

**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER,
KILMORY, LOCHGILPHEAD
on THURSDAY, 23 FEBRUARY 2017**

Present:

Councillor Len Scoullar (Chair)

Councillor Gordon Blair	Councillor John McAlpine
Councillor Michael Breslin	Councillor Roderick McCuish
Councillor Rory Colville	Councillor Julie McKenzie
Councillor Maurice Corry	Councillor Alex McNaughton
Councillor Robin Currie	Councillor James McQueen
Councillor Vivien Dance	Councillor Bruce Marshall
Councillor Mary-Jean Devon	Councillor Aileen Morton
Councillor George Freeman	Councillor Ellen Morton
Councillor Kieron Green	Councillor Gary Mulvaney
Councillor Anne Horn	Councillor Douglas Philand
Councillor David Kinniburgh	Councillor Elaine Robertson
Councillor Alistair MacDougall	Councillor James Robb
Councillor Neil MacIntyre	Councillor Isobel Strong
Councillor Robert E Macintyre	Councillor Sandy Taylor
Councillor Robert G MacIntyre	Councillor Richard Trail
Councillor Iain Stewart MacLean	Councillor Dick Walsh
Councillor Donald MacMillan	

Also Present:

Alison Palmer

William Hamilton

Attending:

Cleland Sneddon, Chief Executive
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
Charles Reppke, Head of Governance and Law
Kirsty Flanagan, Head of Strategic Finance
Jane Fowler, Head of Improvement and HR

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors John Armour and Donald Kelly. Apologies were also received from Church representatives Margaret Anderson and William Stewart Shaw.

2. DECLARATIONS OF INTERESTS

There were none intimated.

3. MINUTES

The Minutes of the Meeting of Argyll and Bute Council held on 26 January 2017 were approved as a correct record.

4. MINUTES OF COMMITTEES

(a) **Policy and Resources Committee held on 16 February 2017**

The Minutes of the Policy and Resources Committee held on 16 February 2017 were noted.

Arising from item 4 of the Minute (Financial Report Monitoring Pack – December 2016), the Council agreed that this would be dealt with under item 5 of the agenda (Budgeting Pack).

Arising from item 5 of the Minute (Budgeting Pack), the Policy and Resources Committee had referred the Budgeting Pack for consideration to the Council without recommendation. It was noted that this would be considered under item 5 of the agenda (Budgeting Pack).

Arising from 6 of the Minute (Treasury Management Strategy Statement and Annual Investment Strategy), the Policy and Resources Committee had recommended to Council approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy subject to review by the Performance Review and Scrutiny Committee in March 2017; approval of the use of Option 1 (statutory method) for the repayment of loan fund advances in respect of existing capital expenditure and new advances up to 31 March 2021 at an interest rate of 4.644%, with the exception of spend to save schemes where Option 4 (funding/income profile method) will be used; and approval of the ability to use countries with a sovereign rating of AA- and above as recommended by Capita, which would include the use of Abu Dhabi and Qatar, rated as AA. It was noted that this would be considered under item 6 of the agenda (Treasury Management Strategy Statement and Annual Investment Strategy).

Arising from item 8 of the Minute (Appointment of Independent Members to leisure and Libraries Trust Board), the Council agreed that adverts be placed seeking expressions of interest from suitably qualified and experienced individuals from across the area to take up voluntary Trust Board membership; that applications are assessed against the skills and experience criteria in the matrix submitted in the EY Business Case; and that an appointments panel comprising 4 members of the administration and two opposition nominees, plus substitute members, is agreed to appoint board members. The administration would make appointments based on geographical spread with Councillor Dick Walsh being appointed for Bute and Cowal with Councillor Alex McNaughton as a substitute; Councillor Ellen Morton for Helensburgh and Lomond with Councillor Aileen Morton as substitute; Councillor Roddy McCuish for Oban, Lorn and the Isles with Councillor Elaine Robertson as substitute; and Councillor Robin Currie for Mid Argyll, Kintyre and the Islands with Councillor Donald MacMillan as substitute. The Opposition appointed Councillors Gordon Blair and Richard Trail as substantive members; and Councillor Sandy Taylor as substitute member.

