

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
e.mail – douglas.hendry@argyll-bute.gov.uk

1 December 2017

NOTICE OF MEETING

A meeting of **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **FRIDAY, 8 DECEMBER 2017** at **11:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director - Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES**
Policy and Resources Committee held on 19 October 2017 (Pages 5 - 12)
4. **FINANCIAL MONITORING REPORTING AS AT 31 OCTOBER 2017**
Report by Head of Strategic Finance (Pages 13 - 18)
5. **REVENUE BUDGET OUTLOOK 2018-19 TO 2020-21 - UPDATE**
Report by Head of Strategic Finance (Pages 19 - 36)
6. **PERFORMANCE REPORT - FQ2 2017-18**
Report by Executive Director – Customer Services (Pages 37 - 44)
7. **DRAFT SERVICE PLANS 2017-20 FOR 2018-19 BUDGET**
Report by Executive Director – Customer Services (Pages 45 - 76)
8. **TARBERT AND LOCHGILPHEAD REGENERATION PROJECT - GLEANER PHASE 1 FULL BUSINESS CASE**
Recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 6 December 2017 (to follow) and report by Executive Director – Development and Infrastructure Services (Pages 77 - 94)
9. **ARGYLL AND BUTE EMPLOYABILITY TEAM - UPDATE ON FINANCIAL POSITION AND SERVICE PROVISION GOING FORWARD**
Report by Executive Director – Development and Infrastructure Services (Pages 95 - 108)
10. **COWAL FIXED LINK FUNDING REQUEST**
Report by Executive Director – Development and Infrastructure Services (Pages 109 - 126)

REPORTS FOR NOTING

11. **MAJOR CAPITAL REGENERATION PROJECTS - UPDATE REPORT**
Report by Executive Director – Development and Infrastructure Services (Pages 127 - 148)
12. **POLICY AND RESOURCES COMMITTEE WORK PLAN 2017/18**(Pages 149 - 152)

EXEMPT REPORTS FOR DECISION

13. **REVIEW OF THE DSUK BUSINESS CASE**
 - E1 (a) Presentation by Capital Ambassadors Ltd (CapAm)
 - (b) Public Report by Executive Director - Development and Infrastructure Services (Pages 153 - 158)
- * E2 14. **KILMARTIN MUSEUM REDEVELOPMENT - FURTHER ASSESSMENT OF EXTERNAL FINANCIAL REQUEST**
Report by Executive Director – Development and Infrastructure Services (Pages 159 - 180)

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.

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 6** Information relating to the financial or business affairs of any particular person (other than the authority)
- E2 Paragraph 4** Information relating to any particular applicant for, or recipient or former recipient of any financial assistance provided by the authority.

POLICY AND RESOURCES COMMITTEE

| | |
|-----------------------------|---------------------------------------|
| Councillor John Armour | Councillor Rory Colville |
| Councillor Robin Currie | Councillor Jim Findlay |
| Councillor Kieron Green | Councillor Roderick McCuish |
| Councillor Yvonne McNeilly | Councillor Aileen Morton (Chair) |
| Councillor Ellen Morton | Councillor Gary Mulvaney (Vice-Chair) |
| Councillor Douglas Philand | Councillor Alan Reid |
| Councillor Elaine Robertson | Councillor Len Scoullar |
| Councillor Sandy Taylor | Councillor Richard Trail |

Contact: Hazel MacInnes Tel: 01546 604269

This page is intentionally left blank

**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 19 OCTOBER 2017**

Present: Councillor Aileen Morton (Chair)

| | |
|-----------------------------|-----------------------------|
| Councillor John Armour | Councillor Ellen Morton |
| Councillor Rory Colville | Councillor Douglas Philand |
| Councillor Robin Currie | Councillor Alan Reid |
| Councillor Jim Findlay | Councillor Elaine Robertson |
| Councillor Kieron Green | Councillor Len Scoullar |
| Councillor Roderick McCuish | Councillor Sandy Taylor |
| Councillor Yvonne McNeilly | Councillor Richard Trail |

Attending: Cleland Sneddon, Chief Executive
Douglas Hendry, Executive Director of Customer Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Kirsty Flanagan, Head of Strategic Finance
Anne Paterson, Acting Head of Education
Patricia O'Neill, Central Governance Manager
Jane Jarvie, Communications Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated on behalf of Councillor Gary Mulvaney.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minutes of the Meeting of the Policy and Resources Committee held on 17 August 2017 were approved as a correct record.

