0	0	1,410	1,410	1,410
Scottish Government	Integration Services	Children and Families	Continuing Care	0	0	0	500	1,235	1,556
Scottish Government	Integration Services	Social Work (Adult Care and Children and Families)	Carer's Act	0	400	400	0	400	400
Total Scottish Government				0	400	400	1,910	3,045	3,366
GRAND TOTAL OF COST AND DEMAND PRESSURES				2,081	4,988	6,719	5,371	9,613	12,265

	2016-17	2017-18	2018-19	2019-20	Comments
	£000s	£000s	£000s	£000s	
Income					
Scottish Government Grant	196,162	189,689	183,429	177,376	Best Case Assumptions -2.6% plus -0.7% floor all years
Council Tax	41,314	42,760	44,257	45,806	Assumes 0.5% growth per annum in the tax base plus 3% CT increase
Council Tax - removal of 10% discount second homes		380	380	380	
Use Of Reserves	580				
Projected Income Total	238,056	232,829	228,066	223,562	
Expenditure					
Base Budget (Approved Budget 2016-17):	238,118	238,118	238,118	238,118	Adjusted for DHPs £54k announced end of Feb.
Base Budget Adjustments:					
Broadband Pathfinder (one-off set up costs in 2016-17)		-580	-580	-580	Decision as part of budget agreed February 2016
Unitary Charge Budget (one-off saving in 2016-17)		500	500	500	Decision as part of budget agreed February 2016
Loan Charges - historic debt profile		-1,000	-2,000	-3,000	Updated loan charges profile
Reduction to Loans Charges following review		-250	-250	-250	
Employee Costs:					
Pay Award		1,348	2,696	4,044	Assume 1% per annum
Increments		780	1,130	1,480	Actual for 2017-18 then estimate of £350k per annum
Estimation of Auto enrolment in LGPS		205	410	410	Extra employer contributions arising from auto enrolment - assumes only 60% of staff auto enrolled in the scheme will remain in the scheme - auto enrolled from 1 October 2017.
Scottish Living Wage (our employees)		127	254	381	Estimated cost - assumes 1% inflation
Change to Employee Base		-586	-586	-586	Reduction to 2016-17 base
Non-Pay Inflation		590	1,340	2,090	2017-18 Inflation estimated then assume £750k per annum.
LOCAL Cost and Demand Pressures					
Previously Agreed - Education Painting (4 Years)		0	-150	-150	Agreed February 2014
Insurance Contact		88	88	88	Based on current increased cost of insurance contract
Previously Agreed - Broadband Pathfinder		10	20	30	Agreed February 2014
New Schools Revenue Impact (previously included in budgetary outlook) - Unitary Charge and NDR		651	680	709	Estimates of unitary charge and NDR in previous budgetary outlook
New Schools Unitary Charges as a result of ESA10 and profiling of payments		-1,043	134	454	Based on Scottish Government Schedule
New Schools - Saving in NDR previously estimated		-267	0	0	Saving due to schools not been occupied until February 2018
Catering and Cleaning Management Post		56	0	0	Additional management post approved as part of the longer term re-design of services - will be paid for as part of business case from 2018-19.
Previously Agreed - Argyll and the Isles Tourism Cooperative (end 3 year agreement)		-50	-50	-50	Agreed February 2014
Argyll and the Isles Tourism Cooperative		0	0	0	To continue partnership
Previously Agreed - Local Plan Enquiry		0	0	90	Agreed February 2014
Previously Agreed - Building Warrant Fees		-50	-50	-50	Agreed February 2014
Island Recyclate		45	45	45	No longer via a tendered contract, cost based on current year
Commercial Refuse		57	57	57	Anticipated shortfall in commercial refuse income
Waste PPP Contract		159	159	159	Increases relating to banding within the contract which has resulted in additional costs
Waste PPP Financial Model		0	254	560	Additional cost for Year 2 and Year 3, there are further additional pressures in future years.
Criminal Justice Services		0	0	0	Cost of employing team to maintain current Criminal Justice services in the Helensburgh and Lomond Area.
SW - Adult Care Growth		600	1,200	1,800	Assumes 3% Growth
SW - Younger Adults		300	600	900	Assumes 3% Growth
NATIONAL Cost and Demand Pressures					
Apprenticeship Levy		689	689	689	Based on 0.5% of direct pay costs - no exemption
New Cost Pressure - NDR Revaluation		50	50	50	Estimate Best Case
Previously Agreed - HB Admin Grant		55	230	230	Agreed February 2014
Change to Previously Agreed in respect of HB Admin Grant		0	-100	-25	Change to previously agreed Cost Pressure
Payment Card Industry Compliance		34	35	36	Estimate including inflationary element each year
Enterprise Licence Agreement		157	157	157	Like for like replacement of current MS licensing
Landfill Tax Tonnage Increase		44	44	44	Increased tonnage estimate
Sleepovers Adult Care Commissioned		380	380	380	Adult Care Sleepovers to bring up to £7.20 per hour
Sleepovers C&F Units		116	116	116	Sleepovers within Children's units.
Un-accompanied Young Asylum Seekers		0	0	0	Estimated cost for 11 unaccompanied young asylum seekers - assumes funded by SG for best case.
SCOTTISH GOVERNMENT Cost and Demand Pressures					
SW - Scottish Living Wage Adult Care		0	0	0	Assumes Scottish Government fund the full year effect of Living Wage
SW - Carers Act		0	400	400	One-off demand pressure as a result of new duties commencing 1 April 2018
SW - Continuing Care		0	0	0	Assumes fully funded by Scottish Government
Changes to Income:					
Fees and Charges		-360	-720	-1,080	General 3% Increase Year on Year
Investment in Hub Co - estimated return				-50	Estimated Interest for 25 years from 2019-20
Savings agreed February 2016:					
Management/Operational Savings adjustment to Profile		101	30	30	Adjustments to profile of management/operational savings
Service Choices savings		-3,022	-4,536	-4,536	As agreed as part of Budget February 2016
Reduction/Delay in Leisure Trust Savings		430	159	159	As per Full Business Case
Reduction/Delay in Catering and Cleaning Savings		40	524	524	Savings in two phases - additional £446k estimated by 2021
Reduction to Rubbish Collection Saving		0	44	44	From 2018-19
Other Savings Assumptions:					
Print Management Solution		0	-140	-140	
Efficiency Savings		-1,377	-1,403	-1,403	As per report to Council 24 November 2016
Projected Expenditure Total	238,118	237,145	239,978	242,874	
Projected Funding Surplus/(Gap)	-62	-4,316	-11,912	-19,312	
Year on Year Funding Gap	-62	-4,316	-7,596	-7,400	There is a funding gap in the current year as the funding has been adjusted by -£68k to reflect the error in respect of the floor.

BUDGETARY OUTLOOK 2017-18 TO 2019-20
WORST CASE SCENARIO
P&R - 15 DECEMBER 2016

APPENDIX 6

	2016-17	2017-18	2018-19	2019-20	Comments
	£000s	£000s	£000s	£000s	
Income					
Scottish Government Grant	196,162	185,373	175,177	165,542	Worst Case Assumptions -4.5% plus -1.0% floor all years
Council Tax	41,314	42,760	44,257	45,806	Assumes 0.5% growth per annum in the tax base plus 3% CT increase
Council Tax - removal of 10% discount second homes		380	380	380	
Use Of Reserves	580				
Projected Income Total	238,056	228,513	219,814	211,728	
Expenditure					
Base Budget (Approved Budget 2016-17):	238,118	238,118	238,118	238,118	Adjusted for DHPs £54k announced end of Feb.
Base Budget Adjustments:					
Broadband Pathfinder (one-off set up costs in 2016-17)		-580	-580	-580	Decision as part of budget agreed February 2016
Unitary Charge Budget (one-off saving in 2016-17)		500	500	500	Decision as part of budget agreed February 2016
Loan Charges - historic debt profile		-1,000	-2,000	-3,000	Updated loan charges profile
Reduction to Loans Charges following review		-250	-250	-250	
Employee Costs:					
Pay Award		2,022	4,044	6,066	Assume 1.5% per annum
Increments		780	1,560	2,340	Estimate of £780k per annum
Estimation of Auto enrolment in LGPS		341	682	682	Extra employer contributions arising from auto enrolment - assumes 100% of staff auto enrolled in the scheme will remain in the scheme - auto enrolled from 1 October 2017.
Scottish Living Wage (our employees)		152	304	456	Estimated cost - assumes 1.5% inflation
Change to Employee Base		-586	-586	-586	Reduction to 2016-17 base
Non-Pay Inflation		1,533	2,533	3,533	2017-18 Inflation estimated then assume £1m per annum.
LOCAL Cost and Demand Pressures					
Previously Agreed - Education Painting (4 Years)		0	-150	-150	Agreed February 2014
Insurance Contact		88	88	88	Based on current increased cost of insurance contract
Previously Agreed - Broadband Pathfinder		10	20	30	Agreed February 2014
New Schools Revenue Impact (previously included in budgetary outlook) - Unitary Charge and NDR		651	680	709	Estimates of unitary charge and NDR in previous budgetary outlook
New Schools Unitary Charges as a result of ESA10 and profiling of payments		-1,043	134	454	Based on Scottish Government Schedule
New Schools - Saving in NDR previously estimated		-267	0	0	Saving due to schools not been occupied until February 2018
Catering and Cleaning Management Post		56	0	0	Additional management post approved as part of the longer term re-design of services - will be paid for as part of business case from 2018-19.
Previously Agreed - Argyll and the Isles Tourism Cooperative (end 3 year agreement)		-50	-50	-50	Agreed February 2014
Argyll and the Isles Tourism Cooperative		50	50	50	To continue partnership
Previously Agreed - Local Plan Enquiry		0	0	90	Agreed February 2014
Previously Agreed - Building Warrant Fees		-50	-50	-50	Agreed February 2014
Island Recyclate		45	45	45	No longer via a tendered contract, cost based on current year
Commercial Refuse		57	57	57	Anticipated shortfall in commercial refuse income
Waste PPP Contract		159	159	159	Increases relating to banding within the contract which has resulted in additional costs
Waste PPP Financial Model		0	254	560	Additional cost for Year 2 and Year 3, there are further additional pressures in future years.
Criminal Justice Services		132	132	132	Cost of employing team to maintain current Criminal Justice services in the Helensburgh and Lomond Area.
SW - Adult Care Growth		1,200	2,400	3,600	Assumes 6% Growth
SW - Younger Adults		300	600	900	Assumes 3% Growth
NATIONAL Cost and Demand Pressures					
Apprenticeship Levy		689	689	689	Based on 0.5% of direct pay costs
New Cost Pressure - NDR Revaluation		175	175	175	Estimate based on last revaluation
Previously Agreed - HB Admin Grant		55	230	230	Agreed February 2014
Change to Previously Agreed in respect of HB Admin Grant		0	-100	-25	Change to previously agreed Cost Pressure
Payment Card Industry Compliance		34	35	36	Estimate including inflationary element each year
Enterprise Licence Agreement		157	157	157	Like for like replacement of current MS licensing
Landfill Tax Tonnage Increase		44	44	44	Increased tonnage estimate
Sleepovers Adult Care Commissioned		380	380	380	Adult Care Sleepovers to bring up to £7.20 per hour
Sleepovers C&F Units		116	116	116	Sleepovers within Children's units.
Un-accompanied Young Asylum Seekers		473	473	473	Estimated cost for 11 unaccompanied young asylum seekers - assumes funded by SG for best case.
SCOTTISH GOVERNMENT Cost and Demand Pressures					
SW - Scottish Living Wage Adult Care		1,410	1,410	1,410	Full year effect of Living Wage - not funded by SG
SW - Carers Act		0	400	400	One-off demand pressure as a result of new duties commencing 1 April 2018
SW - Continuing Care		500	1,235	1,556	Cost pressure as a result of new duties
Changes to Income:					
Fees and Charges		-120	-240	-360	General 3% Increase Year on Year
Investment in Hub Co - estimated return				-50	Estimated Interest for 25 years from 2019-20
Savings agreed February 2016:					
Management/Operational Savings adjustment to Profile		101	30	30	Adjustments to profile of management/operational savings
Service Choices savings		-3,022	-4,536	-4,536	As agreed as part of Budget February 2016
Reduction/Delay in Leisure Trust Savings		430	159	159	As per Full Business Case
Reduction/Delay in Catering and Cleaning Savings		40	524	524	Savings in two phases - additional £446k estimated by 2021
Reduction to Rubbish Collection Saving		0	44	44	From 2018-19
Other Savings Assumptions:					
Print Management Solution		0	-140	-140	
Efficiency Savings		-1,377	-1,403	-1,403	As per report to Council 24 November 2016
Projected Expenditure Total	238,118	242,453	248,376	253,812	
Projected Funding Surplus/(Gap)	-62	-13,940	-28,562	-42,084	
Year on Year Funding Gap	-62	-13,940	-14,622	-13,522	There is a funding gap in the current year as the funding has been adjusted by -£68k to reflect the error in respect of the floor.

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****15 DECEMBER 2016**

INTEGRATION JOINT BOARD – FUNDING REQUEST

1. EXECUTIVE SUMMARY

- 1.1 Two letters have been received from the Chief Officer, Argyll and Bute Health and Social Care Partnership at the request of the Integrated Joint Board (IJB) requesting additional funding for the additional costs in respect of implementing the Living Wage from 1 October 2016 and the unachievable savings due to the pause in the redesign of services at Struan Lodge and Thomson Court.
- 1.2 In respect of implementing the Living Wage, a detailed costing and negotiation exercise has taken place which involved Council staff from both Procurement and Strategic Finance. The outcome is that the actual cost of implementing the Living Wage is £0.110m greater than the original estimate of £1.3m and the IJB are requesting that the Council increase the 2016-17 recurring baseline budget allocation to the IJB by this amount. As this funding is linked to the settlement conditions it is recommended that Members approve this request.
- 1.3 The IJB have now taken the decision to pause the redesign of services in Struan Lodge and Thomson Court for a period of 6 months to allow for community engagement and involvement to be carried out. The financial implication of this decision is that the anticipated saving for 2016-17 of £0.185m will now not be achievable. The IJB are looking to the Council to fund the cost of pausing this redesign with one-off funding for 2016-17 only. As with in year pressures that arise from other Council services, it is my recommendation that Members ask the IJB to look for alternative savings and report back to the Council later in the financial year.
- 1.4 The Scheme of Integration sets down a number of points in respect of Finance and it is noted that a recovery plan should be prepared with the aim of bringing the forecast expenditure back into line with budget for the current year. This should be submitted to the Council and NHS. Where the recovery plan is unsuccessful and an overspend still occurs at the year end, with insufficient IJB reserves to meet the overspend, only then will the partners be required to make additional payment to the IJB. Any additional payments by the Council and NHS Highland will then be deducted from future years funding/payments.
- 1.5 It is recommended that the Policy and Resources Committee make the recommendation to Council to:
- a) approve that an additional £0.110m of funding in respect of the Living Wage is added to the IJB's 2016-17 recurring baseline budget allocation and note that, the 2016-17 allocation, would be funded from the General

Fund Balance.

- b) not approve an additional payment of £0.185m in respect of the decision to pause the redesign of service in Struan Lodge and Thomson Court for a period of 6 months on the basis that the IJB should look for alternative savings options and report back later in the financial year.

It is further recommended that the Policy and Resources Committee instruct the Head of Strategic Finance to obtain a copy of the recovery plan and assess the current forecast overspend against the recovery plan in order to quantify the risk that the Council may require to make an additional payment to the IJB at the financial year end.

INTEGRATION JOINT BOARD – FUNDING REQUEST

2. INTRODUCTION

- 2.1 Two letters have been received from the Chief Officer, Argyll and Bute Health and Social Care Partnership at the request of the Integrated Joint Board (IJB) requesting additional funding for the additional costs in respect of implementing the Living Wage from 1 October 2016 and the unachievable savings due to the pause in the redesign of services at Struan Lodge and Thomson Court.
- 2.2 This report provides Members with some background information on both issues and refers to relevant points within the Scheme of Integration.

3. RECOMMENDATIONS

- 3.1 The Policy and Resources Committee make the recommendation to Council to:
- a) approve that an additional £0.110m of funding in respect of the Living Wage is added to the IJB's 2016-17 recurring baseline budget allocation and note that, the 2016-17 allocation, would be funded from the General Fund Balance.
 - b) not approve an additional payment of £0.185m in respect of the decision to pause the redesign of service in Struan Lodge and Thomson Court for a period of 6 months on the basis that the IJB should look for alternative savings options and report back later in the financial year.
- 3.2 The Policy and Resources Committee instruct the Head of Strategic Finance to obtain a copy of the recovery plan and assess the current forecast overspend against the recovery plan in order to quantify the risk that the Council may require to make an additional payment to the IJB at the financial year end.

4. DETAIL

4.1 Living Wage Funding

- 4.1.1 The Scottish Government's budget for 2016-17 included the creation of a new £250m Scotland wide Integration Fund to support the integration of health and social care services to ensure improved outcomes.
- 4.1.2 The funding was routed through the Health budget to the IJB and was for two purposes:

- Half provided to support additional spend on expanding social care to support the objectives of integration, including through making progress on charging thresholds for all non-residential services to address poverty. This additionality reflects the need to expand capacity to accommodate growth in demand for services as a consequence of demographic change.
- Half provided to help meet a range of existing costs faced by local authorities in the delivery of effective and high quality health and social care services in the context of reducing budgets. This includes the joint aspiration to deliver the Living Wage (set at £8.25 for 2016-17) for all social care workers, with an implementation date of 1 October 2016.

4.1.3 The Integration Fund was included as part of the settlement package and there had to be agreement to deliver on the commitments otherwise sanctions may be imposed.

4.1.4 At the beginning of February 2016, the Council estimated the cost of implementing both the National Living Wage of £7.20 per hour from 1 April 2016 and the Scottish Living Wage from 1 October 2016 at £1.3m. The estimate was based on the forecast cost for the service areas expected to be affected, primarily the care home placement, home care and supporting living budgets within Adult Care. Due to the short timescale required by the Scottish Government to assess the impact, a set of broad assumptions were also used to estimate the value of the uplift in the costs arising from the implementation of both pay rates, including:

- An assumed “current” hourly rate for providers of £7.00 per hour;
- An estimate of the percentage of care at home provider activity already paid for at or above £7.20 per hour;
- An estimate of the percentage of providers costs likely to be affected by the change (68% for residential care, 83% for homecare – both based on the Council’s internal services); and
- A 25% cost contribution from providers, reflecting the cost sharing approach adopted by the Scottish Government in relation to the allocation of funds for similar initiatives around pay rates and fair work practices during 2015/16. It should be noted that this was never agreed with Scottish Care but was an assumption that had been built in to the Integration Fund calculations.

4.1.5 The Living Wage estimate was then included in the Council’s budget setting process which limited the budget saving passed onto the IJB, this was in line with the settlement conditions from the Scottish Government. The saving that the Council could pass over was based on the half share of the Integration Fund less the cost of the Living Wage:
 $£2.290m \text{ less } £1.300m = £0.990m \text{ saving passed onto IJB.}$

4.1.6 A detailed costing and negotiation exercise has taken place which involved Council staff from both Procurement and Strategic Finance. The outcome is that the actual cost of implementing the Living Wage is £0.110m greater

than the original estimate of £1.3m and the IJB are requesting that the Council increase the 2016-17 recurring baseline budget allocation to the IJB by this amount. As this funding is linked to the settlement conditions it is recommended that Members approve this request.

- 4.1.7 The additional funding for 2016-17 will require to be funded from reserves. The recurring cost has already been built into the budget outlook from 2017-18 and is therefore included in the reported funding gap.
- 4.1.8 It should be noted that there are currently ongoing negotiations for additional integration funding in order to pay for the full year effect of the living wage (funding was only provided to implement from 1 October last year), the inflation of the Living Wage from £8.25 to £8.45, clarity over the 25% provider contribution and also sleepovers. It is highly likely that an element of funding will be agreed but the quantum has still to be determined.
- 4.1.9 The letter from the Chief Officer of the Argyll and Bute Health and Social Care Partnership at the request of the IJB in respect of the Living Wage is included as Appendix 1.

4.2 Struan Lodge and Thomson Court

- 4.2.1 The IJB agreed a Quality and Financial Plan for 2016-17 and this included savings options in respect of Struan Lodge and Thomson Court. There was no community engagement or involvement on the savings options, partly due to the time pressure to deliver savings for 2016-17 and this has seen significant representation from both the public and politicians.
- 4.2.2 The IJB have now taken the decision to pause the redesign of services in Struan Lodge and Thomson Court for a period of 6 months to allow for community engagement and involvement to be carried out and the outcome will be part of the Quality and Financial Plan process for 2017-18 and 2018-19.
- 4.2.3 The financial implication of this decision is that the anticipated saving for 2016-17 of £0.185m will now not be achievable. The IJB are looking to the Council to fund the cost of pausing this redesign with one-off funding for 2016-17 only.
- 4.2.4 If a forecast overspend situation arises within Council departments, the Council department in the first instance would be expected to find alternative savings within their department to fund any overspend. Only after they have exhausted all opportunities at the end of a financial year would a request for a supplementary estimate be made.
- 4.2.5 It is my recommendation that Members ask the IJB to look for alternative savings and report back to the Council later in the financial year. This is also in line with the Scheme of Integration, as noted later in this report.