Arising from item 10 of the Minute (Draft Revised Road Speed Limit Policy Framework), the Council approved the proposed Road Speed Limit Policy Framework as a Council Policy.

5. BUDGETING PACK

The Council considered the Revenue Budget and Capital Budget papers as contained within the budgeting pack; considered such other appropriate resolutions in relation to these papers and fixed the Council Tax for the year to 31 March 2018 which had been referred without recommendation by the Policy and Resources Committee held on 16 February 2017.

The Leader of the Council proposed the following which was unanimously agreed by the Council –

“Provost. I move that as is the Council’s normal approach to setting the budget that all budget proposals to be put to this meeting should clearly detail how they will be funded and that any amendment to the budget proposals I am about to propose should clearly detail how such changes would be funded ”.

Councillor Iain Stewart MacLean left the meeting during consideration of this item and did not return. The Provost intimated Councillor MacLean’s apologies to the Council.

Motion

The Council:

1. Acknowledges the responses and outcomes from the council’s budget planning consultation;
2. Approves all service plans, noting that the process for service planning is evolving and updating, including improved performance measuring, and subject to their updating following the budget decisions taken today;
3. Notes the detail provided in the Revenue Budget Overview report;
4. Approves the revenue budget for 2017/18, together with the indicative projections for the years 2018/19 and 2019/20 as set down in the Administration’s budget model, attached as Appendix 1;
5. Agrees the detail in the Administration budget model for the 2017/18 to 2019/20 periods as follows:

Funding:

- a) Approving the revenue estimates for 2017/18 and that consequently the local tax requirement estimated at £45.476m is funded from council tax which includes;
 - i. Agreeing the estimate for council tax growth at 0.5% resulting in estimated additional income of £0.207m
 - ii. Ending the current council tax freeze and agree an increase in council tax of 3% to generate additional income of £1.239m to support council service delivery and expenditure;
 - iii. Agreeing the removal of the 10% discount on second homes, producing £380k of funding to support council service costs
- b) Approving the following rates and charges for the year 2017/18:
 - i. Council tax to be paid in respect of a chargeable dwelling in band D of £1,213.34, representing a 3% increase;
 - ii. Council tax to be paid in respect of a chargeable dwelling in each of the other valuation bands in accordance with section 74(1) of the Local Government Finance Act 1992 as amended;
 - iii. Business rates as determined by Scottish Ministers

Expenditure:

- c) Agreeing funding for Argyll and the Isles Tourism Co-operative (AITC) for a further three years, on the basis of a total three-year allocation of £120k through £50k in 2017/18, £40k in 2018/19 and £30k in 2019/20, instructing officers to make the necessary arrangements for a new Service Level Agreement;
- d) Agreeing the continuation of the three-year Service Level Agreements with Islay and Mid Argyll community swimming pools on the basis of the current funding provision, with no additional budget consequences;
- e) Approving the baseline allocation to the Argyll and Bute Health and Social Care Partnership (HSCP) of £54.223m for 2017/18, with indicative allocations of £52.773m for 2018/19 and £51.323m for 2019/20;
- f) Agreeing to earmark an allocation of £200k in the financial year 2017/18 to support any reliability issues with the three-weekly bin collection programme, assisting with the transition and changes to grounds maintenance (grass cutting services) with initiatives to tackle the problems with dog fouling, litter and marine litter, with an emphasis on sustainable community initiatives.
- g) Approving the proposals for fees and charges inflationary increase at 3% and resulting increase in income, and to approve the two new charges as outlined within the fees and charges report;
- h) Approving the provisions for income, employee cost increases, cost and demand pressures, Service Choices savings, efficiency savings, management/operational savings, innovation savings, and adjustments to the HSCP funding arrangements, incorporating removal of £1.450m from the HSCP baseline as per Scottish Government guidance and in line with the appropriate proportion of the £80m national allocation;

Remaining Surplus:

- i) Noting the challenges faced by the HSCP in meeting its cost and demand pressures in the short term and therefore agree to provide one-off transitional funding of £2.137m from the £2.361m arising from alterations in February to the local government settlement, which one-off support will not affect the base allocation to the partnership but will assist in supporting transformational change and smoothing the projected budget gap;
 - j) Agreeing to use the remaining surplus of £193k to reduce the budget gap for 2018/19 (recurring) from £3.559m (adjusted for the AITC allocation for 2018/19) to £3.366m;
6. Accepts the detail and advice within the Reserves and Balances report, and to agree that £4m of the advised unallocated General Fund Balance be used towards budget smoothing for the year 2019/20, with the target saving of £3.366m achievable in 2018/19 and to assist in securing the advised 2019/20 target of £9.330m;
 7. Agrees that officers undertake work to develop a medium to longer term financial strategy that will address the advised indicative funding gaps and savings targets for the years 2018/19, 2019/20 and beyond, incorporating the principles as noted in the revenue budget overview report at paragraph 3.12;
 8. Notes the revenue budget monitoring position as at 31st December 2016 and note that this is an estimated position to be kept under review, and approve in principle that £0.172m of the estimated Customer Services underspend is earmarked and carried forward to be used to develop detailed business cases in respect of 11 digital transformation options and to support the work of the Transformation Board; further noting the forecast underspend for 2016/17 is currently estimated at £1.460m after adjusting for the above earmarked funds;

9. Notes the detail in the financial risks analysis, and in addition the risks analysis carried out by Strategic Finance on the Administration budget;
10. Approves continuing the contingency level for the General Fund balance at a level of 2% net expenditure, equivalent to £4.671m;
11. Approves the draft Capital Plan for the period 2017/18 to 2019/20, including the phasing and cost changes and proposed additions as set out in appendices 2 and 3 of the Capital Plan Summary Report, and to allocate the advised under-commitment and additional capital, amounting to £4.550m, as follows:
 - a. Investing £2m in roads capital improvement works
 - b. Allocating £500k to footpath capital improvement works
 - c. Allocating £200k for the stage 2 submission for the Rothesay Townscape Heritage Initiative project;
 - d. Allocating £700k towards the provision of 3G pitches at Islay High and Rosneath Primary schools, subject to production of satisfactory business cases;
 - e. Allocating £119k to the required Cycling, Walking and Safer Streets initiative;
 - f. Allocation of £1m for legionella-related works in schools and other public buildings as required by legislation;
 - g. Retaining the £31k balance as a contingency.
12. Approves the Corporate Asset Management Strategy;
13. Approves the Corporate Asset Management Plan;
14. Approves the Service Asset Management Plans and ICT Group Asset Management Plan.

Moved Councillor Dick Walsh, seconded Councillor Ellen Morton.

Amendment 1

The Council:

- a. Notes the detail of the report on the Council's budget planning consultation.
- b. Approves all service plans, subject to updating the budget figures in line with the budget agreed for 2017/18.
- c. Notes the Revenue Budget Monitoring position as per the Head of Strategic Finance's report before us today, and approves the revenue budget for 2017/18 as set out in the revenue budget overview report subject to the following:
 - i. the payment of a one-off grant - equivalent to the additional income derived from the 3% increase in Council Tax for 2017/18 - to the Argyll and Bute Health and Social Care Partnership HSCP, to be used to establish a Change Fund - £1.239m
 - ii. the transfer to the General Fund, to be earmarked to resource a three year Community Choices programme (based on the principles of participatory budgeting) through which local communities could win resources which will strengthen and enhance their community - £1.00m
 - iii. to provide a grant to the Argyll and the islands Tourism Co-operative in 2017/18 - £50k
 - iv. to make new budget provision in the Governance and Law and Strategic Finance staff costs budgets of £200k and £80k respectively, to address significant challenges for the new Council and these services - £280k
- d. Notes that this would result in a surplus of £11k to be transferred to the General Fund balance.