4. FINANCIAL MONITORING PACK SUMMARY AS AT 31 AUGUST 2017

A report providing a summary of the financial monitoring reports as at the end of August 2017 was given consideration. There were six detailed reports summarised including the Revenue Budget Monitoring Report as at 31 August 2017, Monitoring of Service Choices Savings as at 31 August 2017, Monitoring of Financial Risks as at 31 August 2017, Capital Plan Monitoring Report as at 31 August 2017, Treasury Monitoring Report as at 31 August 2017 and Reserves and Balances as at 31 August 2017.

Decision

The Policy and Resources Committee –

1. Noted the Revenue Budget Monitoring Report as at 31 August 2017.
2. Noted the progress of the Service Choices Policy Saving Options as at 31 August 2017.

3. Noted the current assessment of the Council's financial risks.
4. Noted the Capital Plan Monitoring Report as at 31 August 2017 and approved the over project cost changes, the project slippages and accelerations noted within Appendix 7 of the Capital Plan Monitoring Report.
5. Noted the Treasury Monitoring Report as at 31 August 2017.
6. Noted the Reserves and Balances Report as at 31 August 2017.

(Reference: Report by Head of Strategic Finance dated 5 October 2017, submitted)

5. BUDGET

* (a) Revenue Budget Outlook 2018-19 to 2020-21

The Policy and Resources Committee gave consideration to a report which further updated them on the position in respect of the budget outlook 2018-19 to 2020-21. The report summarised the detail contained within the report that had been considered by the Committee in August 2017 and provided detail on any assumptions that had been updated.

Decision

The Policy and Resources Committee –

1. Noted the current estimated budget outlook position 2018-19 to 2020-21.
2. Agreed to recommend the submitted report, in its current form, to the Special Council meeting on 26 October 2017 for consideration.

(Reference: Report by Head of Strategic Finance dated 5 October 2017, submitted)

* (b) Management/Operational Savings for 2018-19

A report which provided Members with information on management/operational savings that had been identified between 2018/19 and 2020-21 was given consideration. The savings totalled £0.620m in 2018-19 rising to £1.245m by 2020-21, had no policy implications and would not result in any redundancies, however it could not be assumed that all management/operational savings would not have a service impact.

Decision

The Policy and Resources Committee –

1. Endorsed the management/operational savings identified.
2. Noted that officers would proceed to implement the savings as part of normal business.
3. Agreed to refer the submitted report in its current form to the Special

Council meeting on 26 October 2017 for consideration.

(Reference: Report by Head of Strategic Finance dated 5 October 2017, submitted)

* (c) **Policy Savings for 2018-19**

A report which provided Members with information on Policy Savings which had been identified between 2018-19 to 2020-21 was considered. The savings totalled £1.847m in 2018-19 rising to £5.765m by 2020-21 have policy implications and in some cases could result in redundancies.

The Executive Director – Customer Services clarified that the figure of £1.997m in paragraph 1.1 of the submitted report should be £1.847m as detailed at the bottom of the table on page 49 of the agenda pack.

Decision

The Policy and Resources Committee –

1. Noted the Policy Savings identified.
2. Noted that even if all the savings options were to be accepted there would still be a revenue funding gap for 2018-19 and subsequent years as per the Head of Strategic Finance's Budget Outlook Report.
3. Agreed to recommend to the Special Council on 26 October 2017, the options for further development.

(Reference: Report by Executive Director - Customer Services dated 22 September 2017, submitted)

* (d) **Budget Consultation**

The Policy and Resources Committee gave consideration to a report which set out a consultation exercise which would give communities the opportunity to contribute to transforming the work of the Council.

Decision

The Policy and Resources Committee agreed to recommend to the Special Council meeting on 26 October 2017 that the Council –

1. Carry out the consultation exercise proposed within the submitted report.
2. Note the presentation of the consultation would be developed prior to publication.

(Reference: Report by Executive Director – Customer Services dated 22 September 2017, submitted)

6. MEDIUM TO LONGER TERM FINANCIAL STRATEGY

Audit Scotland recommend that all Councils have long term financial strategies in place, ideally covering five to ten years. The Policy and Resources Committee considered a report which introduced the Council's medium to long term financial strategy. The strategy provided medium to longer term forecasts for revenue, capital and treasury management along with information about what the Council had in place to mitigate against future funding gaps.