- 4.2.6 The letter from the Chief Officer of the Argyll and Bute Health and Social Care Partnership at the request of the IJB in respect of Struan Lodge and Thomson Court is included as Appendix 2.

4.3 Scheme of Integration

- 4.3.1 In reporting the financial position of the Health and Social Care Partnership, two relevant points from the Scheme of Integration are noted below:

- 8.1.6 - The Chief Financial Officer of Argyll and Bute Integration Joint Board will work with the Council Section 95 Officer and NHS Highland Director of Finance to ensure the Council and NHS Highland are kept informed on the financial position, performance and plans of Argyll and Bute Integration Joint Board.
- 8.2.17 - Any potential deviation from the planned outturn should be reported to Argyll and Bute Integration Joint Board, the Council and NHS Highland at the earliest opportunity.

- 4.3.2 The Scheme of Integration goes onto outline what should happen in the event of a forecasted overspend:

- 8.2.18 - Where it is forecast that an overspend will arise then the Chief Officer and Chief Financial Officer of Argyll and Bute Integration Joint Board will identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position. The Chief Officer and Chief Financial Officer of Argyll and Bute Integration Joint Board should consult the Section 95 Officer of the Council and the Director of Finance of NHS Highland in preparing the recovery plan. The recovery plan should be approved by Argyll and Bute Integration Joint Board. The report setting out the explanation of the forecast overspend and the recovery plan should also be submitted to the Council and NHS Highland.
- 8.2.19 - A recovery plan should aim to bring the forecast expenditure of Argyll and Bute Integration Joint Board back in line with the budget within the current financial year. Where an in year recovery cannot be achieved then any recovery plan that extends into later years should ensure that over the period of the Strategic Plan forecast expenditure does not exceed the resources made available. Where a recovery plan extends beyond the current year the amount of any shortfall or deficit carried forward cannot exceed the reserves held by Argyll and Bute Integration Joint Board. Any recovery plan extending beyond in year will require prior approval of the Council and NHS Highland in addition to Argyll and Bute Integration Joint Board.
- 8.2.20 - Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the Parties will be required to make additional payments to Argyll and Bute Integrated Joint Board. Where there is a requirement for additional payments an analysis of the requirement for additional payments will be carried out to determine the extent to which they relate to either budgets delegated back to or activities managed by the Council or NHS Highland with the allocation of the additional

payments being based on the outcome of this analysis. Any additional payments by the Council and NHS Highland will then be deducted from future years funding/payments.

4.3.3 From the points extracted from the Scheme of Integration noted above, a recovery plan should be prepared with the aim of bringing the forecast expenditure back into line with the budget for the current year. This should be submitted to the Council and NHS. Where the recovery plan is unsuccessful and an overspend still occurs at the year end, with insufficient IJB reserves to meet the overspend, only then will the partners be required to make additional payment to the IJB on the terms noted above.

4.3.4 It is recommended that Members instruct the Head of Strategic Finance to obtain a copy of the recovery plan and assess the current forecast overspend against the recovery plan in order to quantify the risk that the Council may require to make an additional payment to the IJB at the financial year end.

5. CONCLUSION

5.1 The IJB have requested additional funding of £0.110m to cover the increased cost of implementing the Living Wage from 1 October 2016 and additional funding of £0.185m to pause the redesign of services in Struan Lodge and Thomson Court for a period of 6 months.

5.2 It is recommended that the Council approve the additional £0.110m in respect of the Living Wage, however, defer approval of the additional £0.185m in respect of Struan Lodge and Thomson Court and request that the IJB look for alternative savings.

5.3 In line with the Scheme of Integration, a copy of the IJB recovery plan should be submitted to the Council and it is recommended that Members instruct the Head of Strategic Finance to obtain a copy of the recovery plan.

6. IMPLICATIONS

6.1 Policy – The additional funding in respect of the Living Wage ensures that the commitment to implement the Living Wage to Social Care Workers from 1 October 2016 is met.

6.2 Financial - The additional funding of £0.110m in respect of the Living Wage will require to be funded from the General Fund Balance. There is a risk that the IJB will require further additional funding at the year end.

6.3 Legal - None, although it should be note that funding the cost of implementing the Living Wage was part of the settlement package provided by Scottish Government which included sanctions if the conditions of the settlement were not met.

6.4 HR - None, IJB have already agreed to the required uplifts

- 6.5 Equalities - of the Living Wage.
None.
- 6.6 Risk - There is a risk that the IJB will request additional funding from the Council at the year end if they are unable to identify alternative savings to balance their budget.
- 6.7 Customer Service - None.

Policy Lead for Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
21 November 2016**

APPENDICES:

Appendix 1 – Letter re Living Wage Funding 2016-17

Appendix 2 – Letter re Redesign of Services at Struan Lodge and Thomson Court



Argyll & Bute
 Chief Officer
 Health & Social Care Partnership
 Lochgilphead
 Argyll PA31 8LD
 Tel No. : 01546 605646



Mr Cleland Sneddon
 Chief Executive
 Argyll & Bute Council
 Kilmory
 Lochgilphead
 Argyll PA31 8RT

Date: 14 November 2016
 Your Ref:
 Our Ref: CW/SC
 Enquiries to: Christina West
 Direct Line: 01546 605646
 Email: christina.west@nhs.net

Dear Cleland

INTEGRATION JOINT BOARD – LIVING WAGE FUNDING 2016-17

Following the Integration Joint Board (IJB) meeting on 28 September 2016 I have been instructed to write to the Council to request additional funding to accommodate the implementation costs of the Living Wage.

The IJB, via the Council, were allocated additional funding as a share of the additional £250m provided by the Scottish Government for Health and Social Care Partnerships. Half of this funding was to meet the costs of the Living Wage implementation, with any amount not required being made available for Councils to meet a range of existing costs. For 2016-17 additional funding of £2.290m was allocated by the Scottish Government to meet the cost of the Living Wage implementation. In February 2016 the Council set their budget and determined the financial allocation to the IJB. At that time the Living Wage was estimated to cost £1.3m and this was the budget the Council allocated to the IJB to fund the Living Wage, with the balance of £0.990m being retained by the Council.

A detailed costing and negotiation exercise has taken place involving the Council's Procurement and Strategic Finance teams and providers to reach agreement on individual uplifts. These negotiations are now completed and the IJB took the decision on 28 September to apply the required uplifts to ensure implementation of the living wage from 1 October 2016.

The actual cost of implementation for 2016-17, as outlined in the attached report, is £1.410m. This is £0.110m greater than the original estimate of £1.3m. The IJB request that the Council increases the 2016-17 recurring baseline budget allocation for integrated services to accommodate this cost. This is on the basis that the Scottish Government allocated £2.290m to the Argyll and Bute IJB to fund the Living Wage implementation and the initial allocation of these monies to the IJB by the Council was based on an estimated cost.

I should be obliged if you would make any necessary arrangements for this request for funding to implement the living wage to be considered by the Council.

Yours sincerely

Christina West
 Chief Officer, Argyll & Bute Integration Joint Board



Argyll & Bute Health & Social Care Partnership

Integration Joint Board

Agenda item : 5i

Date of Meeting : 28 September 2016

Title of Report : Update on Fair Work Practices and the Scottish Living Wage

Presented by : Anne MacColl-Smith, Procurement and Commissioning Manager, and
Caroline Whyte, Chief Financial Officer

The Integration Joint Board is asked to :

- **Note** progress on the work required to deliver the Scottish Living Wage since the previous report submitted to Integrated Joint Board on 22nd June 2016.
- **Approve** the implementation of the rates assessed and agreed in principal with the local suppliers, which deliver the Fair Work Practices and Scottish Living Wage requirements.
- **Agree** to initiate discussions with Argyll and Bute Council around the additional funding provided for the Living Wage and the budget shortfall of £0.1m required to fund implementation.
- **Note** the ongoing requirement to continue to monitor and report on the financial impact for the IJB of the decision to pay the Living Wage from 1 October 2016.

1. EXECUTIVE SUMMARY

- 1.1 The Argyll and Bute Health and Social Care Partnership have been working with the Adult Care Providers who employ care workers to ensure that they will be able to pay the Scottish Living Wage from 1st October 2016, along with meeting the various requirements of Fair Work Practices. A detailed financial assessment process has been carried out with providers to ensure they are in a position to commit to paying care workers a minimum of £8.25 from 1 October 2016.
- 1.2 The Living Wage commitment was one of the conditions attached to the Local Government Finance Settlement for 2016-17 and additional funding was allocated to Integration Joint Boards to deliver on this commitment. The financial assessment of the actual cost of implementation indicates that this will exceed the set aside amount for the Living Wage by around £0.1m.

- 1.3 There is uncertainty over the funding availability for 2017-18 and beyond to accommodate the full year cost of implementation and any associated future rate uplifts. The IJB will be updated as part of the budget process as to the position with future years funding and cost pressures.

2. INTRODUCTION

- 2.1 This report provides the Integration Joint Board with an update on the work carried out to date with our providers to ensure that they meet the requirements of Fair Work Practices including paying the Scottish Living Wage from 1st October 2016. The Argyll and Bute Council Procurement and Commissioning and Strategic Finance teams have been working closely with providers to reach agreements in principal over uplift rates to achieve this.

3. DETAIL OF REPORT

3.1 APPROACH

- 3.1.1 The approach taken to ensure the IJB are in a position to meet the Living Wage commitment from 1 October 2016 is outlined below:

1. Consulting with the providers around the work that needs to be done to deliver the Scottish Living Wage for 1st October 2016
2. Gathering information from suppliers regarding their current pay rates and all the hours worked by their care staff
3. Assess the uplift required by each provider to ensure that the Health and Social Care Partnership provides adequate funding to each provider to ensure that they can pay their care staff the Scottish Living Wage from 1st October 2016
4. Determine the cost to the Health and Social Care Partnership of the uplifts necessary to deliver the policy objective
5. Advise providers of proposed rates and enter into negotiations
6. Seek final approval from Integration Joint Board to agree uplifts with providers
7. Implement the new rates as early as possible during October 2016 in conjunction with providers.

- 3.1.2 The actual "go live" date for the new rates will be Monday 3rd October 2016. This is due to the technical requirements of the Carefirst system but adjustments will be made to compensate for the shortfall arising from the short delay. Rates will be implemented in partnership with providers who will have to amend these rates on their invoices, in conjunction with changes to the Carefirst system.

3.2 OUTCOME OF PROCESS

- 3.2.1 Appendix 1 outlines the overall financial impact of implementation of the Living Wage from 1 October, and details the basis of the financial cost for each element of service provision. The total estimated cost is £1.410m, this exceeds the original estimate of £1.3m by £0.110m.

- 3.2.2 There are services which are provided to clients out with the Argyll and Bute area, these rates will be set by their host local authority. This includes some services for supported living and care at home where there are 13 providers outwith the area, and all care home placements for younger adults are outwith

the area. We have not yet had confirmation of these rates, an estimated uplift of 10.22% has been included for these services as this is the average uplift for providers in Argyll and Bute. The total estimated impact of the outwith Argyll and Bute provided services is £240k so any variation on the 10.22% estimated may not have a significant financial impact.

- 3.2.3 Negotiations with local providers were conducted over the 7th and 8th of September. Overall the negotiations were positive with all providers agreeing in principal to their offered rates. It should be noted that although successful overall, every provider expressed deep concern regarding the 25/75 funding split between providers and the IJB and although all have accepted the arrangement for 2016-17, it is extremely unlikely that they will do so in future negotiations.
- 3.2.4 During the process of assessing and proposing the new provider rates, three providers asked for separate assessments of their existing rate to be conducted on the basis that their services were not sustainable at the existing level of funding. These providers could not pay the 25% contribution to the Living Wage on the grounds of financial sustainability. In all three cases, the problem was a direct result of no inflationary uplifts having been applied to provider rates for several years, and the resulting rates being significantly below other providers in the same area. Further negotiations have been carried out with these providers and new rates have been proposed with a total additional cost of £63k to implement. This cost is included in the overall cost of implementing the living wage. If their service provision was to become financially unsustainable the cost of service provision would increase as the rates are still below those of other providers in the area. All other providers have agreed in principal to the rates offered which reflect the IJB funding 75% of the costs.
- 3.2.5 The Council's Procurement and Commissioning Team are in the process of drafting contract variations for providers, based on the agreements in principal and negotiations that have taken place. The contract variations will be issued on approval by the IJB, and will note that the IJB has agreed to support the delivery of the Living Wage commitment until 31 March 2017, as there is uncertainty over the available funding beyond this.

3.3 FINANCIAL IMPACT

- 3.3.1 The total estimated cost of implementation is £1,409,777. The Integration Joint Board has £1.3m set aside for this purpose, leaving a funding gap of £110k.
- 3.3.2 The £1.3m set aside to fund the Living Wage was based on a high level estimated cost drafted in February 2016, this was before any detailed financial information was available from providers. The increase in actual costs is due to:
- The increase in rates for three providers on service sustainability grounds;
 - A lower than expected starting point for some suppliers leading to the need for larger than expected uplifts to ensure the payment of the National Living Wage from April and Scottish Living Wage from October. The original estimate assumed that all providers were already paying at least £7.00 per hour to staff but several were later found to be below this level; and

- An increase in overall service levels since the £1.3m estimate was calculated at the beginning of the year.
- 3.3.3 The IJB was allocated additional funding as a share of the additional £250m provided by the Scottish Government, half of this was to meet the costs of the Living Wage for social care workers and to meet a range of existing costs by local authorities. For the IJB additional funding of £2.290m was allocated to meet the cost of the Living Wage and Councils were permitted to retain any unrequired element of this funding. When determining the financial allocation to the IJB the Council allocated £1.3m to the IJB to fund the Living Wage. It is recommended that discussions should be initiated with the Council over the funding passed to the IJB in relation to the resulting gap between the original estimated cost and the updated financial impact. This should also take into account the fact that some providers are not in the financial position to fund 25% of the costs.
- 3.3.4 In the meantime a decision requires to be taken by the IJB whether to approve the payment of the uplifts to ensure providers can be financially supported to deliver on the commitment from 1 October 2016. This includes a decision as to whether to support the three providers who are unable to contribute the 25% contribution to costs.
- 3.3.5 There is uncertainty over the funding availability for 2017-18 and beyond to accommodate the full year cost of implementation and any associated future uplifts. The IJB will be updated as part of the budget process as to the position with future years funding and cost pressures. It is likely that the position will be clearer in December when the outcome of the Local Government spending review is known.

4. CONTRIBUTION TO STRATEGIC PRIORITIES

The work that is currently being carried out supports the strategic priorities as it ensures that our adult care providers will be sustainable partners in the delivery of care within Argyll and Bute.

5. GOVERNANCE IMPLICATIONS

5.1 Financial Impact

The total estimated cost of implementation is £1.410m, this exceeds the available budget of £1.3m by £0.110m.

5.2 Staff Governance

None

5.3 Clinical Governance

None

6. EQUALITY & DIVERSITY IMPLICATIONS

None

7. RISK ASSESSMENT

There is a financial risk in relation to the rates agreed for providers out-with the Argyll and Bute area, this will be closely monitored with the implications reported back to the IJB.

8. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

All our adult care providers have been involved and engaged in the process, the Council's Procurement and Commissioning and Strategic Finance teams have met with them, held workshops and provided guidance where required.

9. CONCLUSIONS

9.1 The partnership approach that the Procurement and Commissioning and Strategic Finance teams have used in engaging with our Adult Care Providers has resulted in an open and transparent discussion with them. This has ensured that providers have an understanding of what is expected of them from 1 October 2016, and that the IJB are in a position of being able to implement the required policy in the timescale required by the Scottish Government.

9.2 There are financial risks in relation to the services provided out with the Argyll and Bute area, the sustainability of the Living Wage commitment in future years and the funding of the additional cost in 2016-17. These issues will be closely monitored and progress will be reported back to the IJB.

APPENDIX 1

2016-17 Living Wage Financial Impact Summary

Service Area	Detail	Estimated Cost
Commissioned Care at Home and Supported Living Services	Argyll and Bute based provider's uplifts are based on an individual assessment of each provider's funding requirement to ensure sufficient funds are in place to deliver the National Living Wage requirement from 1 April 2016 and the Scottish Living Wage requirement from 1 October 2016. The uplifts for providers based out-with Argyll and Bute will be set by each provider's host HSCP but an estimate is included based on the weighted average of the assessed uplifts identified for providers based within Argyll and Bute (10.22%). There a range of uplifts agreed for providers from 0% for some to a maximum of 17.6% for one provider, based on affordability.	£774,316
Commissioned Care Home Placements for Older People	The National Care Home Contract uplifts were agreed by the relevant stakeholders earlier this year on the basis of HSCPs funding 75% of the uplift required to meet the cost of the National Living Wage from April and the Scottish Living Wage from October. This was agreed at a 2.5% increase from April and a further 4% increase from October. There is no scope to apply a different uplift in this area.	£305,000
Direct Payment Recipients	This relates to funding provided to service users to enable them to purchase care from agencies of their choice in their area and/or to employ their own personal assistants. Standard rates are paid for personal assistants and a best rate for agencies in each area. The rate for personal assistants has been recalculated based on £8.25 per hour and 100% funding of the uplift. The rate for agencies has been uplifted based on the weighted average of the uplifts assessed for Argyll and Bute based providers.	£87,954
Commissioned Learning Disability Day Services	This relates to Day Services purchased from external providers in the Helenburgh and Lomond area. The uplifts are based on a mixture of specific provider proposed rates and equivalent uplifts to those assessed for Care at Home and Supported Living.	£32,925
Commissioned Care Home Placements for Younger Adults	This relates to care home places purchased for younger adults, not children. All of these places are out-with the Argyll and Bute area and will be agreed in discussion with host HSCPs. An estimate is included based on the weighted average of the assessed uplifts identified for Care at Home and Supported Living providers based within Argyll and Bute at 10.22%.	£201,362
Commissioned Day Services for Older People	This relates to day services purchased from external providers in the Helenburgh and Lomond area. The uplifts are based on a submission from the supplier involved.	£6,177
Commissioned Overnight Response Services	This relates to overnight responder services provided in 7 areas by a single provider and is based on an assessment of this specific service type.	£2,043
Total Estimated Cost		£1,409,777

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Argyll & Bute
 Chief Officer
 Health & Social Care Partnership
 Lochgilphead
 Argyll PA31 8LD
 Tel No. : 01546 605646



Mr Cleland Sneddon
 Chief Executive
 Argyll & Bute Council
 Kilmory
 Lochgilphead
 Argyll PA31 8RT

Date: 14 November 2016
 Your Ref:
 Our Ref: CW/SC
 Enquiries to: Christina West
 Direct Line: 01546 605646
 Email: christina.west@nhs.net

Dear Cleland

REDESIGN OF SERVICES AT STRUAN LODGE AND THOMSON COURT

Following the special meeting of the Integration Joint Board meeting on 2 November 2016 I have been instructed to write to the Council to request additional funding to assist with the decision to pause the redesign of services at Struan Lodge and Thomson Court.

As you are aware there has been significant representation from the public and politicians.

The Integration Joint Board has taken the decision to pause the redesign of services for a period of six months to allow the community engagement and involvement to be carried out and the outcome of this exercise will inform the decisions taken on the redesign of services in Cowal and Bute as part of the Quality and Financial Plan process for 2017-18 and 2018-19. The Scottish Government have agreed to support the communication and engagement process.

The financial implication of the decision to pause is that the expected savings of £185k estimated to be delivered in 2016-17 will now not be achievable in full. The Quality and Financial Plan for 2016-17 was approved following the financial year-end due diligence process and the requirement to deliver additional savings from Council delivered services.

The Integration Joint Board on 2 November 2016 decided that without delay I write to the Council requesting £185k of additional funding for 2016-17, in the knowledge that the Council are aware of the Integration Joint Board's circumstances and that this resource is specifically requested to facilitate a pause in implementation. The Integration Joint Board will continue to look at opportunities to deliver alternative savings and if we manage to achieve financial balance at the year-end then the money would be returned to the Council.

I should be obliged if you would make any necessary arrangements for this request for additional funding to be considered by the Council.

Yours sincerely

Christina West
 Chief Officer, Argyll & Bute Integration Joint Board

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

15 DECEMBER 2016

PERFORMANCE REPORT – FQ2 2016-17

1. EXECUTIVE SUMMARY

- 1.1 The Council's Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Policy and Resources Committee with the Customer Services Departmental performance report with the scorecards for Customer Services and Strategic Finance for FQ2 2016-17 (July – September 2016).
- 1.2 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

PERFORMANCE REPORT – FQ2 2016-17

2. INTRODUCTION

- 2.1 The Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Departmental performance reports with associated scorecards for performance in FQ2 2016-17 (July - September 2016).

3. RECOMMENDATIONS

- 3.1 It is recommended that the Committee reviews the scorecards as presented.

4. DETAIL

- 4.1 The performance scorecard for the Customer Services Department was extracted from the Council's Pyramid performance management system and is comprised of key performance indicators incorporating the four services that make up Customer Services. Likewise the scorecard for Strategic Finance comprises the key performance indicators for this service.