- e. Agrees that officers undertake work to develop a medium to longer term financial strategy incorporating the principles as noted in the revenue budget overview report (paragraph 3.12).
- f. Approves the 2017/18 allocation to the Health and Social Care Partnership of £54.223m.
- g. Approves the proposals for the fees and charges inflationary increase and resulting increase in income and to approve the two new charges as outlined within the fees and charges report.
- h. Notes the revenue budget monitoring position as at 31 December 2016 and approve in principle that £0.172m of the Customer Services estimated underspend is earmarked and carried forward to be used to develop detailed business cases in respect of 11 digital transformation options and to support the work of the Transformation Board.
- i. Notes the financial risks analysis.
- j. Approves the contingency level for the General Fund balance at a level of 2% of net expenditure, equivalent to £4.672m and note the report on reserves and balances.
- k. Approves the revenue estimates for 2017/18 and that consequently the local tax requirement estimated at £45.476m is funded from Council Tax.
- l. Approves the following rates and charges for the year, 2017/18:
 - Council Tax to be paid in respect of a chargeable dwelling in Band "D" of £1,213.34. representing a 3% increase.
 - Council Tax to be paid in respect of a chargeable dwelling in each of the other valuation bands in accordance with Section 74(1) of the Local Government Finance Act 1992 as amended.
 - Business Rates as determined by Scottish Ministers.
- m. Notes the previous approval by Policy and Resources Committee on 27 October 2016 and Council on 24 November 2016 to remove the 10% discount on second homes with the additional income retained by the Council.
- n. Notes the uncommitted Capital balance of £3.231m and agrees the following additional commitments
 - i. A continuing investment in the Council Roads Asset/infrastructure - £2.00m
Supported by a report from Council Officers as to the optimum programming of the work over the next two years.
 - ii. A commitment to the maintenance of the School Estate - £500k
Supported by a report from Council Officers on those early interventions necessary to secure the health and safety of users and the maintenance of good educational buildings and learning environments; in 2017/18.
 - iii. Roads drainage improvement works - £200k
Supported by a report from Council Officers as to the optimum programming of this work within 2017/18.
- o. Approves the proposed phasing and cost changes, and the additions as set out in Appendices 2 and 3 of the Capital Plan summary report, and the Capital Plan as set out in Appendix 4 of the Capital Plan, pending consideration of a report on the programming of the additions set out in n. (i. – iii.) above.
- p. Approves the following additions to the capital plan:
 - Legionella related Property Works – estimated to cost around £1.000m.
 - Stage 2 submission of Rothesay THI project - £0.200m.
 - Cycling, Walking and Safer Streets £0.119m (matched to specific grant).
- q. Approves the Corporate Asset Management Strategy.
- r. Approves the Corporate Asset Management Plan.

- s. Approves the Service Asset Management Plans and ICT Group Asset Management Plan.

Revenue Budget Surplus - £2,580,000

	<i>£000</i>
'One-off' Payment to HASC (Change Fund)	1239
Community Choices	1000
Governance & Law	200
Strategic Finance	80
Argyll and Islands Tourism Co-operative	50
Sub-total	2569
Balance to Gen. Fund	11
	<u>£2,580</u>

Unallocated Capital - £4,550.000

	<i>£000</i>
<i>Legionella Related Property Works</i>	<i>1000</i>
<i>Stage II Submission Rothesay THI Project</i>	<i>200</i>
<i>Cycling, Walking and Safer Streets</i>	<i>119</i>
Roads Reconstruction	2000
Road Drainage Improvement	200
Property Maintenance	500
	£4,019
Balance – Unallocated Capital	531
	<u>£4,550</u>

Moved Councillor Sandy Taylor, seconded Councillor Douglas Philand.

Amendment 2

This amendment uses as its basis the revenue budgeting pack issued for both the Policy & Resources and Council meetings of February 2017. The first clause below is provisional, in case there is any change to the budgeting pack issued.

- 1 In the event that a budget motion is produced that in any way differs from the revenue budgeting pack, this budget motion is rejected in its entirety because insufficient time will have been allocated for scrutiny of it. The revenue budgeting pack replaces any tabled budget motion as the basis for the following amendments.
- 2 This motion accepts all the revenue budget recommendations (a) to (l), [with (i) being slightly amended, see below] on page 16 of the council agenda

pack, including the proposals for a 3% council tax increase (and a Band D rate of £1,213.34 as advised on 22 February) but deleting the proposal for a 3% rise in fees and charges. This leaves a starting surplus of £2.267m. There is a slight alteration to the contingency level for the General Fund Balance which is approved at 2%, summarised by the following table after the amendments below are taken into account:

• Net Exp per report	233,293
• Additional net amount	1,667
• Fees and charges, not accepting	313
• Less one offs HSCP and AITC marketing	(289)
• Revised Net Exp	234,984
• 2% contingency	4,700