Decision

The Policy and Resources Committee endorsed the medium to long term financial strategy for the Council.

(Reference: Report by Head of Strategic Finance dated 26 September 2017, submitted)

7. SERVICE ANNUAL PERFORMANCE REVIEWS 2016/17

The Committee gave consideration to a report which presented the Service Annual Performance Reviews from Customer Services and Strategic Finance for 2016/17, as per the process set out in the Planning and Improvement Framework. The Service Annual Performance Review provides a summary of the key successes, improvements and case studies during the previous year along with identified key challenges and actions to address the challenges.

Decision

The Policy and Resources Committee endorsed the Service Annual Performance Reviews as presented.

(Reference: Report by Executive Director – Customer Services dated 31 August 2017, submitted)

*** 8. COUNCIL ANNUAL REPORT 2016/17**

The Committee gave consideration to a report which presented the draft Council Annual Report 2016/17 which was based on key successes, case studies and challenges from the Service Annual Performance Reviews 2016/17. The presentation of the Council Annual Report fulfilled the Council's statutory duty for Public Performance Reporting while using an appropriate format for users.

Decision

The Policy and Resources Committee –

1. Approved the format and content of the Council Draft Annual Report 2016/17.
2. Agreed that the Draft Council Annual Report 2016/17 is presented to the Argyll and Bute Council meeting on 30 November 2017 prior to publishing.

(Reference: Report by Executive Director – Customer Services dated 20 September 2017, submitted)

*** 9. MICROSOFT LICENSING COSTS**

The Committee gave consideration to a report which focused on changes to the Council's corporate Microsoft Enterprise Agreement. The latest corporate Agreement had expired on 31 May 2017 and had not been renewed as it was no longer affordable. The report looked at outputs from a Licensing Consultancy Service, the implications of Microsoft's pricing strategy, and purchasing arrangements available to the Council. The report recommended the most affordable and practical way forward to allow the Council to use Microsoft Software to help conduct business with minimum or no disruption to services.

Decision

The Policy and Resources Committee agreed to recommend to the Council to –

1. Note that the Council's corporate body no longer operates an Enterprise Agreement with Microsoft with effect from 1 June 2017; and that savings of £208k are anticipated for 2017-18, £222k in 2018-19 and £264k in 2019-20 as a result.
2. Note that these savings would be required in future years in order to fund upgrades to the latest versions of software from 2020 onwards.
3. Approve the retention of the savings in 2017-18, 2018-19 and 2019-20 as earmarked reserves to be used to fund the expected additional costs of Microsoft software in 2020-21 to 2022-23 as this would smooth the annual budgetary requirement.
4. Note that the ICT Service would keep the plan for Microsoft software licensing under annual review.

(Reference: Report by Executive Director – Customer Services dated 16 August 2017, submitted)

10. BUILDING WARRANT FEES

A report which updated Members on changes to Building Warrant fee income which had been increased from 1 July 2017 was given consideration.

Motion

The Policy and Resources Committee –

1. Welcomes the long overdue increase in fees for building warrants across Scotland;
2. Notes with disappointment and concern that the Scottish Government has chosen to tax local services in order to fund a central government division.

Moved by Councillor Aileen Morton, seconded by Councillor Rory Colville

Amendment

1. It is recommended that the Committee welcomes the fee increases for building warrants.

2. It is recommended that the Committee acknowledges the government's proposal to fund the Building Standards Division of the Scottish Government (BSD) by top slicing the GAE.

Moved Councillor Sandy Taylor, seconded Councillor Richard Trail

Decision

On a show of hands vote the Motion was carried by 10 votes to 5 and the Committee resolved accordingly.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2017, submitted; Motion by Councillor Aileen Morton, seconded by Councillor Rory Colville, tabled)

11. TRANSFORMATION PROJECTS & REGENERATION TEAM - LARGE SCALE PROJECT UPDATE REPORT

Consideration was given to a report which set out the current position of the larger scale projects that are mainly externally funded and are being delivered by the Transformation Projects and Regeneration Team. The report also provided information on key issues which would impact on the successful delivery of the projects.