5. IMPLICATIONS

- | | | |
|-----|-------------------|------------------------------------------------------------------------------------------------------|
| 5.1 | Policy | None |
| 5.2 | Financial | None |
| 5.3 | Legal | The Council has a duty to deliver best value under the Local Government Scotland Act 2003. |
| 5.4 | HR | None |
| 5.5 | Equalities | None |
| 5.6 | Risk | Ensuring performance is effectively scrutinised by members reduces reputational risk to the Council. |
| 5.7 | Customer Services | None |

Douglas Hendry, Executive Director – Customer Services

For further information contact:

Jane Fowler, Head of Improvement and HR
Kirsty Flanagan, Head of Strategic Finance

Key Successes

1. Rothesay Harbour Judicial review determined in favour of Council
2. Boundary Commission decision provided status quo as per Council request
3. Successful delivery of Employee Excellence and Recognition Awards Event
4. Governance won the Excellence Gold Award for Local Matters building capacity in Community Councils
5. Catering Service won a Gold Award at the recent Employee Excellence Awards 2016 for their Catering IT Connectivity Project, in the category Service Innovation and Improvement
6. Short leeted for 4 Scottish GO (Government opportunities) Procurement Awards; Won Best Scottish entrant in IRRV (Institute of Rating, Revenues and Valuation) awards. Customer and Support Services won 4 golds, 1 silver and 1 bronze in council's Excellence and Recognition awards
7. Our data centres in Kilmory and Helensburgh have been showcased as top class in terms of total cost of ownership and power utilisation efficiency

Key Challenges

1. Local Government elections 2017
2. Community Council by elections October/November 2016
3. Review of Political Management Arrangements
4. Implementation of the Catering and Cleaning Innovation Project is underway, subject to the operational demands of the service at present.
5. Only 50% of sites migrated to new Scottish Wide Area Network by scheduled completion date of 21 September. Extension put in place with current contractor but this is expensive. 5 interim solutions agreed in order to ensure all sites installed before end of January 2017.
6. Big Lottery Fund are planning to issue a tender imminently for financial inclusion services in Argyll and Bute for the period Feb 2017 to Feb 2020
7. Support HSCP across a range of support services

Action Points to address the Challenges

1. Experienced team in place to deliver electoral process
2. Experienced team in place to deliver electoral process
3. Deliver options for consideration by Council
4. DMT and the Transformation Working Group have been appraised of progress made with initial Catering and Cleaning

Innovation work, and the delivery of this will be monitored in the coming weeks and months.

5. Close monitoring of progress with contractor. Additional resource put in place by BT Openreach and regular review now by their Chief Executive. Progress appears to have improved recently but targets for transitions in next quarter still look ambitious
6. Intend to lead a consortium bid involving local agencies to deliver these services. ITT response to be submitted by 7 November.
7. Ongoing collaboration with Chief Officer to take forward a number of opportunities

Changes to the Corporate Plan, Departmental Plan, Service Plans or Scorecards

Plan	Changes required	Lead	Date of change

Making A&B a place people choose to live

SOA Outcome - People live active, healthier and independent lives	Success Measures	9	A
	On track	7	→
SOA Outcome - People live in safer and stronger communities	Success Measures	28	A
	On track	26	→
SOA Outcome - Children and young people have the best possible start	Success Measures	7	G
	On track	7	→

Making A&B a place people choose to learn


SOA Outcome - Education, skills and training maximises opportunities for all	Success Measures		
	On track		

Making A&B a place people choose to work

SOA Outcome - The economy is diverse and thriving	Success Measures	10	A
	On track	4	→
SOA Outcome - We have infrastructure that supports sustainable growth	Success Measures		
	On track		

Making it happen

Supporting Outcome - Service Delivery Enablers	Success Measures	62	
	On track	52	



Argyll and Bute COUNCIL

Making Argyll and Bute a place people choose to live, learn, work and do business

IMPROVEMENT		Status Trend				
Improvement Plan Outcomes CU	Outcomes	Total No	Off track	On track	Complete	A ↑
		63	0	22	41	
CARP Customer Services		Total No	Off track	On track	Complete	G →
		4	0	0	4	
Customer Service CU		Number of consultations				1
Customer Charter		Stage 1 complaints		69 %	R ↓	
Customer satisfaction	96 %	G ↑	Stage 2 complaints		100 %	G →
Customer Services Audit Recommendations	R	Overdue	Due in future	Future - off target		
		1 ↓	6 ↓	0 ↑		
CU Average Demand Risk	Score	6	Appetite	6	→	
CU Average Supply Risk	Score	6	Appetite	6	→	
Health & Safety		Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions		0	0	15	7	
H&S Investigation Actions		0	0	2	2	

Customer Services Scorecard 2016-17 Click for Full Outcomes

Scorecard owner **Douglas Hendry** FQ2 16/17

P Priorities for 2015-17: Customer Services

RESOURCES				
People	Benchmark	Target	Actual	StatusTrend
Sickness absence CU		1.93 Days	1.72 Days	G ↑
PRDs % complete		90 %	98 %	G
Financial		Budget	Forecast	
Finance Revenue totals CU		£K 39,854	£K 39,854	G →
Capital forecasts - current year CU		£K 19,445	£K 19,719	A ↑
Capital forecasts - total project CU		£K 112,784	£K 113,012	A ↑
Asset management red risks	6	On track	3	G →

Customer Services Scorecard 2016-17

FQ2 16/17

Click for Full Scorecard

SOA Outcome - The economy is diverse and thriving A			
CS02 Businesses supported in claiming Non Domestic Rates relief	Success Measures	1	G
	On track	1	➡
CS03 Maximise opportunities for SME's to sell to the Council ...	Success Measures	5	R
	On track	1	⬇
CS05 Increased value is delivered from procurement ...	Success Measures	4	A
	On track	2	⬇

SOA Outcome - Children and young people have the best possible start E			
FS01 Children are healthier because nutritionally balanced school meals are available ...	Success Measures	6	G
	On track	6	➡
GL04 The best interests of children at risk are promoted	Success Measures	1	G
	On track	1	➡

SOA Outcome - People live active, healthier and independent lives A			
CS01 Benefits paid promptly whilst minimising fraud	Success Measures	6	A
	On track	4	➡
CS08 Financial and digital inclusion barriers are removed from disadvantaged citizens ...	Success Measures	3	G
	On track	3	➡

Supporting Outcome - Service Delivery Enablers A			
CS04 Income from local taxes and sundry debtors is maximised ...	Success Measures	6	G
	On track	6	⬆
CS06 IT applications & infrastructure available ... and meet business needs	Success Measures	8	A
	On track	7	➡
CS07 Customers can access council services more easily ... service quality	Success Measures	9	A
	On track	8	➡
GL01 High quality support and governance enables open transparent decision making	Success Measures	5	A
	On track	4	⬇
GL02 Council compliance with governance & info arrangements	Success Measures	3	A
	On track	2	⬆
GL05 Provision of high quality, timely legal advice and documentation	Success Measures	4	G
	On track	4	➡
GL06 Timely provision of Liquor Licences & Civic Government Licences to the public	Success Measures	5	G
	On track	5	➡
IH03 Our customers and employees are informed and engaged	Success Measures	9	A
	On track	7	➡
IH04 Improve efficiency and delivery through systems and frameworks	Success Measures	2	A
	On track	2	➡
IH05 Performance, continuous improvement and organisational change is developed ...	Success Measures	2	A
	On track	2	➡
IH06 Workforce has skills, knowledge and behaviours that support our culture and vision	Success Measures	6	A
	On track	4	➡
IH07 Provide high quality support services to our workforce	Success Measures	3	A
	On track	2	⬆

SOA Outcome - People live in safer and stronger communities A			
FS02 Communities are safer ... through improved facilities	Success Measures	10	A
	On track	8	➡
FS03 We contribute to the sustainability of the local area	Success Measures	5	A
	On track	5	➡
FS04 School & public transport meets the needs of communities	Success Measures	3	G
	On track	3	➡
GL03 Improved quality of life and reduced risks for residents and visitors	Success Measures	1	G
	On track	1	➡
IH01 Managers are enabled to manage health and safety effectively	Success Measures	6	G
	On track	6	➡
IH02 We recognise and tackle discrimination and promote equality	Success Measures	3	G
	On track	3	➡

Key Successes

- External Audit of Annual Accounts completed by 30 September deadline and unqualified Audit Certificate received.
- External Audit's Annual Audit Report was in general a positive report – this will be reported to Council in November 2016.
- Following a review of the likely Loans Fund interest payments and receipts, a saving in Loans Charges of £500k has been identified for 2016-17 and a recurring saving of £250k. The saving is a direct result of good borrowing and investment decisions in addition to low interest rates for borrowing.
- Investment returns continue to exceed the benchmark rate of return – the rate of return to be reported to Policy and Resources Committee for the period to end of August was 0.651% which compares favourably with the target of 7 day LIBID (London Interbank Bid Rate – the rate which banks are willing to borrow from other banks) which was 0.139%.
- The Capital Plan was updated to reflect changes in funding and costs of major projects.

Key Challenges

1. Ensuring timely completion of Annual Audit Plan given reduced resource.
2. Department operating with a number of staff on long term sick (none are work related). As the number of staff within the service is relatively small, this will disproportionately affect the sickness absence percentage.
3. Ensure Budget Forecasting, particularly for next year's budget is underpinned by robust figures and assumptions.
4. Continue to provide high quality service with reduced resources.
5. Production of medium to longer term financial strategy for the Council.

Action Points to address the Challenges

1. The workload within Internal Audit continues to be reviewed and reallocated in order to deliver on the approved plan.
2. The expectations of service users proactively managed as well as monitoring and reallocating tasks and priorities.
3. Budget preparation is underway for 2017-18 and departmental teams are working with budget holders to confirm staffing establishment and confirm existing cost/demand pressures and inflation estimates included within the budgetary outlook or others that require to be added in.
4. Management Team meeting scheduled for 1 November to discuss how we will deliver our service in the future and also workforce planning meeting arranged with HR on 2 November.
5. Medium term financial outlook has been produced and this will be the starting point for the financial strategy.

Strategic Finance Scorecard 2016-17

FQ2 16/17

Scorecard owned by **Kirsty Flanagan**

Click for full Outcomes

SF01 Effective planning, reporting and management of finance ...

Links to Council Outcome MiH



SF02 Assurance...that financial and management controls are operating effectively

Links to Council Outcome MiH



Corporate Support Team Scorecard

Departmental Support Team Scorecard

Internal Audit Team Scorecard

RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		1.5 Days	2.9 Days	R	↑
PRDs SF		90 %	93 %	G	↓

Financial	Budget	Forecast	Status	Trend
Finance Revenue totals SF	£K 1,790	£K 1,790	G	→
Capital forecasts - current year SF	£K 0	£K 0		
Capital forecasts - total project SF	£K 0	£K 0		

Efficiency Savings 2016-17		Annual Target	Status	Trend
On track to be delivered	£ 2,484,200	£ 5,187,000	G	→
Delivered	£ 1,627,000			

IMPROVEMENT Status Trend

SF Service Improvement Plan 2015-16	Actions	Total No	Off track	On track	Complete	
		15	4	0	11	
Strategic Finance Audit Recommendations	Overdue	Due in future		Future - off target		
	0 →	9 ↑	0 →			
Health & Safety	Overdue	Due in future		Rescheduled		
Service H&S Plan Actions						
H&S Investigation Actions	0	0		0		

CARP Strategic Finance	Total No	Off track	On track	Complete	
	1	0	0	1	

Customer Service SF	Number of consultations			
Customer Charter	Stage 1 complaints	100 %	G	→
Customer satisfaction 95 % G ↑	Stage 2 complaints	100 %	G	→

SF Average Demand Risk	Score	9	Appetite	9	→
SF Average Supply Risk	Score	8	Appetite	8	→

Strategic Finance Scorecard 2016-17
FQ2 16/17

Click for full Scorecard

SF01 Effective planning, reporting and management of finance ...		Links to Council Outcome MiH		
SF01 Council Finances Managed Effectively - Net	£	Budget	£ 1,530,903	
		Forecast	£ 1,530,903	
Unaudited accounts summary and snapshot complete by 30 June	Status	Complete		CIPFA VFM % rating public audit forum - practice
	Target			
Unaudited accounts complete by 30 June	Status	Complete		% rating public audit forum - commissioner satisfaction
	Target			
Annual Efficiency statement produced by 30 June	Status	Complete		SF user satisfaction survey
	Target			
Audited accounts complete by 30 September	Status	Complete		% investment returns
	Target	Complete		
Audited accounts summary and snapshot prepared by 15 October	Status	On track		Average loans fund rate
	Target			
Revenue and Capital Budget Preparation Timetable	Status	On track		Annual treasury assessment against good practice
	Target			
Comprehensive budget monitoring reports within 20 days of month end	Status	On track		Annual review of treasury management practice statements
	Target	On track		
Zero qualifications in audit certificate	Status	Complete		Budgetary outlook reviewed/updated each quarter
	Target	Complete		

SF02 Assurance...that financial and management controls are operating effectively		Links to Council Outcome MiH		
SF02 Internal Audit - Net	£	Budget	£ 259,149	
		Forecast	£ 259,149	
% of audits in the audit plan completed	Actual	100 %		
	Target	100 %		
	Benchmark	100 %		
Risk management policy and manual reviewed by 31 March	Status	On track		
	Target	On track		
Final audit plan approved by 31 March	Status	On track		
	Target			
% of audit recommendations accepted.	Actual	100 %		
	Target	100 %		
	Benchmark	100 %		
Annual report on risk management	Status	Complete		
	Target	Complete		
Risks are incorporated in approved service plans	Status	Complete		
	Target	On track		
Bi-annual reports on strategic and operational risk registers	Status	On track		
	Target	Complete		
Continuous Monitoring Programme report to Audit Committee	Status	On track		
	Target	On track		
Participation in National Fraud Initiative - data completion	Status	On track		
	Target	On track		
Draft audit risk assessment complete by December	Status	On track		
	Target	On track		

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ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

CUSTOMER SERVICES

15 December 2016

PEOPLE STRATEGY ACTION PLAN UPDATE

1. EXECUTIVE SUMMARY

- 1.1 The council approved its People Strategy in September 2016. This paper updates the Policy and Resources Committee on progress against the actions in that strategy to keep members informed.
- 1.2 There are no financial implications from the report.

2.0 Recommendations:

It is recommended that the Policy and Resources Committee:

- (i) Note the progress that is being made with the agreed actions in the council's People Strategy.

PEOPLE STRATEGY ACTION PLAN UPDATE

2 INTRODUCTION

2.1 This report provides members with an update on progress against the agreed actions in the council's recently approved People Strategy. The People Strategy includes actions on people management, organisational development and performance and improvement, including best value.

3 RECOMMENDATION

3.1 It is recommended that the Policy and Resources Committee:

- Note the progress that is being made with the agreed actions in the council's People Strategy.

4 DETAIL

4.1 The People Strategy sets out the council's agreed position on people management, organisational development and corporate improvement. It sets out a series of position statements on the council's strategic approach to managing people, developing the organisation and delivering improvements, ensuring best value.

4.2 The Strategy has the following agreed outcomes:

- Our services have plans with clear links to council and LOIP (formerly Single Outcome Agreement) and can demonstrate best value and continuous improvement
- Our workforce demonstrates skills/knowledge and behaviours to achieve council objectives
- We develop a positive organisational culture that puts people at the heart of success

We also measure the actions that the HR and Organisational Development Team are taking to enable the organisation to deliver on the above

- Making it Happen – HR and OD enablers

4.3 The Action Plan attached to this report gives an update on progress to date on the agreed actions to implement the People Strategy. The majority of actions are either complete or on track. Action PS3.1 has been rescheduled to allow the Culture Steering Group to input into corporate values. Action 4.2.1 relating to the Resourcelink 5 project is on track to a revised schedule as a result of complex IT issues that delayed the completion of the Resourcelink 4 project. This is now complete and a revised PID for RL5 is underway.

4.4 As set out in PS4.1.0, the HR/OD team is currently redesigning its structure to

accommodate the service choices saving of 25% due to be implemented in 2018. The HR and IOD teams merged under a single manager in January 2016 to enable a smooth transition to the reduced service. As the majority of the service's budget is employees, there will be a reduction of posts in 2018. The actions in the strategy that relate to digital improvements are essential to allow the service to continue to deliver with significantly less resource.

5.0 CONCLUSION

5.1 In conclusion this report provides an update on progress against actions outlined within the Council's people strategy. All actions are either on track or complete. Further updates will be brought to the Policy and Resources Committee on a regular basis throughout the life of the plan.

IMPLICATIONS

6.0	6.1 Policy	None
	6.2 Financial	None
	6.3 Legal	None
	6.4 HR	The People Strategy sets the context for HR policies and procedures
	6.5 Equalities	The Strategy was prepared with an EQIA and there are no adverse impacts
	6.6 Risk	The progress against the strategy action plan mitigates risks that the council does not comply with best value.
	6.7 Customer Service	None

Douglas Hendry Executive Director – Customer Services
Policy Lead – Dick Walsh

For further information contact: Jane Fowler, Head of Improvement and HR
Tel 01546 604466

Appendix – Action Plan Progress Report

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People Strategy Action Plan – Progress Update December 2016

Ref No.	Success will look like...	Actions to achieve success	Target Date / Timescale	Progress	Comments
Outcome - PS1 - Our Services have plans with clear links to Council and Single Outcome Agreement (LOIP) and objectives and can demonstrate best value and continuous Improvement					
PS1.1.0	Services can access tools to support them with improvement	Improvement Toolkit developed to support services identify and implement improvements	Dec 2016	On Track	The Service Improvement Toolkit is being developed as a part of the e-learning modules. It is on track to be completed ready for approval by end of 2016, including a diagnostic tool and series of approaches to Improvement.
PS1.2.0	PPMF supports the development of a positive organisational culture	Services are supported to refine scorecards and performance indicators to include richer cultural data	Mar 2018	On Track	The PPMF is being reviewed and Service Planning guidance has been approved to provide opportunities for Services to provide richer information.
PS1.2.1	Improved range and balance of performance information	Services will be supported to simplify performance data and improve range and balance of performance information reported	Mar 2017	On Track	The PPMF review will allow simpler processes to capture key information. A smaller number of Business Outcomes have now replaced Service Outcomes.
PS1.3.0	Robust self-assessment supports service improvement planning	Framework and programme of self-assessment activity approved by SMT	Spring 2017	On Track	Self-assessment will be implemented from spring 2017. The PSIF model is being reviewed and adapted to suit specific Argyll and Bute requirements.
PS1.4.0	Scrutiny leads to improvement	The PRS committee will be supported with information and data that allows identification of areas for scrutiny and review	To meet PRSC timetable during the life of the strategy	On Track	The PRS Committee is provided with information as required through informal and formal Committee meetings.

PS1.5.0	Our performance information is widely available and benchmarking supports identification of areas for exploration and shared learning	Continued involvement and review of LGBF indicators	Annual	On Track	The HR&OD Team continues to participate in development of the LGBF. Data for 2015-16 will be published in December 2016.
PS1.5.1	Our performance information is widely available and benchmarking supports identification of areas for exploration and shared learning	PPR improvement action plan completed	March 2017	Complete	The PPR Improvement Plan has been completed and a close-off report presented to the HR Board in November 2016.
PS1.5.2	Services plan and report performance in accordance with PPMF	Service Plans Approved annually	March 2016, 2017, 2018, 2019, 2020	On Track	The Service Planning process for 2017-18 and beyond is underway. the new format and content has been approved by the SMT. Workshops to support Services have been taking place with very positive feedback.
PS1.5.3	Services plan and report performance in accordance with PPMF	Quarterly performance reporting to strategic committees	Quarterly in line with programme of Meetings	On Track	All quarterly reports are submitted on time.
PS1.6.0	Our customers are consulted and engaged	Develop tools and guidance to support services when consulting and engaging with customers	March 2017	On track	Proposal for general council approach to consultation agreed at Customer Service Board, and 2 DMTs, await response from third. Guide to writing effective consultations provided as part of the re-tendered citizens panel contract.
PS1.6.1	Our customers are involved in improving our	Investigate methods to involve citizens in the Council's improvement	March 2019	On track	Information being gathered on different approaches to involving citizens in the work of the council

	services	agenda			
PS1.7.0	Services are supported to deliver change	Framework for Change Management implemented and available for services	December 2016	On Track	Improvement toolkit is currently under development and will include tools for supporting services to identify improvements they want to make (self assessment, etc) and how to implement these. This will include Change management tools. A draft of this will be reviewed at the Improvement and HR Management team in December.
PS1.7.1	Services are supported to deliver change	Corporate Voluntary Redundancy trawl supported by Service Choices Team	September 2017	On Track	Currently 380 VR expressions of interest. Renewed expression of interest on the 14th November 2016 along with recruitment. All VR requests are considered in accordance with the needs of the service and the workforce planning profile.
Outcome PS2 - Our workforce demonstrates skills, knowledge and behaviours to achieve corporate outcomes					
PS2.1.0	We have programmes in place to support the development of our workforce	Annual learning needs analysis conducted	May 2016, 2017, 2018, 2019	Complete	2016 completed
PS2.1.1	We have programmes in place to support the development of our workforce	Corporate Learning and Development plan developed annually	June 2016, 2017, 2018, 2019	Complete	2016 completed.
PS2.1.2	We have programmes in place to support the development of our workforce	Social Work Learning and Development plan developed annually	June 2016, 2017, 2018, 2019	On Track	Regular meetings of the Social Work Training Board supported by HROD. Plan training and review performance.