3 We propose the following additional costs and additional savings:

- A Retain** 1 of the 2 strategic finance posts from Service Choices option **SF01A**. **This adds costs of £59,500.**
- B** The current total cost of corporate management is close to £3m. This proposal is to make a **5% saving** in these costs in the 2017/18 financial year and to initiate a review of the structure to decentralise as much as possible to the 4 administrative areas. The expectation will be that the overall management costs can be reduced by a third by so doing, hence the indicative savings in the following 2 financial years.
This allows an additional saving of £150,000.
- C** Dunoon Harbour loses some £340k per annum. **Based on current costs, plus 10% margin, we should be charging £655k.** Assuming the full economic cost will take 7 months to negotiate, the additional income in 2017/18 is as shown, with full year increases thereafter. This becomes the baseline charge for the harbour and any additional costs, eg if a vehicle service requires more costs, are charged at cost plus 10%
This allows an additional saving of £194,350.
- D Defer** decision on committee structure and member support until the new council considers matters in line with new corporate management structure. This relates to Service Choices saving **GL01a1**. Assume only half the £300k saving is realised in 2017/18 but that it is realised in full in subsequent years. The focus is to be on strengthening the area committees in line with the devolved management structure, with savings coming from the central committees which will no longer be needed.
This adds costs of £150,000.
- E Provide** an additional sum of £100k to each area committee to be spent as the area committee sees fit on ways of enabling amenity services to carry out additional tasks to make our towns and villages as clean, tidy and well prepared as possible.

This adds costs of £400,000.

- F Savings to elected members costs** by removing all additional payments other than to the 4 area chairs, reducing the members' travel budget due to much reduced need to come to Kilmory etc, to accommodate as devolved a structure as possible to the area committee level.
This allows an additional saving of £247,965.
- G** The new structure and improved VC facilities will reduce the travel costs significantly. The overall travel and subsistence budget can be significantly reduced. **The saving is for 3 months with full year savings thereafter.**
This allows an additional saving of £100,000.
- H Allocate 100% of the 3% council tax increase to the IJB in 2017/18.** This allocation is specifically for social care to ensure that we provide the best possible care for the fast increasing elderly population. £1m of this is an addition to the IJB base budget for social care. The £239k balance is for one year only to give the IJB some additional funding to ensure no care beds are lost while a thorough and independent analysis is carried out on care bed needs over a 20 to 25 year period.
This adds costs of £1,239,000.
- I Provide** an one off additional sum to AITC as match funding for marketing. There are 2 conditions to this. One is that AITC can demonstrate the same sum in match funding, in kind or in cash. The second is that the marketing spend is made in ways that benefit equally all 4 administrative areas of Argyll & Bute.
This adds costs of £50,000.
- J Agree** to continue the £50k per annum funding over the next 3 years to Argyll & Islands Tourism Cooperative in recognition of the progress made by AITC and to ensure the continued success of the tourism industry and our area.
This adds costs of £50,000.
- K** This sum is to allow officers to come up with proposals to allow for special waste uplift cases (to cater for individual special needs) and to increase the number of uplifts from public waste disposal points. **Both measure are intended to take the pressure off the green bin 3 weekly collection which has been the subject of much concern.**
This adds costs of £100,000
- L Restructure** the education management above the level of the schools to allow costs to be focussed pupil attainment in schools in line with national targets. Assume 8 months to implement (March 2017 plus 7 months in 2017/18) so 5 month savings shown. Any redundancy costs are to come from the existing severance provision that is earmarked within the General Fund or, if this is insufficient, to be met from the Unallocated General Fund balance.
This saves an additional £166,667
- M Provisional amount** to cover the additional costs of dedicated management of the video conferencing network, see capital proposal.
This adds costs of £40,000.