Decision

The Policy and Resources Committee –

1. Noted the current progress contained within the submitted report.
2. Agreed that future update reports are submitted to the Environment, Development and Infrastructure Committee, subject to the retention of any delegations provided for within the remit of the Policy and Resources Committee.
3. Congratulated Officers on the amount of external funding they had brought in across the whole Council area and on the successful delivery of these projects across towns in Argyll and Bute.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2017, submitted)

12. EXPLORING THE PROVISION OF TOWN WI-FI HOTSPOTS INCLUDING AN UPDATE ON HELENSBURGH PILOT PROJECT

The Committee gave consideration to a report which provided an update on the works undertaken in relation to outdoor, public town centre Wi-Fi in Argyll and Bute following on from the Policy and Resources Committee decision to operate a pilot project in Helensburgh.

Decision

The Policy and Resources Committee –

1. Noted the work undertaken in relation to outdoor, publically available Wi-Fi in Helensburgh, Rothesay and Oban.
2. Agreed that the contract for a concession Wi-Fi Service in Helensburgh is formally terminated and the options appraisal is not undertaken.
3. Agreed that, where demand arises, Council infrastructure can be utilised to facilitate the rollout of publically available Wi-Fi through third party operators where there would be no cost or service implications to the Council.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 11 September 2017, submitted)

13. TARBERT AND LOCHGILPHEAD REGENERATION FUND

The Policy and Resources Committee gave consideration to a recommendation from the Mid Argyll, Kintyre and the Islands Area Committee held on 6 September 2017 in relation to the Tarbert and Lochgilphead Regeneration Fund.

Decision

The Policy and Resources Committee endorsed the decision by the Mid Argyll, Kintyre and the Islands Area Committee and –

1. Agreed that the six projects, listed in paragraph 4.19 of the report submitted to the Mid Argyll, Kintyre and the Islands Area Committee on 6 September 2017, should be taken forward with the budgets as detailed and that work should commence on full business cases which will be reported back to Committee for approval as they become available.
2. Agreed the list of four reserve projects, listed at paragraph 4.22 of the report submitted to the Mid Argyll, Kintyre and the Islands Area Committee on 6 September 2017, in the event that any of the projects agreed to be taken to full business case are unable to proceed.

(Reference: Recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 6 September 2017, submitted; and report by Executive Director – Development and Infrastructure Services dated 6 September 2017, submitted)

14. AUDIT SCOTLAND'S PRINCIPLES FOR A DIGITAL FUTURE

A report which gave examples of how Audit Scotland's Principles for a Digital Future were already applied in Council ICT projects was before the Committee for noting. The Principles for a Digital Future report highlighted difficulties in managing large complex digital transformation programmes and set out principles for programme and project management that should be considered when embarking on transformation projects.

Decision

The Policy and Resources Committee noted the content of the report which gave reassurance that the Council's approach to Project Management and Digital Transformation was very much in line with the approach recommended by Audit Scotland.

(Reference: Report by Executive Director – Customer Services dated 27 September 2017, submitted)

15. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT OCTOBER 2017

The Policy and Resources Committee Workplan was before the Committee for noting.

Decision

The Committee noted the Workplan as at October 2017.

(Reference: Policy and Resources Committee Workplan as at October 2017, submitted)

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

E1 16. SIX MONTHLY REPORT ON CASH FLOW SUPPORT LOANS - 1 JANUARY TO 31 AUGUST 2017

A report which set out a summary of the cash flow support loans over the period 1 January 2017 and 31 August 2017 was before the Committee for noting.

Decision

The Policy and Resources Committee noted the content of the report.

(Reference: Report by Head of Strategic Finance dated 19 September 2017, submitted)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****8 DECEMBER 2017**

EXECUTIVE SUMMARY**FINANCIAL REPORT MONITORING PACK – OCTOBER 2017**

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of August 2017. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 31 October 2017
- Monitoring of Service Choices Savings as at 31 October 2017
- Monitoring of Financial Risks as at 31 October 2017
- Capital Plan Monitoring Report as at 31 October 2017
- Treasury Monitoring Report as at 31 October 2017
- Reserves and Balances as at 31 October 2017