PS2.2.0	We effectively manage talent	Growing Our Own Scheme for identifying and developing talent within the Council linked to revised PRD Process	March 2018	On Track	Information gathering sessions have taken place. First draft of priorities and work plan due to be completed December 2016. Initial round of visits to career events at secondary schools delivered.
PS2.2.1	We effectively manage talent	Growing Our Own Scheme Rebranded and Relunched	March 2018	On Track	Information gathering sessions taken place. First draft of priorities and work plan to be completed December 2016
Outcome PS3 - We develop a positive organisational culture that puts people at the heart of our success					
PS3.1.0	Our values and behaviours shape how we do things	Corporate Values refreshed based on feedback from employee engagement activities, COG and COSO	March 2017 (Dec 2016)	On track to revised timescale	COSO considered culture, reputation and values. Work was put on hold pending the appointment of new Chief Executive and is now working to revised timescale. Culture Steering group chaired by the Executive Director of D&I identified questions for Employee Survey, which was carried out in November. The responses will be reviewed to develop new corporate values.
PS3.1.1	Our values and behaviours shape how we do things	Behaviours Framework reviewed to align with refreshed corporate values	June 2017	On track	Will be developed in line with new corporate values PS3.1.0 above
PS3.1.2	Our values and behaviours shape how we do things	PRD process revised to align with refreshed corporate values	March 2018	On Track	As above and will link in with revisions to the PPMF
PS3.1.3	Our values and behaviours shape how we do things	Programme of meetings for culture steering group agreed	July 2016	Complete	Complete
PS3.1.4	Our values and behaviours shape how we do things	Equalities training is rolled out to all staff	March 2020	On Track	Equalities training is being rolled out as part of the Council's Corporate Training Programme

PS3.1.5	We have excellent managers and leaders	Review of Argyll and Bute Manager Programme complete	October 2016	Complete	Review complete and actions arising from review are now underway. Approval for Preparing to Manage and Managing Teams granted by SMT. Programme will be ready for launch in early 2017.
PS3.1.6	We have excellent managers and leaders	Review of Leadership development approach	March 2017	On Track	Feedback has been received from leadership development programmes for third tier managers and chief officers which completed in June 2016. Some Chief Officers have opted to continue with the coaching that was provided and further proposals are being scoped at present.
PS3.2.0	Our employees have a voice and can shape how we do things	Employee Survey conducted every two years	December 2016, December 2018	On Track	Survey issued in November 2016
PS3.2.1	Our employees have a voice and can shape how we do things	Results of employee survey and resultant actions communicated	March 2017, March 2019	On Track	
PS3.2.2	Our employees have a voice and can shape how we do things	Improved accessibility to employee survey to increase response rate	December 2016	On Track	The survey was accessible from non-council devices and Ipads were made available for teams who do not regularly use computers to have access to the survey. Hard copies were provided to employees.
PS3.2.3	Our employees have a voice and can shape how we do things	Regular meetings of Healthy Working Lives Group	In line with programme of agreed meetings	On Track	Regular meetings of the group are scheduled and take place and we are currently working towards a silver award.
PS3.2.4	Our employees have a voice and can shape how we do things	Regular Meetings of Equalities Forum	In line with programme of agreed meetings	On Track	Regular meetings of the group are scheduled and take place.
PS3.3.0	We recognise the contribution of our employees	Annual Employee Awards Ceremony held	October 2016, 2017, 2018, 2019	On Track	Complete 2016

PS3.3.1	We recognise the contribution of our employees	Informal recognition promoted within teams and services	March 2017	On Track	
PS3.4.0	We create opportunities for development which are linked to workforce planning	Workforce planning framework supports identification of training and development opportunities	March 2018	On Track	Workforce planning meetings have taken place with heads of service and detailed data analysis provided. Feedback from these will support service planning and are being used to support the development of Growing Our Own activities.
PS3.4.1	We create opportunities for development which are linked to workforce planning	Opportunities are created for 60 Modern Apprentices	March 2020	On Track	
PS3.4.2	We create opportunities for development which are linked to workforce planning	SVQ centre is developed to increase opportunities for training and development	March 2018	On Track	Workforce Planning exercise being completed by HR Officers, outcomes of this is being pulled together to inform areas of development to be taken forward. Currently in discussion regarding providing SVQ Business and Administration through centre. Recently accredited in Health and Social Care to level 4 for both Adults and Children.
PS3.4.3	We create opportunities for development which are linked to workforce planning	Accredited as Investor in Young People	March 2018	On Track	Contact has been made with Investors in Young People rep and the Growing Own Own action plan will include links to the framework.
PS3.4.4	Positive employee relations support a positive culture	Regular service and corporate trade unions liaison meetings are held	In line with programmed meetings	On Track	Regular meetings of groups take place and Trade Union relations continue to have a high priority.
PS3.4.5	Positive employee relations support a positive culture	2 HR/OD policies reviewed/ developed per annum to ensure the councils approach	March 2020	On Track	2016 Policies revised and approved include Managing Stress in the Workforce and Bullying and Harrassment

		to Employee Relations remains current and in line with best practice			
PS3.4.6	Positive employee relations support a positive culture	Implementation of 3rd Edition Job Evaluation Scheme	June 2017	On track	
PS3.4.7	Positive employee relations support a positive culture	Implementation of Living Wage	March 2017	On track	The Council pays the Living Wage. Work is underway to address the ongoing challenge to the pay and grading structure. Report due to Policy and Resources Committee in February 2016.
Outcome PS4 - Making it Happen - HR and OD enablers					
PS4.1.0	HR and OD team is designed to support delivery of this strategy and to meet savings required by Service Choices	HR and OD Service Redesign	March 2018	On Track	HR/OD Team has a service choices target to reduce budget by 25% and approximately 19 posts by 2018. HR/Payroll and IOD teams have merged under a single manager. This took place in Jan 2016 to enable a smooth transition and to support the Service Choices changes in the council as well as to redesign the HR/OD service. Automation and performance management workstreams proposals have been approved by the Project Board (HR Board). These are essential to accommodating the reduced workforce from 2018 onwards. Work on the proposed reduced structure is on track. Benchmarking with other authorities and NHS partners has taken place and a proposed structure was discussed by the HR and OD team at their team day in early October. Briefings will be held with DMTs in Dec 2016. Job descriptions are now being drafted for evaluation in order that costed options can be put forward to the HR Board in early January.
PS4.2.0	We embrace the Council's digital agenda in relation to people and improvement	Programme to introduce increased automation of HR and OD transactions approved and delivered	March 2020	On Track	Action plan of improvements approved by HR Board on 14 October 2016
PS4.2.1	We embrace the Council's digital	RL 5 project complete	March 2017	On Track to revised	The RL 4 project was delayed in its completion due to technical IT issues. HR Board agreed that this should be concluded before RL5

	agenda in relation to people and improvement			timescale	started. RL4 is now complete and RL5 PID is being revised and updated.
PS4.2.3	We embrace the Council's digital agenda in relation to people and improvement	Explore and implement IT solutions for improved data and metrics	March 2018	On Track	The HR Board agreed that RL4 must be complete before RL5 begins. RL4 is now complete.
PS4.2.4	We embrace the Council's digital agenda in relation to people and improvement	HR Advice service will increase the use of technology such as Lync to support managers dealing with employee relations matters	March 2018	On Track	The HR Advice Team is uses an HR adviceline and absence line which make use of existing Customer Service Centre technology and will be adapting and enhancing this to improve automation and efficiency. Use of Lync also contributed to reduced travel and subsistence and more efficient use of the decreasing people resource.
PS4.2.5	We embrace the Council's digital agenda in relation to people and improvement	Programme of development opportunities linked to service redesign agreed	March 2017	On track	The automation workstream within the redesign project was responsible for putting forward solutions focussed on automation, self service and making the most of systems and technology within the HR and OD team. These were considered and approved by the HR Board in October. Interim changes to the structure of the systems development personnel within the HR and OD team are now underway to ensure the team is structured and resourced to allow a programme of work to be developed and implemented that will deliver these improvements.
PS4.2.6	We embrace the Council's digital agenda in relation to people and improvement	Flexible learning solutions implemented	March 2018	On track	The service supports a wide range of e learning modules, which was increased significantly by the Resourcelink 4 project that integrated our system with Brightwave – the e learning platform shared by west of scotland councils. Further developments such as webinars require improved IT platforms – in particular the SWAN network.

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****COMMUNITY SERVICES
CUSTOMER SERVICES****15 DECEMBER 2016**

**NEW SCHOOLS REDEVELOPMENT PROJECT
CAMPBELTOWN GRAMMAR SCHOOL, OBAN HIGH SCHOOL AND
KIRN PRIMARY SCHOOL – CONTRACT MONITORING**

1.0 INTRODUCTION

- 1.1 The project to deliver new schools on a design, build, finance and maintain basis in respect of Campbeltown Grammar School and Oban High School reached Financial Close in March 2016.
- 1.2 The project to deliver a design and build in respect of the new Kirn Primary School reached Contract Close in April 2016.
- 1.3 Both projects are now in construction and are being monitored in regard to financial, legal and technical risks.
- 1.4 The Policy and Resources Committee have delegated Authority in regard to all matters in respect of the delivery of the new schools.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Members note the report.

3.0 DETAIL

- 3.1 The projects are being delivered through the Scottish Government's Schools for the Future Project pipeline and through hubNorth Scotland Ltd (hubNorth), the Council's project partner.

Morrison Construction, the Tier 1 construction contractor on both projects, is on site and the contracts to deliver the schools are being monitored by the Council's Schools Redevelopment Project Team.

The scope of the monitoring covers, financial, legal and technical risk and the performance of hubNorth and Morrison Construction. This is being carried out in tandem with progress reports from Morrison Construction and monitoring being carried out by hubNorth and also by the funders to

the project and the independent technical adviser instructed jointly by hubNorth and the Council in respect of Campbeltown and Oban.

- 3.2 Regular highlight reporting to capture ongoing monitoring is being provided to the Customer Services and Community Services DMT's and to the SMT as well as the Policy and Resources Committee. The latest reporting in respect of each project indicates that there are no legal, financial or technical issues or risks arising at this time.

4.0 CONCLUSION

- 4.1 The projects to deliver new schools on a design, build, finance and maintain basis in respect of Campbeltown Grammar School and Oban High School, and a design and build in respect of the new Kirn Primary School are now in construction. This report captures ongoing monitoring covering financial, legal and technical risk.

5.0 IMPLICATIONS

- | | |
|----------------------|-----------------------------------------------------------------------|
| 5.1 Policy: | None at present |
| 5.2 Financial | None at present |
| 5.3 Legal | None at present |
| 5.4 HR | None at present |
| 5.5 Equalities | None at present |
| 5.6 Risk | Risks are being monitored in accordance with an operational risk log. |
| 5.7 Customer Service | None at present |

Douglas Hendry (Executive Director of Customer Services)
Ann Marie Knowles (Acting Executive Director of Community Services)

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08 December 2016

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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Community Services****15 DECEMBER 2016**

Future Grant Distribution: Third Sector and Early Years Grants

1.0 EXECUTIVE SUMMARY

- 1.1** At the Council meeting 11th February 2016, officers were asked to: “Review an amalgamation of all grant structures and criteria (for example, allowing community councils to apply)” and to “Promote and develop a participatory budgeting scheme for Area Committees”.
- 1.2** Grants currently allocated by the council to community groups through an application process are the Third Sector Grants fund and the Early Years Fund. Improvements to these processes have been considered and recommendations made for members to consider.
- 1.3** Committee are asked to agree:
- Third Sector Grant funding is allocated by Area Committees in one round, from April 2017.
 - The criteria for grant funding are extended to allow community councils and parent councils to apply.
 - The scoring of grant applications is opened to community participation through a panel of community members, overseen by the Community Development Officer with recommendations to Area Committee.
 - Participatory Budgeting (PB) as a method to distribute grant funding is looked at following the pilot PB project run with the Argyll and Bute Gaelic Forum, funded by Scottish Government in 2016/17.
 - The Third Sector Grant fund is renamed Argyll and Bute ‘Supporting Communities Fund’.
 - The ‘Supporting Communities Fund’ is not combined with Early Years fund due to the risk this poses to Early Years provision within Argyll and Bute.
 - The Early Years Grant is improved to include elected members in its process.
 - A recommendation is made to the Integrated Joint Board for officers to explore the potential to combine the Argyll and Bute Supporting Communities Fund with the Health and Wellbeing Grant Fund run by the Health and Social Care Partnership.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Communities and Culture

15 DECEMBER 2016

Future Grant Distribution: Third Sector and Early Year Grants

2.0 INTRODUCTION

- 2.1 In its review of budget decisions in February 2016 the Council asked officers to review the way in which grants are distributed to community groups. Officers were asked to:
- a) Review an amalgamation of all grant structures and criteria (for example, allowing community councils to apply)
 - b) Promote and develop a participatory budgeting scheme for Area Committees.
- 2.2 This report considers the potential to combine grants, the ability for community councils to apply for Third Sector Grants and the future of grant distribution including participatory budgeting.

3.0 RECOMMENDATIONS

It is recommended that Policy and Resources Committee agree:

- 3.1 Third Sector Grant funding is allocated by Area Committees in one round, from April 2017.
- 3.2 The criteria for grant funding are extended to allow community councils and parent councils to apply.
- 3.3 The scoring of grant applications is opened to community participation through a panel of community members making recommendations to Area Committee, for funds distributed from April 2018.
- 3.4 Participatory Budgeting (PB) as a method to distribute grant funding is looked at in future following the pilot PB project run with the Argyll and Bute Gaelic Forum, funded by Scottish Government in 2016/17.
- 3.5 The Third Sector Grant fund is renamed 'Supporting Communities Fund'.
- 3.6 The Argyll and Bute 'Supporting Communities Fund' is not combined with Early Years fund due to the risk this poses to Early Years provision within Argyll and Bute.
- 3.7 The Early Years Grant is improved to include elected members in its process.
- 3.8 A recommendation is made to the Integrated Joint Board for officers to explore the potential to combine the Argyll and Bute Supporting

Communities Fund with the Health and Wellbeing Grant Fund run by the Health and Social Care Partnership

4.0 DETAIL

- 4.1 Meetings have taken place with officers from the council's Community Development Team, Finance, IT and Education services, PB Partners a Participatory Budgeting consultancy, and the Third Sector Interface.
- 4.2 It is understood by officers that the Third Sector Grants and the Early Years Fund are the only Council funds through which applications from community groups are made. These funds were looked at in detail to improve process and participation.
- 4.3 The Third Sector Grants fund is administered by the Community Development Team in Community and Culture. Following Service Choices budget decisions made by the Council in February 2016, the budget for this grant fund is a total of £112,000 in 2017/18 and £98,000 in 2018/19. This is split equally across the four administrative areas.
- 4.4 The Early Years Fund is administered by Education Services. A total of £155,388 is available in 2017/18.
- 4.5 Both funds require completion of an application form. The Early Years' Service has one main round of funding at the start of the financial year and smaller applications are considered throughout the year. Third Sector Grants has two rounds of funding each year, these go to Area Committee in April and August.
- 4.6 Decisions for Third Sector Grants are made through a set of recommendations from the Community Development Officer to the Area Committee. Elected members allocate the funds at Area Committee twice a year; April and August. Recommendations are based on whether the application meets a robust set of criteria aligned to priority outcomes for Argyll and Bute.
- 4.7 Decisions for Early Years are made at Grants Meetings attended by Education, Health and Finance, the decisions are made following recommendations from a member of the Early Years' Service. The recommendations are based on whether the application meets the criteria aligned to the priority outcomes for the Services and demand for provision.

5.0 Grant Improvements

5.1 Potential to amalgamate the grant funding.

It is not advisable to combine the Early Years Fund with the Third Sector Grant Fund due to risk this presents to statutory early years provision. The funding is targeted following a professional assessment and is needed to deliver on the

current and new statutory duties for Early Learning and Childcare. In Argyll and Bute the implementation of Day Care and Out of School services is reliant upon Third Sector partners supported by this fund. This is detailed below:

- Part 6, 7 and 8 of the Children and Young People (Scotland) Act: Early Learning and Childcare, will require the support of Early Years Funding to implement.
- Argyll and Bute , Early Years' Service have started planning for the Scottish Governments proposals to increase the amount of Early Learning and Childcare to 1140hrs per year for 27% of 2 year olds and all 3 and 4 year olds. Third Sector Services will be central to the delivery of this increase and to the continuing provision of Out of School Care both term time and during the holidays.
- Across Argyll and Bute the Third Sector Services providing Childcare support the economic development of the Authority through providing jobs and allowing parents to work or attend College or University.

5.2 Community Councils/Parent Councils

It is recommended that Community Councils and Parent Councils can apply to the Third Sector Grants fund.

Provided a community council, or parent council, is providing match funding for the project from a source other than the council (the council cannot match against its own funding) then community councils and parent councils are eligible to apply. Funds could be matched from independent funds raised, or School Funds which are independent of council budgets.

Opening up the eligibility to community councils and parent councils is to support the work of the organisation i.e. projects they undertake and not the running of the organisation itself for which money is already provided by the council.

5.3 Improvement to process to enable more community involvement

The Third Sector Grant funding is currently scored by a Community Development Officer with recommendations made to elected members at Area Committee for dispersal of the funds.

Options have been considered to include members of the community in the decision making process. Participatory Budgeting methods have been considered. Unfortunately we were unsuccessful in a funding bid to Scottish Government for a pilot project with Third Sector Grants. A recently successful bid to Scottish Government for the Gaelic Forum to pilot a participatory budgeting project in 2016/17 will inform future approaches including Third Sector Grants.

An interim solution, pending results of a pilot project, is to create panels comprising community members to assess applications, overseen by Community

Development, with final recommendations taken forward to Area Committee. A representative panel with appropriate training and support will require the council to advertise the opportunity, select and train community members well in advance of the February before the April Committee meeting. It is proposed that advertising for members to these panels commences in summer 2017.

It is proposed that within the Early Years fund allocation Elected Members be involved in the decision making process and a report is provided to Area Committee detailing the Grants awarded. An Elected Member was the Chair of the Funding Sub group when the Grants were previously administered as part of the Childcare Partnership.

5.4 One round of funding

It is proposed that The Third Sector Grant funding be allocated in one round, rather than two, per year.

The resource to manage two rounds of grant funding is extensive. Moving to one will enable the Community Development Team to concentrate more resource on strategic developments such as participatory budgeting and free up resources to better support community groups in the area through training, community engagement and other core community development work. .

The proposal is the current Third Sector Grant process moves to one round of funding to be allocated in April 2017 at Area Committees. Having the funding allocation at the April Area Committee allows:

- Organisations with summer activities to have opportunity to access funds.
- The maximum time in the financial year to spend the funds.

The funding calendar is such that other funds are available later in the financial year, such as Health and Wellbeing grants.

5.5 Exploration of Participatory Budgeting Project

The Community Development and Community Planning Team have been working with PB Scotland and the Democratic Society Scotland to explore various ways that participatory budgeting can work in Argyll and Bute.

More information on Participatory Budgeting, or Community Choices as it has recently been referred to by Scottish Government, can be found in Appendix 2. Its principles are to open the decision making on grants to the community through voting.

There is a need for a digital solution to Participatory Budgeting in Argyll and Bute to allow equality of access to voting for projects across large geographical areas. There are costs and resource implications with this. Best practice and pilot projects already underway in Scotland are being considered.

The Democratic Society Scotland presented available digital engagement tools at an elected members’ seminar on 3rd October 2016.

The next stage is to explore how Participatory Budgeting could work for distribution of grants by delivering a pilot with the Gaelic Forum this year, 2016/17.

The timescale for the proposed development of participative decision making for Third Sector Grants is therefore set out below:

Table 1: Development steps for Third Sector Grant Fund

Funding year	Development Step	Detail
2017/18	Community Councils and Parent Councils can apply	Grant criteria changed in December 2016. Applications accepted for decisions in April 2017.
2018/19	Community Panels assess applications	Advertising starts in summer 2017, with training in Autumn 2017 in advance of assessing applications in February 2018.
2019/20	Participatory Budgeting (usually involving online voting event) replaces recommendations to committee	Subject to successful pilot project and resources

5.6 Re naming of Third Sector Grant Fund to Argyll and Bute ‘Supporting Communities Fund’

The Third Sector Grant fund be renamed ‘Supporting Communities Fund’ as the term ‘Third Sector’ can be misleading.

5.7 Potential amalgamation with partner funds

Argyll and Bute Health and Wellbeing Networks distribute funds to communities via an application process. There may be opportunities in considering the amalgamation of the Third Sector Grant fund/ ‘Supporting Communities Fund’ and the Health and Wellbeing Fund, both in terms of simplicity for communities and efficiencies in officer involvement.

It is recommended that the potential of bringing these funds together is fully explored.