- N** **Delete** 2017/18 service choices option **EDUC01i**
This relates to the proposed ASN cut so deleting this will assist with the national attainment targets.
This adds costs of £105,000.
- O** **Delete** 2017/18 service choices option **EDUC03c**
Reinstate the 3% uplift to early years providers in line with the national drive to improve early education and childcare
This adds costs of £27,200.
- P** **Delete** 2017/18 service choices option **EDUC05e**
Delete 20% reduction in central repairs budget on the basis that reducing repairs only stores up costs in the future which may be more than the savings made.
This adds costs of £31,000.
- Q** **Delete** 2017/18 service choices option **EDUC07c**
Delete 2017/18 service choices option re pupil support assistants in order to ensure the council works with the national drive to raise attainment.
This adds costs of £12,500.
- R** **Delete** 2017/18 service choices option **EDUC08i**
Delete 2017/18 service choices option re reduction in devolved budgets to secondary schools in order to ensure the council works with the national drive to raise attainment.
This adds costs of £42,000.
- S** **Delete** 2017/18 service choices option **FS03J**
Delete 14.5% reduction in central repairs budget on the basis that reducing repairs only stores up costs in the future which may be more than the savings made.
This adds costs of £41,000.
- T** **Delete** 2017/18 service choices option **FS03K**
Delete 8.4% reduction in central repairs budget on the basis that reducing repairs only stores up costs in the future which may be more than the savings made.
This adds costs of £11,000.
- U** **Delete** 2017/18 service choices option **FS03L**
Delete 21.6% reduction in central repairs budget on the basis that reducing repairs only stores up costs in the future which may be more than the savings made.
This adds costs of £118,000.
- V** **Delete** 2017/18 service choices option **PRS02b**
Delete charges for pre application planning advice on the basis that we need to encourage, not deter, major planning developments.
This adds costs of £10,000.
- W** **Delete** 2017/18 service choices option **PRS02c**
Delete reduction in development management team to ensure no delays to economic development through planning applications.

This adds costs of £30,000.

- X Delete** 2017/18 service choices option **RAMS01j**
Delete reduction in in kind Cowal Games support due to the economic impact such events have for Argyll & Bute and to support the tourism industry of the area.

This adds costs of £10,000.

- The additional costs above total £2,526,200.
- The additional savings above total £858,981.
- The net additional cost totals £1,667,219
- This produces a budget surplus of £599,781

The capital budgeting pack is accepted, ie items m) to r) on page 17 of the agenda pack, other than 2 proposed amendments, as follows:

1 Invest in professional video conferencing suites in Helensburgh, Dunoon, Oban, Rothesay and Campbeltown to the same standard as currently in Kilmory costing an estimated £250,000.

2 Create a Property & Land Improvement Fund from which costs of serving improvement notices will come together with any essential CPO costs. The objective is to allow officers a way of taking action on the derelict land and property in our area. Any assets sold will be paid back into this fund so in time it should become self-financing. The amount to be allocated is £600,000.

Moved Councillor Michael Breslin, seconded Councillor Vivien Dance.

The Provost requested the Head of Strategic Finance to confirm that the Motion and two Amendments before the Council, containing budget proposals, were competent.

The Head of Strategic Finance advised the following –

“I would confirm that all three budget proposals presented here today are financially competent and balanced. No budget is without an element of risk as a budget is an estimate of income and expenditure at a point in time before the income and expenditure has actually happened. That’s why we carry out the financial risk assessment and monitor the position regularly and why there is also a further risk assessment within the reserves and balances report to assess the adequacy of our contingency.

In considering any additional financial risks associated with the three budget proposals before you today, I would make the following comments.

Administration Budget

The Council Leader asked for a risk analysis to be carried out on the Administration’s budget proposal. I undertook this risk assessment which focussed on the Council’s Strategic Risk Register and whether any of the proposals would impact adversely. The risk assessment has given me no cause for concern and the investment in roads has a positive impact on the condition and suitability of our infrastructure and assets

and the one-off funding towards the Health and Social Care Partnership assists in supporting the transformational change required by the IJB.

SNP Budget

The budget proposed by Councillor Sandy Taylor, also includes an investment in roads and one-off funding towards the Health and Social Care Partnership and both these investments will have a positive impact on our area. The proposal also includes the creation of a Community Choices programme which has a positive impact on engaging and understanding the needs of our local community. This proposal gives me no cause for concern.