6.0 CONCLUSION

The Council operates two funds that support the development of community groups in Argyll and Bute. Following an instruction from Council on 11th February 2016, officers have explored the potential to amalgamate and develop these

grants to best meet the needs of communities in Argyll and Bute. The proposed developments for the future of these grant funds also considers the current political context to devolve decision-making.

Whilst it is proposed not possible to combine the Third Sector Grant Fund with the Early Years Fund it is possible to develop the criteria to allow community councils and parent councils to apply. It is also possible to develop the process of the decision making of the Early Years Fund to include elected members. With the Third Sector Grant Fund it is possible to further develop this to include, in the future, panels of community members to assess applications and make recommendations to Area Committee. Further into the future of managing the grants it may also be possible to build on the participatory budgeting model and seek opportunities to amalgamate with community grant schemes of partners. This report sets out recommendations for these developments.

7.0 IMPLICATIONS

- 7.1 Policy – the recommendations are in-keeping with the policy direction of the Community Empowerment (Scotland) Act 2015, and devolvement of decision making.
- 7.2 Financial – funding for a participatory budgeting pilot is required for this to take place.
- 7.3 Legal – Third Sector Grant criteria changed so that community councils and parent councils are eligible to apply for funding.
- 7.4 HR - none
- 7.5 Equalities – none
- 7.6 Risk – it is not proposed to combine the Third Sector Grants with the Early Years Grant due to the risk this presents to statutory early years provision.
- 7.7 Customer Service - none

Ann Marie Knowles, Acting Executive Director of Community Services
Cllr Robin Currie: Policy Lead for Strategic Housing, Gaelic and Community and Culture.

November 2016

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APPENDICES

Appendix 1: Background of Third Sector Grants

Appendix 2: Background to Participatory Budgeting

Appendix 1

Background of Third Sector Grants

Approx 100 amount of groups on average each year have benefited.

The funds went through a review in 2010 and this simplified the process and created a robust grant funding scheme. On 11 Feb 2016 the council requested that officers look at the criteria and distribution of grants to :

- Review an amalgamation of all grant structures and criteria (for example, allowing community councils to apply)
- Promote and develop a participatory budgeting scheme for Area Committees

Currently the grants:

- Do not allow parent/community councils to apply
- Are assessed by the Community Development Officer in each area.
- Operate two rounds of funding - April and August committees

What we do not fund at present:

- Capital costs - The budget strand that the grant funding comes from is not intended for Capital costs.
- Statutory bodies (community councils, parent councils)
- We do not fund 100% of project costs – the maximum award is 50% of total costs and we do not fund projects that are in receipt of other council funding.

Appendix 2

Background to Participatory Budgeting

Participatory Budgeting (PB) has been defined, in simple terms, as 'local people having direct decision-making powers over part of a public budget'. The Scottish Government are keen on Participatory Budgeting and are currently working with a number of local authorities in Scotland. PB can be inter-generational and can build capacity from grass roots, rather than favouring those who know how to write successful application forms.

Money and time have to be spent on PB, it has the benefits of informing and building capacities of communities.

Originally developed in Latin America in the 1980s, PB has spread into Europe, the USA and beyond, with over 1500 experiences reported worldwide. Hundreds of PB initiatives have been run in the UK in all types of communities, by local councils and in the public engagement work of police authorities, health boards, social housing, town and parish councils and within not-for-profit organisations.

So far in the UK the majority of PB funds have been allocated using a 'small grants' model, where residents decide between relatively small projects run in their communities. The PB story elsewhere has been more adventurous. In 2014 in New York over \$24m was spent through PB, using money that had previously been the prerogative solely of elected politicians and public officials⁴. And even in the UK the sums have reached into the millions on occasion. Through the careful application of PB it is possible to find creative and effective ways of improving essential services. Sharing responsibility with citizens in a planned way, with the aim of:

- Increasing the quality and quantity of community engagement
- Increasing trust in politics and in politicians
- Stimulating dialogue and positive action within communities
- Encouraging well targeted public investments

PB has much to offer residents and community leaders in terms of community empowerment. When well run, those involved feel their views have been respected and the process is fair and accessible. They respect those that have given them the opportunity to make decisions, rebuilding trust in the democratic process.

At its heart PB is about involving more people in all stages of the commissioning of public services. Whenever money is being spent in a community, ward or at authority level it is possible to increase the amount of citizen involvement in decision-making and also in the prioritization delivery and monitoring of services.
<http://www.localdemocracy.info/>

ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Development and Infrastructure
Services****15 December 2016**

**CARBON MANAGEMENT: WIND TURBINE AT GLENGORM LANDFILL SITE
UPDATE**

1.0 EXECUTIVE SUMMARY

- 1.1 At its meeting on 21 March 2013, the Council approved a budget to progress the development of business cases for biomass and renewables sourcing. One of the projects to assist in the reduction of the Council's carbon footprint which was agreed at the Council Meeting on 21 January 2016 was the installation of a wind turbine on the Glengorm Landfill Site on the Isle of Mull. This report provides an update on that project.
- 1.2 Following the report to Council in January, we have completed the procurement for the turbine an order was placed in May 2016. Work commenced on site in June 2016 with the foundation works completed in July and the turbine arriving on site in early August. Over the course of a week the turbine was successfully erected and on 12 August 2016 the turbine was commissioned. This commissioning date was more than 6 weeks before the deadline set by the Feed in Tariff pre-accreditation and 2 weeks before the contractual deadline. It has been generating electricity for use on the landfill site and export to the grid since this date. Confirmation has now been received from Ofgem that the project has been accredited for Feed in Tariff, a subsidy available to small scale renewables, from this date.
- 1.3 Community benefits associated with the contract have included a visit of pupils from Tobermory High School and a Name the Turbine competition.
- 1.4 The Committee is asked to note the progress made in successfully commissioning the turbine and securing accreditation under the Feed in Tariff.

**CARBON MANAGEMENT: WIND TURBINE AT GLENGORM LANDFILL SITE
UPDATE****2.0 INTRODUCTION**

- 2.1 At its meeting on 21 March 2013, the Council approved a budget to progress the development of business cases for biomass and renewables sourcing. The background for this expenditure was the Council's Carbon Management Plan which identified a target of a 20% reduction (8,943 tonnes CO₂) in the Council's carbon footprint by March 2014. At the time of the 2013 report, over 4,000 tonnes of CO₂ had been reduced however additional projects, including renewables projects identified through the Renewable Sourcing Strategy, were required to further reduce CO₂. In addition to the carbon savings, the projects offered the opportunity to reduce energy costs and in some instances generate income.
- 2.2 One of the projects to assist in the reduction of the Council's carbon footprint which was agreed at the Council Meeting on 21 January 2016 was the installation of a wind turbine on the Glengorm Landfill Site on the Isle of Mull. This report provides an update on that project.

3.0 RECOMMENDATIONS

- 3.1 The Committee is asked to note the progress made in successfully commissioning the turbine and securing accreditation under the Feed in Tariff.

4.0 DETAIL

- 4.1 Following the report to Council in January, the procurement of the turbine has been successfully completed and following approval from the Council Leader, Depute Leader, Leader of the Opposition, Director of Customer Services and Director of Development and Infrastructure Services an order was placed in May 2016 for the wind turbine, associated civil works and a maintenance agreement. Below is a summary of the expected electricity generation, payback periods and carbon savings.

Electricity generated	163,171 kwh/annum*
Net Annual Saving	£30,183.17**
Simple payback of total project costs	16 years

Simple payback of additional project costs incurred after Council approval	14.5 years***
Working life of major plant	20 years
Expected surplus over lifetime of turbine	Circa £120,000
Annual Carbon Savings	75.4 Tonnes
Lifetime Carbon Savings	1,508 Tonnes

* An estimate based on a wind speed of 5.2m/s with the turbine capped at 50kw (the maximum export to the grid), actual wind speeds and generation will vary dependent upon weather conditions

** Average annual saving over lifetime of turbine assuming some onsite energy use, Feed in Tariff and export payments are received and allowing for annual maintenance, service, insurance and metering costs

***Excluding costs incurred through planning and procurement stages

- 4.2 Work commenced on site in June 2016 with the foundation works completed in July and the turbine arriving on site in early August. Over the course of a week the turbine was erected and on 12 August 2016 the turbine was commissioned. This commissioning date was more than 6 weeks before the deadline set by the Feed in Tariff (FIT) pre-accreditation and 2 weeks before the contractual deadline. The turbine has been generating electricity for use on the landfill site and export to the grid since this date.
- 4.3 Teams from across the Council, particularly Property Services and Waste Management, supported the delivery of this project. Their support was an important part of the successful delivery of this project. Confirmation has now been received from Ofgem that the project has been accredited for Feed in Tariff (FIT), a subsidy available to small scale renewables, from 12 August 2016. Meeting the pre-accreditation deadline was critical to secure the FIT upon which the payback projections were calculated. Whilst the final parts of the contract are still being completed, we expect that the project will be delivered within the approved budget and we therefore expect that the turbine will generate the surplus of up to £120,000 over its lifetime, although this will of course depend upon the wind speeds on site.
- 4.4 As part of the contract, community benefits have been provided by the Council's contractor. On 29 August 2016, a visit of pupils from Tobermory High School was undertaken. The pupils completed a walkthrough of the site including looking inside the turbine. A questions and answer session followed covered the installation, wind turbines in general, other renewable technologies and pros and cons of them.
- 4.5 A Name the Turbine competition has also been held for pupils across the Mull and Iona primary schools. Suggested names were received from more than 70 school pupils across Mull and the winning name was Miss Hoolie, a suggestion received from Cailen MacLean from Tobermory Primary School. A naming ceremony will be planned and Tobermory Primary School will receive a prize for suggesting the winning name.

5.0 CONCLUSION

5.1 The project to develop the Council's first wind turbine was agreed by Council on 21 January 2016. Since this approval and with the support of teams across the Council, particularly Property Services and Waste Management, the project has been successfully procured and constructed and the turbine is now operational on time and within budget. The turbine is expected to save around 75 tonnes of carbon annually as well as providing a reduction in onsite electricity costs.

6.0 IMPLICATIONS

6.1 Policy – the project will help to deliver the Carbon Management Plan saving around 75 tonnes of carbon per annum.

6.2 Financial – the project is expected to generate average annual savings in the region of £30,183.17, initially this will be used to pay back the prudential borrowing required to finance the project. The project is expected to be delivered within the agreed budget.

6.3 Legal – None.

6.4 HR – None.

6.5 Equalities – None.

6.6 Risk – whilst a number of the risks associated with the project have reduced since the completion of the works there remains uncertainty regarding the actual generation of the turbine as well as the safe operation.

6.7 Customer Service – None.

Executive Director of Development and Infrastructure Services, Pippa Milne

Policy Lead: Councillor A. Morton

24 November 2016

For further information contact:

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ARGYLL AND BUTE COUNCIL**Policy & Resources Committee****Development & Infrastructure
Services****15th December 2016**

Fireworks Display – Helensburgh Pier car park

1.0 EXECUTIVE SUMMARY

1.1 This report seeks homologation of the decision to suspend parking charges for the annual Round Table Helensburgh Fireworks display in the Pier car park. This required the car park to be closed for a brief period time, resulting in an estimated loss of car parking income to the Council of £300-£500. In accordance with Council Parking Policy a suspension of charges would normally require Council approval however this was not achieved within the Committee timeframes and therefore a decision was reached under delegated authority in consultation with the Area Chair and the Ward Members.

1.2 It is recommended that Members:

- (a) Note the process undertaken and homologate the decision to approve a temporary suspension of parking charges in relation to Helensburgh Pier car park.
- (b) Approve the delegation of responsibility to the Executive Director to waive the charge for loss of car parking income for established annual festivals (e.g. fireworks displays) up to a maximum of £1,000.

Fireworks Display – Helensburgh Pier car park

2.0 INTRODUCTION

- 2.1** A request was received from the Helensburgh & District Round Table for permission to host a fireworks display in Helensburgh pier car park (behind the swimming baths) and to utilise the main pier for the fireworks display. This is an annual community event which takes place at the same location every year.
- 2.2** The event required the car park to be closed for a brief period time, resulting in an estimated loss of car parking income to the Council of £300-£500. In accordance with Council Parking Policy a suspension of charges would normally require Council approval however this was not achieved within the Committee timeframes and therefore a decision was reached under delegated authority in consultation with the Area Chair and the Ward Members.

3.0 RECOMMENDATIONS

- 3.1** It is recommended that Members:
- (b) Note the process undertaken and homologate the decision to approve a temporary suspension of parking charges in relation to Helensburgh Pier car park.
 - (b) Approve the delegation of responsibility to the Executive Director to waive the charge for loss of car parking income for established annual festivals (e.g. fireworks displays) up to a maximum of £1,000.

4.0 DETAIL

- 4.1** A request was received from Helensburgh & District Round Table for permission to host a Fireworks Display in Helensburgh pier car park (behind the swimming baths) and to utilise the main pier for the Fireworks Display.

- 4.2 The car park was sectioned off with the assistance of the police from 6.00pm on the evening of Friday 4th November 2016 until the end of the display on Saturday 5th November 2016 with the area being cleared on the morning of Sunday 6th November 2016
- 4.3 The estimated loss of income from car parking as result of this event was £300 - £500. As this is a key community event which is non-profit making, no charge was made to the Round Table.
- 4.4 The parking policy delegates the decision to hold such an event to the Head of Service, however where such an event causes a loss of income this should be approved by Committee.
- 4.5 At short notice it was not possible to take a paper to Full Council in advance of the event, therefore on 13th October the 4 Helensburgh Central Ward Councillors (including the area chair) were advised of the position and that a paper would be taken to Committee retrospectively. No issues were highlighted as a consequence of this consultation.
- 4.6 There is programme of established annual events that occur across Argyll where a similar situation may occur, with potential loss of car parking income. The parking policy states that where possible any loss of car parking income should be recouped by charging the event organisers. If this is not practical or desirable e.g. for non-profit making community events, Committee must waive the charge.
- 4.7 The involvement of Committee seems unnecessarily bureaucratic for established community festivals where only a small loss of income is anticipated. This report seeks to delegate responsibility to the Executive Director to waive the charge where appropriate. If approved the Parking Policy will be updated to reflect this change.

5.0 CONCLUSION

This report fulfills the obligation to inform Committee of this situation and seek homologation of the decision. The report also seeks a change to the Parking Policy to allow this type of decision to be delegated to the Executive Director in future.

6.0 IMPLICATIONS

- 4.1 Policy – modification to Parking Policy to delegate responsibility to the Executive Director for waiving the charge for loss of car parking income for established annual festivals (e.g. fireworks displays) up to a maximum of £1,000.
- 4.2 Financial – estimated loss of income of £300 - £500 for this event, and up to £1,000 for future similar events.

4.3 Legal - none

4.4 HR - none

4.5 Equalities - none

4.6 Risk - none

4.7 Customer Service – positive benefit to the community of a successful and popular community event. Quicker and easier approval process in future.

Executive Director of Development and Infrastructure, Pippa Milne

Policy Lead Ellen Morton

1st November 2016

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****15 DECEMBER 2016**

KERRERA LINK ROAD

1.0 EXECUTIVE SUMMARY

- 1.1 The Island of Kerrera is situated immediately to the west of Oban and is home to some 30+ residents. Access to the Island is by a short ferry journey and the southern section of the island has a short network of tracks that are adopted and maintained as public roads. The island community have been seeking to have a road built linking the north and south of the island. Planning permission is in place for the road but no detailed design has been completed.
- 1.2 It is understood that the community have now made a material start on the road. This will enable the planning permission to run in perpetuity removing the need for the permission to be renewed which would incur a renewal fee.
- 1.3 There is currently no funding allocated for this project. The community group have previously commenced the application for various grants. The Council has assisted in this process by providing advice and also carrying out a topographical survey. In order to progress a full grant application, detailed design would be required. As part of the partnership approach to delivery it is proposed that the Council carryout the detailed design on the understanding that the community group will take the lead in progressing the grant application (supported by the social enterprise team) and also seek to secure contributory funding via the sale of building plots on the island.
- 1.4 It is recommended that Members:
- Agree that the council carries out the detailed design of the road on behalf of the community on the understanding that the community group lead on progressing grant applications and seek to secure contributory funding via the sale of building plots on the island.
 - Note that the Social Enterprise team will provide advice and support to the community group on accessing external funding.

KERRERA LINK ROAD

2.0 INTRODUCTION

- 2.1 This report sets out the position regarding a community led initiative to provide a link road connecting the communities of Kerrera. The council have carried out a topographical survey and provided the information to the community that will assist any future bid application process.
- 1.2 To further assist it is proposed that the Council provide the detailed design which would enable the community group to progress any grant applications for these works.

3.0 RECOMMENDATIONS

It is recommended that Members:

- 3.1 Agree that the council carries out the detailed design of the road on behalf of the community on the understanding that the community group lead on progressing grant applications and seek to secure contributory funding via the sale of building plots on the island.
- 3.2 Note that the Social Enterprise team will provide advice and support to the community group on accessing external funding.

4.0 BACKGROUND

- 4.1 A Scottish Transport Appraisal Guidance (STAG) report by Transport Scotland was published in June 2013 which identified long term options for ferry service provision to the island of Kerrera.
- 4.2 The STAG report identified that despite the island of Kerrera being served by 3 ferry services residents were concerned that current services did not meet the needs of islanders and were not financially sustainable.
- 4.3 The STAG report recommended that the existing vehicle ferry route is retained with a north-south link road constructed on the island to negate the requirement for

3 separate ferry services. Transport Scotland would be responsible for upgrading the shore infrastructure to enable a non-tidal operation of the ferry service however costs associated with the road infrastructure will have to be provided locally.

- 4.4 Various meetings have taken place with residents of the island, council officers and Members. In December 2013 it was noted that there was a willingness to expand the Island population and work towards securing external funding for road infrastructure improvements . Dunollie Estate have also advised that they would be prepared to allow the ground for the road to be acquired by the community so that they can apply for any grant funding. In addition, any acceptable road material that can be gathered on site to reduce costs associated with construction would be contributed by the Estate.
- 4.5 Works have been carried out by Transport Scotland to improve the ferry slips and to provide breakwaters to make these more resilient for the southern ferry crossing. If provided, the north south link road will connect to this new ferry crossing negating the need for the crossings to the north of the island.
- 4.6 Residents view the provision of a road as a lifeline link due to concerns regarding existing access for emergency services and medical staff to the island.
- 4.7 Planning Permission is in place for a link road albeit there is limited information to support the permission with the road being indicated by a line on a plan. To assist with the bidding process and to make the bid application more robust council officers arranged for a topographical survey along the route corridor which has been completed and made available to the community group. This will provide the island community more robust information to include in any future bid application.
- 4.8 While the topographical survey has been carried out no funding has been identified to undertake detailed design, legal processes (to confirm the availability of the land and onsite construction materials). These next stages would be required to produce a firm cost estimate. However, the likely cost of construction is estimated to be in excess of £500k, the figure will be able to be refined once the design has been completed. The final price will not be known until tender returns are received. This is particularly relevant due to the island setting and the logistical challenges of bringing plant, materials and equipment onto the island.
- 4.9 It is proposed that the Council carryout the detailed design on the understanding that the community group will take the lead in progressing the grant application and also seek to secure contributory funding via the sale of building plots on the island. This work can be carried out by the Infrastructure Design Team within existing resources.
- 4.10 The Social Enterprise team are also able to provide advice and support to the community group on accessing external funding.

5.0 CONCLUSION

5.1 This report sets out the position regarding a community led initiative to provide a link road connecting the communities of Kerrera. It is understood that the community still intend to take forward a grant application to fund a link road. The council has provided a topographical survey which will assist any bid application process. This report proposes that the Council progress the detailed design subject to the community group agreeing to take the lead on the funding application. The community need to take the necessary steps in terms of detailed design and cost estimate in advance of any future grant application. Whilst the council would be happy to provide high level advice it does not have funding in place to take forward the construction.

6.0 IMPLICATIONS

6.1	Policy	None known
6.2	Financial	The design of the road is not currently within the work programme of the service however it is anticipated that the staffing costs can be managed within existing budgets.
6.3	Legal	None known
6.4	HR	None known
6.5	Equalities	None known
6.6	Risk	None known
6.7	Customer Services	None known

Executive Director of Development and Infrastructure, Pippa Milne
Policy Lead Councillor Ellen Morton
24 November 2016

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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Development and Infrastructure****7 December 2016**

Tarbert and Lochgilphead Regeneration Fund

1.0 EXECUTIVE SUMMARY

- 1.1 The Argyll and Bute Council 2016-17 Budget included an announcement of a £3 million area regeneration fund to be focused upon Lochgilphead, Ardrishaig, Tarbert and the surrounding areas. Policy and Resources Committee confirmed criteria and objectives for the funding, including the area of focus and the desire to deliver a small number of larger projects during its meeting on 12 May 2016.
- 1.2 There has been an excellent response in discussions with community organisations about the potential projects with a good number of projects put forward. An update on the work undertaken to date is detailed in the report to the Mid Argyll, Kintyre and the Island (MAKI) Area Committee on 7 December 2016, which appears later on the agenda.
- 1.3 The MAKI Area Committee's decision will be reported at the Policy and Resources Committee to enable the Committee to understand which projects are proposed to be the focus of feasibility works following which outline business cases will be prepared. It is not expected to be possible to deliver all of the above projects within the available funding, even with an emphasis on securing match funding. Further information will now be obtained to enable the further reduction in the number of projects so that resources can be focused on the projects which are most likely to match the agreed focus for the funding. This process will be managed by the Economic Development and Strategic Transport Service. Policy and Resources Committee are asked to confirm that funding may be released to enable this important work to be progressed.
- 1.4 Members of the Policy and Resources Committee are asked to:
1. Note the projects shortlisted by the Mid Argyll, Kintyre and the Islands Area Committee detailed at paragraph 4.2.;
 2. Approve development funding of up to £250,000 to undertake the feasibility and initial design works, as set out in paragraph 4.2 to 4.4 to enable outline business cases to be developed for the shortlisted projects agreed by the Mid Argyll, Kintyre and the Islands Area Committee on 7 December 2016.

Tarbert and Lochgilphead Regeneration Fund

2.0 INTRODUCTION

2.1 The Argyll and Bute Council 2016-17 Budget included an announcement of a £3 million area regeneration fund to be focused upon Lochgilphead, Ardrishaig, Tarbert and the surrounding areas. Policy and Resources Committee confirmed criteria and objectives for the funding, including the area of focus and the desire to deliver a small number of larger projects during its meeting on 12 May 2016. Following the principles set down in the Policy and Resources Committee decision a number of potential projects have been identified and an assessment process undertaken.

3.0 RECOMMENDATIONS

3.1 Members of the Policy and Resources Committee are asked to:

1. Note the projects shortlisted by the Mid Argyll, Kintyre and the Islands Area Committee detailed at paragraph 4.2.;
2. Approve development funding of up to £250,000 to undertake the feasibility and initial design works, as set out in paragraph 4.2 to 4.4 to enable outline business cases to be developed for the shortlisted projects agreed by the Mid Argyll, Kintyre and the Islands Area Committee on 7 December 2016.

4.0 DETAIL

4.1 There has been an excellent response in discussions with community organisations about the potential projects with a good number of projects put forward. The Tarbert and Lochgilphead Regeneration Fund is however limited and has a specific focus and criteria; it cannot therefore deliver all of the projects put forward. The process of gathering potential projects and assessing them against the criteria confirmed by Policy and Resources Committee in May 2016 is detailed in the report to the Mid Argyll, Kintyre and the Island (MAKI) Area Committee on 7 December 2016, which appears later on the agenda.

4.2 The MAKI Area Committee's decision will be reported at the Policy and Resources Committee however it should be noted that 11 projects were agreed by the MAKI committee for further investigation:

Community	Project Ref.	Project
Tarbert	T02	Barmore Road (A83)/Garvel Road junction improvement
	T10	Pavement/public realm improvements
	T07	Indoor bowling facility/sports hub
	T11	Harbour facilities

Lochgilphead	LA01	Ardrishaig – Lochgilphead Cycling Link
	LA10	Lochgilphead Front Green
	LA11	Argyll Street
	LA20	MAC Pool Redevelopment
Ardrishaig	LA13	Ardrishaig North Public Realm Improvements
	LA16	Ardrishaig South Public Realm Improvements
	LA17	Gleaner Oil Site

4.3 It is not expected to be possible to deliver all of the above projects within the available funding, even with an emphasis on securing match funding. An update will be provided to the MAKI meeting in April 2017 and in the interim period further information will be obtained to enable a more detailed assessment of the projects against the agreed criteria to be undertaken. This will allow officers to make a recommendation on a further reduction in the number of projects so that resources can be focused on the projects which are most likely to match the agreed focus and quantum of the funding. The initial feasibility and the final feasibility will each be presented for all projects simultaneously so that decisions on which projects ultimately progress take into account the anticipated costs of all the shortlisted projects.

4.4 Where possible the further feasibility information will be resourced from within the Service and using in-house council expertise. It is expected that some external support will be required where this is the case it will be procured through Argyll and Bute Council. Policy and Resources Committee are asked to confirm that £250k of funding is released to enable this important work to be progressed. This funding should be sufficient to progress to implementation stage for the final projects.

5.0 CONCLUSION

5.1 The Tarbert and Lochgilphead Regeneration Fund offers an important opportunity to support proposals which aim to deliver regeneration and/or economic opportunities within the Mid Argyll area. The next step in progressing this fund is to undertake further assessment on the shortlisted projects with a view to refining the shortlisted projects and developing outline business cases during 2017.

6.0 IMPLICATIONS

6.1 Policy – the proposed fund will offer the opportunity to support the objective and long term outcomes of the Single Outcome Agreement as well as the MAKI Economic Development Action Plan, Local Development Plan and other Council policy as may be relevant to specific proposals.

6.2 Financial – An allocation of £3m was identified in the 2016/17 budget for regeneration and economic sustainability in the settlements of Lochgilphead and Ardrishaig and Tarbert and their surrounding areas. The allocation is a capital fund and to date none of this funding has been used however the next stage will draw from the allocation, up to £250,000 is identified for feasibility and initial design works.

- 6.3 Legal – none at this time.
- 6.4 HR – staff within the Economic Development and Strategic Transportation Service will administer the fund on behalf of the MAKI Area Committee. Support from other teams across the Council has been given during the scoring process and will continue to be required as further investigation and project delivery proceeds.
- 6.5 Equalities – none at this time.
- 6.6 Risk - If the most appropriate projects are not correctly identified at this stage then the policy objectives may not be achieved and the impact desired from the Regeneration Fund will not be achieved. If the projects are not appropriately scoped out and resourced then this could impact on their delivery. If funding is allocated on an ad hoc basis then further requests could be received. The risks will be updated once the shortlisted projects are confirmed and there is a clearer indication as to which projects are proceeding.
- 6.7 Customer Service – none at this time.

Executive Director of Development and Infrastructure, Pippa Milne

Policy Lead – Councillor A Morton

7 December 2016

For further information contact: Anna Watkiss, Anna.Watkiss@argyll-bute.gov.uk, Tel. 01546 604344

ARGYLL & BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

EXTRACT OF MID ARGYLL, KINTYRE AND THE ISLANDS AREA COMMITTEE
HELD ON 7 DECEMBER, 2016

10. TARBERT AND LOCHGILPHEAD REGENERATION FUND

The Committee gave consideration to a report providing an overview of the progress made to date in relation to a £3 million area regeneration fund to be focused upon the Mid Argyll area, and the criteria and objectives for funding, including the area of focus and the desire to deliver a small number of larger projects as identified by the Policy and Resources Committee.

Motion

That the Area Committee agrees to:-

1. note the excellent response to the Fund from communities and that Council support through standard channels remain available to projects which are not progressed through the Tarbert and Lochgilphead Regeneration Fund;
2. approve the process and scoring methodology that has been undertaken in assessing the projects;
3. note that the assessment undertaken at this stage is based on broad assumptions and that further feasibility work is required to develop outline business cases;
4. approve all the potential projects identified in Paragraph 4.25 in their entirety as the projects which score highest in the assessment. The approved projects will be taken forward for outline business case development;
5. recommend to Policy and Resources Committee that development funding of up to £250,000 is utilised to undertake the feasibility and initial design works to enable outline business cases to be developed for the projects in Paragraph 4.25; and
6. note that an update report will be provided to MAKI Area Committee at the April 2017 meeting.

Moved by Councillor Rory Colville, seconded by Councillor Donnie MacMillan.

Amendment

That the Area Committee agree the recommendations as highlighted in the Motion but that MACpool be included in the shortlist going forward for consideration, making 11 projects in total.

Moved by Councillor Sandy Taylor, seconded by Councillor Dougie Philand.

Decision

On a show of hands vote, the Amendment was carried by 6 votes to 3 and the Area Committee resolved accordingly.

(Ref: Report by Executive Director of Development and Infrastructure Services, dated 7 December 2016, submitted.)

ARGYLL AND BUTE COUNCIL

Mid Argyll, Kintyre and the Islands
Area Committee

Development and Infrastructure

7 December 2016

Tarbert and Lochgilphead Regeneration Fund

1.0 EXECUTIVE SUMMARY

- 1.1 The Argyll and Bute Council 2016-17 Budget included an announcement of a £3 million area regeneration fund to be focused upon the Mid Argyll area. Policy and Resources Committee identified criteria and objectives for the funding, including the area of focus and the desire to deliver a small number of larger projects. This report provides an overview of the progress made to date. At this stage the assessment of to enable to differentiate between the potential projects and outline and full business cases will be required before final approvals can be obtained.
- 1.2 There has been an excellent response to discussions with community organisations about the potential projects with a good number of projects put forward. The Tarbert and Lochgilphead Regeneration Fund is however limited and has a specific focus and criteria; it cannot therefore deliver all of the projects put forward.
- 1.3 As approved in the report to Policy and Resources Committee on 12th May 2016, rather than replicate previous community consultation events, information has been gathered through existing initiatives as well as through meetings with existing community groups.
- 1.4 Each settlement has a number of potential projects being proposed and the Council need to make a judgement about the suitability of each in relation to this fund as it will not be possible to fund all of the proposals. To inform members in their decisions on which projects should be shortlisted an assessment process has been undertaken.
- 1.5 13 potential projects within Tarbert and 29 potential projects within Lochgilphead and Ardrishaig were put forward; these are listed in Appendix 1. Due to the large number of projects a two stage assessment process was undertaken. At the first stage of assessment, an initial sift on all of the suggested projects to identify those projects which could be defined as large was undertaken, this related back to the Policy and Resources decision that the focus should be larger projects. Attached at Appendix 1 is the stage 1 scoring which has been finalised following discussions with and input from local members during September 2016.
- 1.6 As a result of the stage 1 scoring process 9 projects in Tarbert and 15 in

Lochgilphead and Ardrishaig moved forward to be further assessed. The stage 2 assessment is more complex and aims to consider a wider range of issues. The criteria agreed by Policy and Resources Committee were incorporated into the main elements to be considered by the Council when developing a business case – impact, affordability, deliverability and risk. The criteria were agreed with local members at the MAKI Business Day in November 2016. The scoring methodology for stage 2 is shown at Appendix 2 and a summary of the stage 2 assessment is included at Appendix 3, the full assessment is available online at www.argyll-bute.gov.uk/tarbert-and-lochgilphead-regeneration-fund.

- 1.7 The assessment undertaken is based upon the criteria set out for this particular fund and does not reflect the value of the projects to the local community or their attractiveness to other potential funders. However in preparing an outline business case, costs will be incurred which will impact the amount of funding available for the delivery of the projects themselves. It is therefore necessary to significantly reduce the number of projects being shortlisted for feasibility work and outline business case development.
- 1.8 Based on the assessment undertaken, including the feedback received from Members during informal meetings and the recent Business Day, the following projects are proposed for shortlisting for further feasibility works.

Community	Project Ref.	Project
Tarbert	T02	Barmore Road (A83)/Garvel Road junction improvement
	T10	Pavement/public realm improvements
	T07 or T11	Indoor bowling facility/sports hub or Harbour facilities
Lochgilphead	LA01	Ardrishaig – Lochgilphead Cycling Link
	LA10	Lochgilphead Front Green
	LA11	Argyll Street
Ardrishaig	LA13	Ardrishaig North Public Realm Improvements
	LA16	Ardrishaig South Public Realm Improvements
	LA17	Gleaner Oil Site

- 1.9 It is not expected, at this stage, that it will be possible to take forward all of the projects on this shortlist within the budget allocated but once additional information relating to cost, viability, impact, affordability, deliverability and risk is available it will be clearer which projects are feasible and what can be achieved with the funding available.
- 1.10 A budget of up to £250,000 is recommended to undertake this stage of work although it will of course be delivered at the lowest cost possible. At this stage the work will be limited to investigating the feasibility of projects, undertaking any initial design work and obtaining more detailed costings, no delivery work will be undertaken without further approval.

- 1.11 It is hoped to be in a position to develop outline business cases over the next 6-12 months and these will be brought back to Committee with an update on the expected impacts, affordability, deliverability and risk anticipated. An interim update for Committee is proposed for April 2017. If approved, procurement of the relevant services to deliver the project, obtaining of consents and final Committee approval of a full business case will all need to be undertaken before the projects can physically commence.
- 1.12 The Tarbert and Lochgilphead Regeneration Fund offers an important opportunity to support proposals which aim to deliver regeneration and/or economic opportunities within the Mid Argyll area. A structured assessment to focus on those projects which are most likely to meet the criteria agreed by the Policy and Resources Committee has been undertaken. The three potential projects within each community which score highest are identified and it is recommended that these are taken forward for further assessment.
- 1.13 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Note the excellent response to the Fund from communities and that Council support through standard channels remain available to projects which are not progressed through the Tarbert and Lochgilphead Regeneration Fund;
 2. Approve the process and scoring methodology that has been undertaken in assessing the projects;
 3. Note that the assessment undertaken at this stage is based on broad assumptions and that further feasibility work is required to develop outline business cases;
 4. Approve the potential projects identified in Paragraph 4.25 as the projects which score highest in the assessment and confirm which of the Tarbert projects should progress. The approved projects will be taken forward for outline business case development;
 5. Recommend to Policy and Resources Committee that development funding of up to £250,000 is utilised to undertake the feasibility and initial design works to enable outline business cases to be developed for the projects in Paragraph 4.25;
 6. Note that an update report will be provided to MAKI Area Committee at the April 2017 meeting.

ARGYLL AND BUTE COUNCIL

Mid Argyll, Kintyre and the Islands
Area Committee

Development and Infrastructure

7 December 2016

Tarbert and Lochgilphead Regeneration Fund

2.0 INTRODUCTION

2.1 The Argyll and Bute Council 2016-17 Budget included an announcement of a £3 million area regeneration fund to be focused upon the Mid Argyll area. Policy and Resources Committee identified criteria and objectives for the funding, including the area of focus and the desire to deliver a small number of larger projects. This report provides an overview of the progress made to date in gathering and assessing potential projects as well as identifying those projects which score highest through the assessment process and how they can be progressed. At this stage the assessment of to enable to differentiate between the potential projects and outline and full business cases will be required before final approvals can be obtained.

2.2 There has been an excellent response to discussions with community organisations about the potential projects with a good number of projects put forward. The Tarbert and Lochgilphead Regeneration Fund is limited and has a specific focus and criteria; it cannot therefore deliver all of the projects put forward. There are however other external opportunities for funding which can help to deliver the projects. Whilst it will not be possible to support all of the proposed projects through the Tarbert and Lochgilphead Regeneration Fund, these projects remain valid and Council support, including through the Social Enterprise Team and Business Gateway, will remain available to help community organisations progress their projects where they are not the focus of the Tarbert and Lochgilphead Regeneration Fund going forward. Priority will be given to projects that support council policy including the Local Economic Development Action Plan.

3.0 RECOMMENDATIONS

- 3.1 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Note the excellent response to the Fund from communities and that Council support through standard channels remain available to projects which are not progressed through the Tarbert and Lochgilphead Regeneration Fund;
 2. Approve the process and scoring methodology that has been undertaken in assessing the projects;
 3. Note that the assessment undertaken at this stage is based on broad assumptions and that further feasibility work is required to develop outline

business cases;

4. Approve the potential projects identified in Paragraph 4.25 as the projects which score highest in the assessment and confirm which of the Tarbert projects should progress. The approved projects will be taken forward for outline business case development;
5. Recommend to Policy and Resources Committee that development funding of up to £250,000 is utilised to undertake the feasibility and initial design works to enable outline business cases to be developed for the projects in Paragraph 4.25;
6. Note that an update report will be provided to MAKI Area Committee at the April 2017 meeting.

4.0 DETAIL

- 4.1 The initial criteria for the Tarbert and Lochgilphead Regeneration Fund were agreed by Policy and Resources Committee on 12 May 2016 and have been used to inform the consideration of proposed projects. The agreed main objective for the Fund is:

To promote the regeneration and/or economic development of the Mid Argyll area

- 4.2 The agreed criteria for assessment, as confirmed by Policy and Resources Committee, are:
- Their ability to create jobs, grow the population and/or stimulate private sector activity that will deliver these results;
 - Extent to which they support the delivery of the Single Outcome Agreement (SOA) particularly in terms of the overall objective (Argyll and Bute's economic success is built on a growing population) as well as long-term outcomes 1, 2 and 3 (The economy is diverse and thriving; We have infrastructure that supports sustainable growth; and education, skills and training maximises opportunities for all);
 - Whether the proposal is included within the Council's MAKI Economic Development Action Plan;
 - The amount of match funding from partners;
 - Demonstration of SMART economic and social outcomes for each community; and/or
 - Their contribution to overcoming barriers to economic growth and sustaining prosperous communities.

These have been incorporated into the scoring mechanism.

- 4.3 The report also highlighted that in order to maximise the benefit from the fund it was intended that a small number of larger projects would be progressed.
- 4.4 The area which would be the focus of this funding would be the Main Town of Lochgilphead and Ardrishaig and the Key Settlement of Tarbert and the areas immediately surrounding them.

Potential Projects

- 4.5 A large number of projects have been put forward for consideration under this fund, 42 in total, see Appendix 1.
- 4.6 As approved in the report to Policy and Resources Committee on 12th May 2016, rather than replicate previous community consultation events, information has been gathered through existing initiatives such as the Crinan Canal Charrette, Mid Argyll Initiative (MAi Plan) and Community Action Plans to inform the proposals coming forward. All of these plans have been through public consultation in the target communities in 2015 or early 2016.
- 4.7 In identifying potential projects discussions have been held with:
- Ardrishaig Community Council (ACC)
 - Ardrishaig Community Trust (ACT)
 - Dalriada Arts and Culture (DAC)
 - Lochgilphead Community Council (LCC)
 - Lochgilphead Phoenix Project (LPP)
 - Mid Argyll Community Pool (MAC)
 - Mid Argyll Initiative (MAI)
 - Mid Argyll Youth Development Services (MAYDS)
 - Scottish Canals (SC)
 - Tarbert and Skipness Community Council (TSCC)
 - Tarbert and Skipness Community Trust (TSCT)
 - Tarbert Harbour Authority (THA)
 - Mid Argyll and Kintyre and the Islands Councillors.
- 4.8 The following documents and consultations have also been taken into consideration:
- Crinan Canal Corridor Charrette Report and Draft Action Plan – June 2016
 - Tarbert and Skipness Community Action Plan 2016 – 2021 – informed by priorities highlighted by TSCT and TSCC
 - Tarbert Harbour Authority Strategic Plan – May 2016
 - Lochgilphead: Looking to the Future – February 2016
- 4.9 A separate report is being made to Committee on the Crinan Corridor Charrette and the specific proposals coming from the local communities as a result of the consultation events.
- 4.10 Each settlement has a number of potential projects being proposed and the Council need to make a judgement about the suitability of each in relation to this fund as it will not be possible to fund all of the proposals. To inform members in their decisions on which projects should be progressed, an assessment process has been undertaken. Relevant information has been collated regarding the proposed projects to present to Councillors. In undertaking this assessment, the most current and up to date information at the time of assessment has been used although additional information may also be available which has not been provided or was not made available at the time of assessment.

Scoring Projects

- 4.11 The mechanism outlined below has been developed taking into account the

criteria set down in the report approved by Policy and Resources Committee on 12 May 2016, the key elements identified in the Council's Capital Projects Scoring Mechanism – impact, affordability, delivery and risk – as well as the scoring mechanism previously identified for the consideration of the CHORD projects.

- 4.12 The report to Policy and Resources Committee confirmed that the focus should be on a small number of large projects. It is therefore likely that only a handful of projects will receive the bulk of the funds, hopefully for projects that deliver substantial outcomes and help to grasp significant economic opportunities. This plainly makes for very difficult decisions and the aim of scoring the projects against a set criteria is to help to ensure that the Council moves ahead with the most important and feasible projects which offer the best value for money for this one off opportunity to regenerate the towns and key settlements of Mid Argyll. It also helps to ensure that the preferred projects are identified in a consistent and rational way which is transparent to those who may be interested in the process.

Stage One

- 4.13 13 potential projects within Tarbert and 29 potential projects within Lochgilphead and Ardrishaig were put forward and were assessed; these are listed in Appendix 1.
- 4.14 Due to the large number of projects a two stage assessment process was undertaken. At the first stage of assessment, an initial sift on all of the suggested projects to identify those projects which could be defined as large was undertaken, this related back to the Policy and Resources decision that the focus should be larger projects. This should also help to focus attention on those projects which are most likely to meet the main objective of the fund.
- 4.15 The number of expected deliverables as a result of the project has been used to help to define those which are larger scale and most likely to deliver most impact. Where a potential project is expected to deliver 3 or more benefits then it was classed as a large project at this stage. Whilst this is a fairly simplistic way to look at this definition, it is sufficient to enable identification of those potential projects which are most likely to bring about more benefits to local communities.
- 4.16 Stage 1 also considered whether the proposed projects are located within the correct geographic area (i.e. Lochgilphead and Ardrishaig, Tarbert or their immediate surrounding areas), whether work has already commenced (which may indicate that this source of funding is not required to deliver the project) and also whether additional match funding might be attracted to the project (since this would allow more of the projects to be delivered).
- 4.17 In order to progress to stage 2, projects were expected to deliver at least 3 benefits and have a positive response on at least 2 out of the 3 other criteria. Attached at Appendix 1 is the stage 1 scoring which has been finalised following discussions with and input from local members during September 2016. As a result of the stage 1 scoring process 9 projects in Tarbert and 15

in Lochgilphead and Ardrishaig moved forward to be further assessed.