Reform Group

The budget proposed by Councillor Michael Breslin also includes additional funding for the Health and Social Care Partnership increasing their base budget by £1m and ensuring that funding is provided to support the most vulnerable in our area. As this is going into the base allocation, it will increase the budget deficit in 2018-19 and 2019-20. A review of the management structure to decentralise as much as possible may have a positive impact on engaging and understanding the needs of our local community as could the additional sums allocated to area committees, however, we need to ensure that the Council maintains sound corporate governance and leadership and any review should focus on this. The Strategic Management Team have provided comments to Councillor Breslin on the principal risks associated with this direction of travel. There are two areas of financial risk that I feel I need to make comment on, in my role as Section 95 Officer. They don't affect the competency of the proposal but are issues that I have raised with Councillor Breslin. The first is in relation to proposal (c): Splitting Dunoon from the network wide charging could call into question the network wide approach elsewhere and undermine our ability to continue with this. The risk of that would be that the costs for the maintenance of smaller piers and harbours could not be funded from income and there would be an increased pressure on capital and revenue. The Executive Director of Development and Infrastructure may wish to make further comment. The second is in relation to proposal (g) the saving in respect of travel and subsistence. This saving represents a 42% cut to the current travel and subsistence budgets (excluding the Social Work budgets as they are now managed by the IJB). A large proportion of the budget is linked to front line service delivery, client visits, site visits and in addition, within Education there are statutory functions which necessitate visits to schools as prescribed within the Standards in Scotland's Schools etc. Act 2000, as revised in 2016. I feel that there is a high risk, that even with any new structure and improved VC facilities that this full saving will not be realised.

The Strategic Management Team have also provided comments to Councillor Breslin on the risks associated with proposal (l) and the restructure of education management. Principally, this relates to removing capacity from education management and presents an enormous risk to the council at a time of unprecedented change in education.

In saying all these things, Provost, I would confirm that the three budget proposals presented here today are balanced and competent."

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

Motion	Amendment 1	Amendment 2	No Vote
Councillor Colville	Councillor Blair	Councillor Breslin	Councillor Freeman
Councillor Corry	Councillor Horn	Councillor Dance	
Councillor Currie	Cllr. R E MacIntyre	Councillor Marshall	
Councillor Devon	Cllr. MacKenzie		
Councillor Green	Councillor Philand		
Councillor Kinniburgh	Councillor Robb		
Councillor McAlpine	Councillor Strong		
Councillor McCuish	Councillor Taylor		
Cllr. MacDougall	Councillor Trail		
Cllr. N MacIntyre			
Cllr. R G MacIntyre			
Councillor MacMillan			
Cllr. McNaughton			
Councillor McQueen			
Councillor A Morton			
Councillor E Morton			
Councillor Mulvaney			
Councillor Robertson			
Councillor Scoullar			
Councillor Walsh			

Decision

The Motion was carried by 20 votes; with Amendment 1 receiving 9 votes and Amendment 2 receiving 3 votes.

(Reference: Report by Head of Strategic Finance dated 6 February 2017, submitted; Revenue Budget Pack 2017/18; Capital Budget Pack 2017/18; Motion by Councillor Dick Walsh, seconded by Councillor Ellen Morton; Amendment 1 by Councillor Sandy Taylor, seconded by Councillor Douglas Philand; and Amendment 2 by Councillor Michael Breslin, seconded by Councillor Vivien Dance, tabled)

6. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Council gave consideration to a report, and to the recommendation from the Policy and Resources Committee held on 16 February 2017, which sought approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy which set out the Council's Strategy for borrowing and investment for the forthcoming year along with the Council's Prudential Indicators, which require to be set for a three year period. The report also set out the policy for the repayment of loans fund advances for 2017-18.

Decision

The Council agreed, subject to review by the Performance Review and Scrutiny Committee in March –

1. To approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy subject to review by the Performance Review and Scrutiny Committee in March 2017.
2. To approve the use of Option 1 (statutory method) for the repayment of loan fund advances in respect of existing capital expenditure and new advances up to 31 March 2021 at an interest rate of 4.644%, with the exception of spend to save schemes where Option 4 (funding/income profile method) will be used.
3. To approve the ability to use countries with a sovereign rating of AA- and above as recommended by Capita, which would include the use of Abu Dhabi and Qatar, rated as AA.

(Reference: Report by Head of Strategic Finance dated 6 February 2017, submitted; and Treasury Management Strategy Statement and Annual Investment Strategy 2017/18, submitted)