Stage Two

- 4.18 The stage 2 assessment is more complex and aims to consider a wider range of issues. The criteria agreed by Policy and Resources Committee were incorporated into the main elements to be considered by the Council when developing a business case – impact, affordability, deliverability and risk. The criteria were agreed with local members at the MAKI Business Day in November 2016.
- 4.19 Please be aware that the information contained within the scoring is as accurate as it has been possible to obtain at this stage however very few of the proposed projects have the benefit of initial design works or costings being completed. It has therefore been necessary to make a number of assumptions regarding how the proposed projects might progress, what specifications may be required and how this would impact costs. For example, costs have been obtained from indicative average costs and may be increased or decreased depending upon specifications. It should therefore be noted that the information provided at this stage may not reflect the final project detail but is put forward to enable comparison between the projects.
- 4.20 It should also be noted that where potential sources of external funding have been indicated there is no certainty that this will be achieved or that alternative funds may be available. Where match funding can be secured there is the opportunity to add value to the proposed projects and deliver more through the Tarbert and Lochgilphead Regeneration Fund. Most application processes for external funding are however increasingly competitive and it may not be possible to access match funding as hoped.
- 4.21 Impact, affordability, deliverability and risk have been weighted equally. Whilst it is important to understand the anticipated benefits against the likely costs it is just as important to consider the deliverability of a project and whether there are significant risks associated with the proposals. The scoring methodology for stage 2 is shown at Appendix 2 and a summary of the stage 2 assessment is included at Appendix 3. Due to the large amount of data included in the stage 2 assessment, it is not possible to replicate it all within this report, printed copies will therefore be provided at the Committee meeting and a copy is available online at www.argyll-bute.gov.uk/tarbert-and-lochgilphead-regeneration-fund.
- 4.22 The assessment undertaken is based upon the criteria set out for this particular fund and does not reflect the value of the projects to the local community or their attractiveness to other potential funders. Many of the projects put forward have merit and it is a reflection of the community support for the Regeneration Fund that this assessment process to identify those projects which should be shortlisted for further assessment and consideration has been required.

Shortlisted Projects

- 4.23 Given the focus on a small number of larger projects, the purpose of the stage 2 assessment is to help to produce a shortlist of projects to take forward through additional feasibility work. In preparing an outline business case,

costs will be incurred which will impact the amount of funding available for the delivery of the projects themselves. It is therefore necessary to significantly reduce the number of projects being shortlisted for feasibility work and outline business case development and the stage 2 assessment is designed to assist in this process.

- 4.24 Not all of these will receive funding to enable delivery, some may not be feasible and others may receive only a contribution towards the overall costs. This will be further considered through the outline business case development stage.
- 4.25 Based on the assessment undertaken, including the feedback received from Members during informal meetings and the recent Business Day, the following projects score the highest and are therefore expected to most meet the main criteria of the fund, including the focus that a small number of larger scale projects be delivered. It is proposed that the following projects are shortlisted for further feasibility works.

Community	Project Ref.	Project
Tarbert	T02	Barmore Road (A83)/Garvel Road junction improvement
	T10	Pavement/public realm improvements
	T07 or T11	Indoor bowling facility/sports hub or Harbour facilities
Lochgilphead	LA01	Ardrishaig – Lochgilphead Cycling Link
	LA10	Lochgilphead Front Green
	LA11	Argyll Street
Ardrishaig	LA13	Ardrishaig North Public Realm Improvements
	LA16	Ardrishaig South Public Realm Improvements
	LA17	Gleaner Oil Site

- 4.26 The proposed shortlisted projects in Lochgilphead and Ardrishaig all relate to proposals which came out of the Crinan Canal Corridor Charrette process. Public consultation on the charrette proposals helped to identify the top five priority projects, four of which are included in the list above - the cycle link, Lochgilphead Front Green, Argyll Street and Gleaner Oil Site. The cycle link scores the same as other projects in Lochgilphead but because it was identified as a priority during the charrette consultation this project has been included within the proposed shortlist. The fifth public priority from the charrette was marine tourism facilities in Ardrishaig and whilst this was considered within the stage 2 assessment it has not scored as highly in this assessment, largely due to the high number of unknowns associated with the proposal at this stage.
- 4.27 We are aware that there is an existing proposal to replace the play equipment on the Front Green with funding being identified by the local community. The inclusion of the Lochgilphead Front Green would, in principal, not stop this community project progressing although if the Front Green proposals were to progress Argyll and Bute Council would look to work closely with the community

group delivering the upgrades to the play equipment.

- 4.27 Members should be aware that there has been a direct request from the Tarbert Bowling Club for money to be released for feasibility work. At this stage it would appear premature to allocate any funding to individual projects until the shortlisted projects, as above, have been confirmed by Committee. Any funding allocated at this stage would impact on the funds available to deliver projects and should therefore be focused on those projects which it is hoped will be progressed through the Tarbert and Lochgilphead Regeneration Fund.
- 4.28 Members will note that the indoor bowling facility scores the same as the harbour facilities and members are asked to determine which is the most appropriate to proceed on the shortlist. Both organisations are keen to progress proposals. The bowling facility is expected to be able to attract match funding and would serve the wider west Argyll bowling community but requires work to undertake initial feasibility assessments and develop the proposals. The first phase of harbour facilities is more progressed with some consents in place and the Harbour Board indicating that they would be able to contribute towards the costs. The longer term project to replace the East Pier does however impact upon the affordability of the proposal and introduces additional risks.

Delivering the projects

- 4.28 It is not expected, at this stage, that it will be possible to take forward all of the projects on this shortlist within the budget allocated. However once additional information relating to cost, viability, impact, affordability, deliverability and risk is available, it will be clearer which projects are feasible and what can be achieved with the funding available.
- 4.29 This work will include undertaking initial concept design and feasibility work, as required, which will help to confirm the costs associated with the projects and will in turn inform an outline business case. For some of the projects, consultants will need to be engaged as the technical expertise may not be available within the Council; even where in house services are used costs may be associated. Where projects are being led by other partner organisations, any works undertaken will need to be agreed by Argyll and Bute Council before work commences and will need to provide specific information required to inform an outline business case.
- 4.30 Costs associated with undertaking this initial feasibility and concept design work will need to be covered by the Regeneration Fund. A budget of up to £250,000 is recommended to undertake this stage of work although it will of course be delivered at the lowest cost possible. At this stage the work will be limited to investigating the feasibility of projects, undertaking any initial design work and obtaining more detailed costings, no delivery work will be undertaken without further approval. Once details of projects are known a more comprehensive search of potential match funding can also be undertaken and funding applied for.
- 4.31 Developing outline business cases, securing funding, co-ordinating consultants and ensuring that the project progresses within the timescale and budget

estimates will also require staff resource. There may be an increased risk to successfully delivering the projects if too many potential projects are taken forward or there is insufficient resource to support delivery. To address this issue, investigation is ongoing into the possibility of a partnership approach to funding a co-ordinator post which would have responsibility for assisting with the delivery of the selected Regeneration Fund projects over a fixed term. A partnership approach is being examined with Scottish Canals and details are still to be confirmed. It is proposed that part of the Regeneration Fund development costs will be utilised to support the Council's contribution to this post should it proceed and once the list of projects which will be taken forward has been confirmed.

- 4.32 It is hoped to be in a position to develop outline business cases over the next 6-12 months and these will be brought back to Committee with an update on the expected impacts, affordability, deliverability and risk anticipated. An interim update for Committee is proposed for April 2017. If approved, procurement of the relevant services to deliver the project, obtaining of consents and final Committee approval of a full business case will all need to be undertaken before the projects can physically commence.
- 4.33 Whilst the Council is responsible for the distribution of the Tarbert and Lochgilphead Regeneration Fund, all of the communities eligible for the Regeneration Fund are also benefiting from community benefit funds or community investment payments in relation to local renewable energy schemes. As the projects move forward it may be possible to work with the local community groups to help to build their capacity in relation to delivering projects so that they are able to continue to deliver additional community priorities beyond the scope of the Regeneration Fund. The form that this capacity building will take will depend upon the projects taken forward but it may include community organisations delivering all or elements of a project with Council support or offering skills sessions in which local communities can participate.

5.0 CONCLUSION

- 5.1 The Tarbert and Lochgilphead Regeneration Fund offers an important opportunity to support proposals which aim to deliver regeneration and/or economic opportunities within the Mid Argyll area.
- 5.2 A large number of projects have been put forward and it is not possible to progress all of these suggestions. A structured assessment has been completed to focus on those projects which are most likely to meet the criteria agreed by the Policy and Resources Committee. The three potential projects within each community which score highest are identified and it is recommended that these are taken forward for further assessment.

6.0 IMPLICATIONS

- 6.1 Policy – the proposed fund will offer the opportunity to support the objective

and long term outcomes of the Single Outcome Agreement as well as the MAKI Economic Development Action Plan, Local Development Plan and other Council policy as may be relevant to specific proposals.

- 6.2 Financial – An allocation of £3m was identified in the 2016/17 budget for regeneration and economic sustainability in the settlements of Lochgilphead and Ardrishaig and Tarbert and their surrounding areas. The allocation is a capital fund and to date none of this funding has been used however the next stage will draw from the allocation, up to £250,000 is identified for feasibility and initial design works.
- 6.3 Legal – none at this time.
- 6.4 HR – staff within the Economic Development and Strategic Transportation Service will administer the fund on behalf of the MAKI Area Committee. Support from other teams across the Council has been given during the scoring process and will continue to be required as further investigation and project delivery proceeds.
- 6.5 Equalities – none at this time.
- 6.6 Risk - If the most appropriate projects are not correctly identified at this stage then the policy objectives may not be achieved and the impact desired from the Regeneration Fund will not be achieved. If the projects are not appropriately scoped out and resourced then this could impact on their delivery. If funding is allocated on an ad hoc basis then further requests could be received. The risks will be updated once the shortlisted projects are confirmed and there is a clearer indication as to which projects are proceeding.
- 6.7 Customer Service – none at this time.

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APPENDIX 1 – Stage 1 Assessment
APPENDIX 2 – Stage 2 Assessment Proposed Scoring
APPENDIX 3 – Stage 2 Assessment

APPENDIX 1 Stage 1 Assessment

Project Name	Project Location	Ref	Project Description	Promoted by	In progress?	Related to settlements?	Potential to attract match funding?	Anticipated deliverables	No. of deliverables	Progress to Stage 2?
Ardrishaig-Lochgilphead Cycling Link	Lochgilphead & Ardrishaig	LA01	Extend cycle and pedestrian path from Crinan Canal to Lochgilphead Joint Campus and to Pier Square in Ardrishaig	CCC LCC MAI	No	Yes	Yes	Improved walking and cycling link Opportunities for active travel. Improved links between communities with potential links beyond Joint Campus and into Kilmory Woodland Park	3	Yes
Bishopton Road Junction Improvements	Lochgilphead	LA02	Create a safer crossing point at junction of Bishopton Road and Oban Road	CCC	Yes - Strategic Transportation Team leading work to improve	Yes	Yes	Improved walking and cycling link	1	No
Lochgilphead-Cairnbaan Path	Lochgilphead & Cairnbaan	LA03	Establish footpath on west bank of canal between Lochgilphead and Cairnbaan to provide circular route	CCC	No	Yes	Yes	Improved walking and possibly cycling link	1	No
Signage	Lochgilphead & Ardrishaig	LA04	Develop signage for Crinan Canal from main arterial routes and to and from nearby destinations	CCC MAI	Yes - Scottish Canals have submitted applications for brown signs	Yes	No	Provision of signs leading to greater awareness of Crinan Canal and surrounding attractions. Increase visitor awareness and visitor numbers	2	No

Events programme	Lochgilphead & Ardrishaig	LA05	Develop programme of events focusing on Loch Gilp and Crinan Canal Develop enhanced marine facilities to accommodate leisure craft such as step ashore pontoons, consideration of existing timber operations required	CCC LCC	Yes - Numerous groups delivery events	Yes	Yes	No. of events - to be determined Potential increase in visitor numbers if events attract those outside the area	2	No
Marine Tourism Facilities	Ardrishaig	LA06	Proposals for an Arts and Cultural Centre to house Richard De Marco's Argyll Collection together with other facilities but arts and cultural facilities could alternatively be combined within a number of venues some already existing	CCC MAI	No	Yes	Yes	Provision of boat berths - no. to be determined Potential increase in visitor numbers Opening up of Ardrishaig Waterfront Potential for improved access to shore for existing water sport clubs	4	Yes
Art and Cultural Facilities	Lochgilphead	LA07	Review parking provision, to include coaches, and improve appearance of main car park	CCC DAC MAI LCC	No	Yes	Yes	Assuming a centre based on Dalriada Arts and Culture Proposals: Exhibition space - lead exhibition Demarco Argyll Collection Learning facilities Art studio space Restaurant/café Auditorium Commercial office space Landmark building Increased visitor numbers	8	Yes
Parking provision review	Lochgilphead	LA08		CCC	Yes - recently completed parking review	Yes	No	Additional range of parking provision Improved appearance of parking area Improved orientation for visitors	3	No

Corran Nature Area	Lochgilphead	LA09	Create walking routes across Corran area with interpretation for local wildlife and history	CCC	No	Yes	Yes	Improved walking facilities Control of invasive species	2	No
Lochgilphead Front Green	Lochgilphead	LA10	Improvements to Front Green to provide improved play and seating areas, improvement or replacement of toilet building and drainage/flood defence improvements	CCC LPP LCC MAI	No	Yes	Yes	LDP - AFA12/1 Dependent upon design: Improved play facilities Improved walking and cycling facilities Opportunity to improve drainage Possible flood mitigation measures Potential café/commercial opportunity Opportunities to improve/make more sustainable toilet provision Potential to increase visitor numbers	8	Yes
Argyll Street	Lochgilphead	LA11	Public realm improvements to pavements and parking areas Improvements to the Back Lanes area to provide an enhanced environment	CCC LCC	No	Yes	Yes	LDP - AFA12/1 Improved public realm Additional seating areas Enhanced cycling facilities	5	Yes
Lochgilphead Back Lanes	Lochgilphead	LA12	Improvements to waterfront, car park, road crossing and link to Canal	CCC LCC	No	Yes	No	LDP - AFA12/1 Improved public realm Potential to create additional employment space	3	Yes
Ardrishaig North Public Realm Improvements	Ardrishaig	LA13	Improvements to waterfront, car park, road crossing and link to Canal	CCC MAI	No	Yes	Yes	LDP - AFA12/5 Improved public realm Additional seating areas Improved walking and cycling links	5	Yes

Skate Park	Lochgilthead or Ardrishaig	LA14	Creation of skate park within Lochgilthead or Ardrishaig, ACT are looking at a site in Ardrishaig, MAYDS are looking at a site at Kilmory	CCC ACT MAYDS	No	Yes	Yes	Skating/biking facilities Potential health benefits from increased activities	2	No
Chalmers Street Shops and Flats	Ardrishaig	LA15	Improve appearance of these buildings and incorporate energy efficiency measures	CCC	No	Yes	Yes	AFA12/5 Improved public realm Energy efficiency improvements	3	Yes
Ardrishaig South Public Improvements	Ardrishaig	LA16	Improvements to Pier Square, Scottish Canals Works and Yard and The Stances	CCC	No	Yes	Yes	AFA12/5 Improved public realm Additional seating areas Improved walking and cycling links LDP - AFA12/5	4	Yes
Gleaner Oil Site	Ardrishaig	LA17	Redevelopment of vacant former oil site for mixed uses. Phase 1 - craft, food and drink. Phase 2 – uses could include residential and/or indoor recreation	CCC ACT ACC MAI	No	Yes	Yes	Removal of disused infrastructure Remediation of contaminated site Additional employment space Potential to provide town centre housing Opening up of waterfront Environmental improvements Potential to increase visitor numbers	8	Yes
Linnet Shed	Cairnbaan	LA18	Refurbishment of Linnet Shed building	CCC	No	Yes - surrounding only	Yes	No current, clear proposals	0	No

Bridge House Hotel	Ardrishaig	LA19	Refurbishment of former hotel to provide self-catering accommodation and community facilities	CCC	No	Yes	Yes	Refurbishment of vacant building Visitor accommodation Community facilities Environmental improvements Potential to increase visitor numbers	5	Yes
MAC Pool redevelopment	Lochgilphead	LA20	Extension of swimming pool to offer a wider range of leisure and sport activities and act as a hub for indoor activities in Mid Argyll. This location has the potential to form a connection between the town and the canal	CCC MACP MAI LCC	No	Yes	Yes	Additional community/visitor facilities Build sustainability of existing community asset Potential health and social benefits if additional users are attracted Potential to increase visitor numbers	4	Yes
Corran / Caravan site	Lochgilphead	LA21	Currently allocated for tourism/hotel but also identified location for cultural centre proposed by DAC	CCC	No	Yes	Yes	No current, clear proposals	0	No
Badden Area	Lochgilphead	LA22		CCC	No	Yes	Yes	PDA3009 No definite proposals but could link to LA07 Arts and Cultural Facilities	1	No
Clock Lodge	Lochgilphead	LA23	Refurbishment of Clock Lodge building	CCC LPP	No - initial wind/wat-ertight works but final use undetermined	Yes	Yes	Refurbishment and reuse of listed building LDP - PDA3013, AFA12/1 Other anticipated deliverables cannot be determined until final use is confirmed	2	No

Fiddlesticks	Lochgilphead Tayvallich & Kilmichael	LA24	Project aimed at teaching children fiddle playing together with visiting professionals and performances	DAC	No	Yes	Yes	Lessons in fiddle playing Concerts associated with programme	2	No
7,000 Oaks	Argyll	LA25	Proposal to create 7 community woodlands recreating Joseph Beuyes 7,000 oaks art installation	DAC	No	No - project is Argyll wide but may include a site within Mid Argyll		Community woodlands Potential to enhance biodiversity Potential improved walking facilities Potential to increase visitor numbers, if Joseph Beuyes link attracts people from outside the area	4	Yes
Ardrishaig Public Halls	Ardrishaig	LA26	Refurbishment of Public Hall and North Hall, with a focus on the Public Hall becoming fit for purpose as the principal performance venue for Mid Argyll	ACC ACT	No	Yes	Yes	LDP - AFA12/5 Improved North Hall Improved Public Hall Improved public realm outside of halls	4	Yes
Lochgilphead Community Hub	Lochgilphead	LA27	Develop the old primary school as a community hub	LCC	No	Yes	Yes	Additional community facilities Refurbishment of derelict building Other anticipated deliverables cannot be determined until final use is confirmed	2	No
Improved	Lochgilphead	LA28	Improve and	LCC	No	Yes	Yes	Improved walking and	2	No

walking and cycling routes in Lochgilphead			further develop existing forest trails and cycle paths and signage				cycling link Opportunities for active travel Already picked up through a number of more detailed project suggestions			
Reuse empty spaces	Lochgilphead	LA29	Use empty commercial space for pop-up shops and start up space Provide infrastructure to enable delivery of housing	LCC	No	Yes	No	LDP - AFA12/1 Improved public realm Potential to create additional employment space	3	Yes
Tarbert Housing Infrastructure - Easfield	Tarbert	T01	development site rear of playing field (H-AL 13/4) Improve junction of Garvel Road with Barmore Road (A83) to remove constraints to development in this part of Tarbert	TSCT	No	Yes	Yes	LDP - H-AL13/4 Circa 40-50 houses, which would help to support local facilities Improved footpath links Potential community woodland/open space	4	Yes
Barmore Road (A83)/Garvel Road junction improvement	Tarbert	T02	Improve junction of Garvel Road with Barmore Road (A83) to remove constraints to development in this part of Tarbert	TSCT THA	No	Yes	Not expected but further investigation required	LDP - AFA13/1 Improved access for existing premises Potential for additional housing development, subject to land availability Potential for further development of Tarbert Harbour facilities	4	Yes
Upgrade White Shore Path	Tarbert	T03	Upgrade White Shore Path to enable easier access	TSCT	Yes	Yes	No	Improvements to existing footpath	1	No
Carrick to West Loch Shores and Kennacraig Walking/Cycle Link	Tarbert	T04	Construct a pavement extension linking West Loch Shore and Kennacraig to existing pavement at Carrick	TSCT TSCC	No	Yes	Yes	Improved walking and cycling link Opportunities for active travel Improved links between communities with potential links to Kennacraig Ferry Terminal	3	Yes

Community Hub	Tarbert	T05	Develop community hub within former library building, to include offices for TSCT	TSCT	No	Yes	Yes	Visitor information/interpretation possibly linked to potential to increase visitor numbers Additional community meeting space Office accommodation for TSCT and other organisations	3	Yes
Car Parking	Tarbert	T06	Parking survey and additional car parking provision	TSCT TSCC THA	No	Yes	No	Additional parking provision Potential additional town centre visitors, if current parking is shown to significantly restrict visitor numbers	2	No
Indoor Bowling Facility	Tarbert	T07	Develop indoor bowling facility to provide facilities for clubs across the Kintyre and Mid Argyll area	TSCT	No	Yes	Yes	Additional leisure facility Potential to attract visiting bowling clubs and tournaments - approx. 500 bowlers in west Argyll Potential health and social benefits if additional users are attracted	3	Yes
Skipness Water Supply	Skipness	T08	Extend public water supply to Skipness	TSCT	No	Yes - surrounding area	Not expected although Scottish Water could be asked	Improved water quality for existing users Potential to enable additional development in Skipness area, scale of opportunity not confirmed	2	No

Skipness Bunkhouse	Skipness	T09	Development of bunkhouse at Claonaig to provide facility for walking and cycling routes and Arran Ferry users	TSCT	No	Yes - surrounding area	Yes	Bunkhouse facilities for those using walking and cycling routes Ferry waiting facilities Potential business opportunity associated with kiosk Potential to increase visitor numbers staying in Skipness area	4	Yes
Pavement/public realm improvements	Tarbert	T10	Improvements to pavement areas with extended paving areas outside eating establishments to enable outdoor seating to be provided Provision of new offices, toilet facilities, waste and marine services to enhance Tarbert Harbour. Also longer term project to replace East Pier	TSCC	No	Yes	Yes	LDP - AFA13/1 Potential business opportunities associated with outdoor seating areas Improved public realm	3	Yes
Harbour facilities	Tarbert	T11	Provision of new offices, toilet facilities, waste and marine services to enhance Tarbert Harbour. Also longer term project to replace East Pier	TSCT THA	No	Yes	Yes	LDP - AFA13/1 Improved facilities for harbour users Potential for additional business space Potential to increase visitor numbers	4	Yes
Tarbert Harbour Wi-Fi Service	Tarbert	T12	Provision of Wi-Fi for harbour users	THA	Yes - expected to be in place 2016	Yes	No	Improved facilities for harbour users	1	No

Tarbert flood defences
 Tarbert
 T13
 Improvements to flood defences for the inner harbour area to alleviate the impact of tidal flooding
 TSCT

No	Yes	No	Protect residential premises from impact of flooding Protect businesses from impact of flooding Help A83 and Harbour Street remain open during flooding conditions Maintain access to Tarbert-Portavadie Ferry	4	Yes
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- ACC Ardrishaig Community Council
- ACT Ardrishaig Community Trust
- CCC Crinan Canal Charrette
- DAC Dalriada Arts and Culture
- LCC Lochgilphead Community Council
- LPP Lochgilphead Phoenix Project
- MACP Mid Argyll Community Pool
- MAI Mid Argyll Initiative
- MAYDS Mid Argyll Youth Development Services
- THA Tarbert Harbour Association
- TSCC Tarbert and Skipness Community Council
- TSCT Tarbert and Skipness Community Trust

APPENDIX 2 – Stage 2 Assessment Proposed Scoring

	Maximum Score	Comment
Support for Council Policy (Impact)		
Overall SOA objective (P&R)	2	0 = would not contribute to this objective 1 = would contribute to this objective 2 = would contribute directly to this objective
1. The economy is diverse and thriving (P&R)	1	0 = would not contribute to this objective 1 = would contribute to this objective
2. We have infrastructure that supports sustainable growth (P&R)	1	
3. Education, skills and training maximises opportunities for all (P&R)	1	
Is the project in the MAKI EDAP? (P&R)	2	0 = is not in the MAKI EDAP 1 = not directly referenced but would support overall objectives 2 = is directly referenced in the MAKI EDAP
Does the proposal support delivery of the LDP?	1	0 = would not support an allocation in the LDP 1 = would support an allocation in the LDP
Other Council priorities or actions?	1	0 = is not in a Council plan 1 = is in a Council plan
Economic/Social Benefits (Impact)		
SMART outcomes expected from Project: (P&R)	8	Based on the number of deliverables identified at stage 1, work may be required to make these outcomes more SMART should the project proceed 0 = the project can be delivered without TLRf funding 1 = the project may be able to be delivered without TLRf funding 2 = delivers a project which could not be delivered without TLRf funding
Addresses market failure (P&R)	2	0 = not expected to deliver environmental regeneration 1-2 = delivers some environmental regeneration 3 = delivers environmental regeneration to currently degraded/derelict land
Environmental regeneration (P&R)	3	0 = not expected to support jobs 1 = expected to support jobs during construction 2 = expected to support jobs indirectly 3 = expected to create jobs directly
Supporting jobs (P&R)	3	-3 = A number of potential negative impacts identified -1--2 = Some potential negative impacts identified
Possible negative impacts:	0	0 = No potential negative impacts identified
IMPACT SCORE		25

Affordability

		0 = No cost to the Council if the project is not progressed
		1-4 = Some costs to the Council if the project is not progressed
		5 = Significant cost to the Council even if the project is not progressed
Unavoidable cost to council of doing nothing	5	No score allocated
Estimated Project Cost		0 = More than £1.5m
		1 = £1.25m - £1.5m
		3 = £1m - £1.249m
		5 = £750,000 - £999,999
		3 = £500,000 - £749,999
Estimated contribution from TLRP	5	1 = Less than £500,000
Potential contributions from Private Sector (P&R)	5	0 = 0%
		1 = 1-10%
		2 = 11-20%
		3 = 21-30%
		4 = 31-40%
Potential contribution from other funders (P&R)	5	5 = 41% or more
		-2 = Significant likely revenue expenditure for the Council
		0 = Some revenue expenditure anticipated
		4 = No revenue implications
Revenue implications	5	5 = reduced revenue expenditure expected

AFFORDABILITY SCORE 25

Deliverability

Deliverable by 2020?	5	0 = not deliverable by 2020
		5 = deliverable by 2020
		0 = no business plan/feasibility works developed
		1 = business plan/feasibility works developed but issues to be addressed
		2 = business plan/feasibility works developed and no significant issues
Business plan developed?	2	0 = no consents in place
		1 = some consents in place
Consents in place?	2	2 = all consents in place
		0 = no indication of land owner support
		1 = indicative landowner support
		2 = formal agreement with landowner
		3 = landowner is promoting
Land ownership	4	4 = Council is owner
		0 = no funding in place
		1 = some funding in place or applied for
Funding in place?	2	2 = all other funding in place
		0 = significant technical concerns
		1-3 = some technical concerns works required to confirm that these can be resolved
Technical concerns	4	4 = no technical concerns

Conflicts with other ongoing projects?	2	-2 = significant conflicts with ongoing project
Community support?	4	0 = likely conflicts with ongoing projects
		2 = no conflicts with other ongoing projects
		Based on the promoted by column from stage 1
	DELIVERABILITY SCORE	25

Risks

		An identification of the possible risks
		-25 to -21 = works not undertaken before, significant risks expected
		-20 to -16 = increasing number of risks expected
		-15 to -11 = some risks expected
		-10 to -6 = non-routine but fewer risks anticipated
		-5 to 0 = routine works, very few risks anticipated
Potential Risks	0	
	RISK SCORE	0

SCORE 75

P&R – criteria relating to those approved by Policy and Resources Committee and the main objective of the fund

APPENDIX 3 Stage 2 Assessment

Project	Ref		Impact	Affordability	Deliverability	Risk	Total
Tarbert							
Pavement/public realm improvements	T10	Tarbert	14	2	14	-5	25
Barmore Road (A83)/Garvel Road junction improvement	T02	Tarbert	11	3	15	-5	24
Indoor Bowling Facility	T07	Tarbert	10	14	10	-14	20
Harbour facilities	T11	Tarbert	13	10	15	-18	20
Carrick to West Loch Shores and Kennacraig Walking/Cycle Link	T04	Tarbert	13	10	11	-18	16
Community Hub	T05	Tarbert	11	10	9	-14	16
Skipness Bunkhouse	T09	Skipness	11	10	10	-17	14
Tarbert flood defences	T13	Tarbert	9	7	3	-13	6
Tarbert Housing Infrastructure - Easfield	T01	Tarbert	12	1	8	-17	4
Lochgilphead							
Lochgilphead Front Green	LA10	Lochgilphead	20	8	19	-7	40
Argyll Street	LA11	Lochgilphead	16	16	15	-9	38
Ardrishaig-Lochgilphead Cycling Link	LA01	Lochgilphead & Ardrishaig	13	8	16	-11	26
MAC Pool redevelopment	LA20	Lochgilphead	11	11	16	-12	26
7,000 Oaks	LA25	Argyll	11	8	13	-7	25
Lochgilphead Back Lanes	LA12	Lochgilphead	14	6	15	-11	24
Reuse empty spaces	LA29	Lochgilphead	11	7	12	-10	20
Art and Cultural Facilities	LA07	Lochgilphead	15	4	6	-24	1
Ardrishaig							
Gleaner Oil Site	LA17	Ardrishaig	23	13	14	-18	32
Ardrishaig North Public Realm Improvements	LA13	Ardrishaig	15	11	16	-11	31
Ardrishaig South Public Improvements	LA16	Ardrishaig	14	12	14	-11	29
Bridge House Hotel	LA19	Ardrishaig	14	9	15	-10	28
Ardrishaig Public Halls	LA26	Ardrishaig	13	10	16	-11	28
Chalmers Street Shops and Flats	LA15	Ardrishaig	12	10	11	-10	23
Marine Tourism Facilities	LA06	Ardrishaig	13	8	10	-19	12

Policy and Resources Committee Work Plan 2016-17

December 2016 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
15 December 2016	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting	15 November 2016	
	Budgetary Outlook	Strategic Finance	Occasional	15 November 2016	
	Integration Joint Board – Funding Request	Strategic Finance		15 November 2016	
	Performance Report FQ2 2016/17	Customer Services	Quarterly	15 November 2016	
	People Strategy Action Plan – Progress Report	Customer Services – Jane Fowler	Quarterly	15 November 2016	
	Big Lottery Fund Contract	Customer Services		15 November 2016	
	New Schools Redevelopment Project – Campbeltown Grammar School, Oban High School and Kirn Primary School – Contract Monitoring	Customer Services Community Services		15 November 2016	

Policy and Resources Committee Work Plan 2016-17

	Future Grant Distribution: Third Sector and Early Years Grants	Community Services		15 November 2016	
	Carbon Management: Wind Turbine at Glengorm Landfill Site Update	Development and Infrastructure		15 November 2016	
	Fireworks Display – Helensburgh Pier Car Park	Development and Infrastructure		15 November 2016	
	Kerrera Link Road	Development and Infrastructure		15 November 2016	
	Tarbert and Lochgilphead Regeneration Fund	Development and Infrastructure		15 November 2016	
	Major Capital Regeneration Projects – Update Report as at 4 November 2016	Development and Infrastructure		15 November 2016	
16 February 2017	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting	17 January 2016	
	Budgeting and Planning 2017-18	Strategic Finance	Annual	17 January 2016	
	Treasury and Investment Strategy	Strategic	Annual	17 January 2016	

Policy and Resources Committee Work Plan 2016-17

	2017-18	Finance			
	Lorn Arc Update	Development and Infrastructure		17 January 2016	
16 March 2017	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting RURA	14 February 2016	
Future Items – date to be determined					
	SOA Delivery Plan Review	Customer Services			To come to future meeting – most likely June 2016.
	IHR Policies: <ul style="list-style-type: none"> • Recruitment and Selection Policy • Maximising Attendance Policy • Improving Employee Performance Policy 	Improvement and HR	As required		<ul style="list-style-type: none"> • To come in 2017/18 • To come in 2016/17 • To come in 2017/18
	Improving Wages in the Care at	Community			

Policy and Resources Committee Work Plan 2016-17

	Home/Housing Support Sector	Services			
	Update on Operation and Performance of the Tarbert and Lochgilphead Regeneration Fund	Development and Infrastructure			
	Business Cases for Tarbert and Lochgilphead Regeneration Fund	Development and Infrastructure			

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES
COMMITTEE****DEVELOPMENT &
INFRASTRUCTURE SERVICES****15 DECEMBER 2016**

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT 4
NOVEMBER 2016**

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the Policy & Resources Committee on progress in delivering the 12 major capital regeneration projects, excluding the nine Lorn Arc projects, led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of the projects as at the 4 November 2016
- 1.2 The paper also reports on key issues that will impact on the successful delivery of the projects from design development stage through to procurement and implementation.
- 1.3 The Helensburgh Town Centre and Esplanade public realm works; Campbeltown Transit Berthing Facility; Oban Stafford Street public realm works; Dunoon Wooden Pier Refurbishment Phases 1a and 1b; and the Rothesay and Campbeltown Townscape Heritage Initiatives have all been completed. The Oban Phase 2 public realm works (George St to Station Square); Rothesay Pavilion Enabling works and Queens Hall Asbestos removal works are on site. Following approval of the design brief specification for the Helensburgh Waterfront development at the Helensburgh & Lomond June Area Committee officers have through a procurement exercise sought to prequalify suitably qualified and experienced design team and cost consultants to take the project forward from concept design stage to detailed design for member approval.
- 1.4 Since the last report the projects remain on track against the March 2016 reported timescales.
- 1.5 Budget: Following the August revision to the Capital Plan an additional capital allocation of £1.95million, was made for the Dunoon Queens Hall project and along with the Helensburgh Waterfront project these are currently low to medium risk of being delivered within the reported budgets. The provision of additional funds is to enable these projects to progress whilst officers continue to seek additional external funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute. Budget details are contained within Appendix A.

1.6 It is recommended that the Policy and Resources Committee:-

Note the current progress and agreed allocation of budget resources to date against each of the projects.

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES
COMMITTEE

DEVELOPMENT &
INFRASTRUCTURE SERVICES

15 DECEMBER 2016

MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT 4
NOVEMBER 2016

2. INTRODUCTION

- 2.1 The progress report sets out the current position of each of the twelve capital regeneration projects, excluding the nine Lorn Arc projects.
- 2.2 The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of each project.
- 2.3 The paper also reports on key issues that will impact on the successful delivery of the projects from development stage through to procurement and implementation.

3. RECOMMENDATION

- 3.1 Note the current progress and agreed allocation of budget resources to date against each of the projects.

4. DETAILS

- 4.1 **Progress** – Projects remain on track against the August 2016 reported timescales.
 - 4.1.1 **Campbeltown** – With the completion of the remaining two key target THI buildings, the Town Hall and 50-52 Main Street (both contribution projects to third parties) the Campeltown CHORD projects have all been completed. At a meeting of the MAKI Area Committee on 5 October it was agreed to transfer the surplus funds of £182,626 to the current HES CARS Initiative, managed by the Transformational Projects and Regeneration Team within EDST.
 - 4.1.2 **Helensburgh – Town Centre Public Realm works** – Officially opened on the 20th June 2015; the project continues to receive very positive feedback. To date the project has been shortlisted for eight awards and received three awards: a Scottish Design Award; Royal Institute Architecture Scotland (RIAS) Award for Public Realm; and Saltire Arts in Public Places Awards and is awaiting decisions on a further three awards. **Helensburgh Waterfront development** – The design brief specification was approved by members at

the Helensburgh & Lomond June Area Committee, following which officers commenced two procurement exercises: (1) Multi-disciplinary Design Team Consultant; and (2) Cost Consultant. Following the publication of Contract Notices we received 14 responses for the Design Team contract and 9 responses for the Cost Consultant contract. The submissions are now the subject of an evaluation process, following on from which it is our intention to invite a minimum of 5 and up to a maximum of 8 consultants to be invited to Tender for each contract opportunity.

4.1.3 Oban - Oban Bay Public Realm works - Phase 1 Stafford - a meeting has taken place with the Capital Regeneration Programme Manager, the Contract Administrator (Capita) and the Contractor with assurances given by the contractor that the outstanding defects works will be addressed in August following their summer shutdown. Whilst the lighting element has been addressed there are still outstanding defects in respect of the hard landscaping which will be rectified at the same time as the replacement of the art work within the laminated glass panels to the upper terrace. The Phase 2 works initially progressed to programme, however we required to extend the programme to enable us to undertake additional works as well as delays in the logistics programme associated with the delivery of lighting columns and bespoke seating. The works continue to receive positive feedback across the community. It is anticipated that surplus funds will be available from the public realm budget allocation and details will be reported to members in due course.

North Pier Visitor Facility – The OLI April 2016 Area Committee approved the revised design option, anticipated final cost £1.4m against a budget allocation of £1.6m, that reflects the outcome of the Mediation meeting held on the 24 September 2015, with focus on function and affordability. Planning permission has been granted. The revised FBC was approved by the Oban Lorn and the Isles Area Committee on 12 October and the Policy & Resources Committee on 27 October.

Oban – Transit Berthing Facility. The current budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. Initial feedback from the cost consultants are indicating that the project cost is likely to be circa £2.4m. The FBC was approved by the Oban Lorn and the Isles Area Committee on 12 October and Policy & Resources Committee on 27 October

As reported above, it is anticipated that there will be surplus funds available from both the public realm and the north pier maritime visitor facility budget allocations to fund the anticipated cost of delivering the transit berthing facility. The Transit Berthing Facility is currently at Stage 2 of the Regeneration Capital Grant Fund application process and is in detailed discussions with HIE in respect of funding support, with decisions expected in January 2017.

4.1.4 Rothesay – THI All THI projects supported by CHORD funding have been successfully completed and subsequently a second round Stage 1 pass of TH Funding has been approved by the Heritage Lottery Fund with a Stage 2 bid now being prepared.

Rothesay Pavilion – The FBC was approved in April 2015, total cost £9,057,873. Funding applications of circa £6m have been approved. Grant applications continue to be made to close the funding gap. - see Appendix A for further details. Following intrusive surveys at the end of 2015 the projected construction costs rose by £1.9m, making the total project cost circa £11m. Subsequently the February 2016 Budget made provision for an additional £1.9m to be made available to progress the project whilst the Rothesay Pavilion Charity (RPC) and council officers continued to seek additional funding.

The advance works exposed a number of issues with the integrity of the building, including the condition of the concrete ceilings and the fire rating of key components. The scope of the advance works was therefore extended to enable these issues to be addressed. All of the advance works are now complete and the practical completion certificate was issued on 21 October.

The Production Information, which forms a key component of the Tender Documentation package is being updated with the information etc resulting from the advance works and the project is on programme to issue the Invitation to Tender at the beginning of January 2017, with Tender Returns programmed for end February 2017.

4.1.5 **Dunoon - Queens Hall** - planning application approved; Building Warrant granted and Transport Regulation Order submitted. Following approval of additional funds the Main Works Contract was awarded to McLaughlin & Harvey Ltd on 7 September. Currently asbestos removal works are being undertaken, the scope of which increased due to the presence of asbestos in the solum of the building. Following the completion of the asbestos removals McLaughlin & Harvey will take occupation of the site at the beginning of December and establish their welfare facilities, site hoardings etc with the physical works commencing at the beginning of January 2017 and running for 60 – 65 weeks through to the beginning of March 2018. **The Wooden Pier** – Phases 1a and 1b are complete and the Final Accounts have been agreed. The project has been delivered within budget.

4.2 **Budget:** Following the August revision to the Capital Plan additional capital allocation, £1.95million, was made for the Dunoon Queens Hall project and along with the Helensburgh Waterfront project these are currently low to medium risk of being delivered within the reported budgets. The provision of additional funds is to enable these projects to progress whilst officers continue to seek additional external funding thereby releasing funds to deliver the Council's wider economic regeneration aspirations across Argyll and Bute. Budget details are contained within Appendix A.

5. CONCLUSION

5.1 Delivering this number of complex capital budgets continues to be a challenge for the team but as outlined in the Report good progress is being made with six

projects now successfully delivered. Since the last report, the procurement exercise for the Helensburgh Waterfront (Design Team and Costs Consultants) has commenced. Inflation in the construction industry along with findings from intrusive surveys in relation to the Rothesay Pavilion project, is putting pressure on project budgets. To help mitigate against tender returns exceeding budgets, cost plans are regularly updated and actions required, reported to Area Committees. Progress against the Programme Plan is regularly reviewed by the Programme Manager and at the monthly Economic Development Management Team meetings.

6. IMPLICATIONS

- | | | |
|-----|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.1 | POLICY | The delivery of this project fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy. |
| 6.2 | FINANCIAL | As outlined in section 4.2 above. |
| 6.3 | LEGAL | Each project will have differing legal requirements; this will be laid out in each project's Project Initiation Document. No legal issues at Programme level. |
| 6.4 | PERSONNEL | The resources required to deliver the Capital Regeneration projects will be continually monitored and reported to the Policy and Resource Committee. |
| 6.5 | EQUAL OPPORTUNITIES | There are no equal opportunities implications. |
| 6.6 | RISK | As outlined in Appendix A |
| 6.7 | CUSTOMER SERVICE | There are no customer service implications. |

Executive Director Development and Infrastructure Services: Pippa Milne

Policy Lead: Ellen Morton

4 November 2016

For further information - please contact John Gordon, CHORD Programme Manager, Tel 01369 708457

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Economic Development and Strategic Transportation.
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APPENDICES

Appendix A – CHORD Programme Highlight Report 4 November 2016
Appendix B – Programme Plan

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