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 will be an Appendix 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 There is a forecast underspend of £0.735m as at the end of October 2017. The underspend is in respect of the following:
- Underspend of £0.245m relating to a provision for superannuation costs that is no longer required.
 - Apprenticeship levy estimated to be £0.090m below budget.
 - Over recovery of vacancy savings within Development and Infrastructure of £0.103m.
 - Grant income in Development and Infrastructure relating to expenditure in the previous year £0.097m.
 - Over recovery of Council Tax income amounting to £0.600m.
 - Increased demand within ASN support and residential schools placement estimated overspend of £0.200m (reduced from £0.317m since reported in August).
 - Under recovery of planning fee income estimated to be £0.200m (increase by £0.050m since reported in August).
- 2.1.3 There is a year to date surplus of £15.857m against the year to date budgeted expenditure of £128.473m. The majority of this variance is within Integration Services and relates to profiling. The funds transfer from NHS to Social Work has taken place and the budget profile requires to match when the income was received –this will be corrected in the November monitoring period.

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, potential shortfall or delayed.
- 2.2.2 Of the 125 savings options, 101 have already been delivered, 22 are on track to be delivered and 2 have a potential shortfall. Overall the delivery of service choices savings has been successful.
- 2.2.3 There are 2 savings options reported as having a potential shortfall, both are within Community Services and are summarised below:

ASN Efficiencies - ASN Support is a demand driven service and the needs of our young people will vary periodically due to changes in circumstances, complexity of support package and the number of young people requiring support. The annual review of ASN support has identified a greater need than previously forecast which will potentially reduce the savings achievable in 2017-18 by £0.150m. In addition, it is anticipated that this will continue into next year due to increased demand for the service therefore £0.268m of the saving in 2018-19 will be unable to be met.

Residential Schools – The service provided is for children and young people with complex support needs and each support package is expensive. The service is demand driven and will vary periodically due to changes in

circumstance, complexity of the support package and the number of young people requiring a residential placement. The previous monitoring position reported that the service choices saving of £0.074m for 2017-18 was not achievable and in addition there was a further demand of £0.093m. This forecast has now reduced to a shortfall of £0.050m in the service choices saving with no further demand pressures.

The Service will monitor the variability of demand regularly and update this position during the year as individual support packages are reviewed.

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 possible as noted below:

- Auto enrolment will require the Council to automatically enrol all staff into the pension scheme by October 2017 (although staff may wish to opt out) and this will create an additional cost to the Council in respect of employer superannuation contributions. The budget for 2017-18 has been based on the assumption that 60% of the staff auto enrolled will remain in the scheme. There is a risk that all staff could choose to remain in the scheme and the risk has been quantified at £0.136m should this be the case. This position is currently being assessed and will be reported in due course.
- 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. If an additional payment is required from the Council this will be deducted from future years funding/payments, as set down within the Scheme of Integration. The forecast overspend for 2017-18 as at the end of October 2017 is reported as £3.415m and the share of this apportioned to Argyll and Bute Council is £1.914m.

2.3.3 There are currently 35 departmental risks totalling £3.481m. Only 2 of the risks are categorised as likely, with a potential impact of £0.080m, 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. | 3 | 700 |
| Roads and Amenity Services | Roads Maintenance – Bridges, Culverts & Sea Defences | Extreme localised weather may result in loss of bridge, culvert, road or sea defence. | 3 | 300 |
| Roads and Amenity Services | Roads Maintenance – Road Network | Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects. | 3 | 230 |

2.3.5 The changes to the departmental risks since the last report to Policy and Resources Committee on 19 October 2017 for the period to the end of August are noted below:

Risk Removed:

- Customer and Support Services – Procurement Legal Challenge - The Officer Indemnity policy covers procurement, therefore, this risk is not required.

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 £19.183m compared to a budget for the year to date of £19.507m giving rise to an underspend for the year to date of £0.324m. The forecast outturn for the year is a forecasted underspend of £0.067m.

2.4.3 The £0.324m year to date underspend relates to a number of projects where the year to date spend is ahead of the year to date profile, it is not an indication of the outturn position.

2.4.4 The £0.067m forecast underspend for the year is largely due to forecasted overspend of £0.155m for fleet management which has been offset by a forecasted underspend of £0.071m in the NPDO Solar Panel Installation project and £0.168m relating to flood prevention work.

2.4.5 In respect of total project performance, there are 201 projects within the capital plan, 171 are complete or on target and 30 are off target and recoverable. There are no projects off target and a problem.

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 The external borrowing of the Council increased by £6.7m during the period, due to the need for short term temporary borrowing of £10m for cash flow purposes offset by the repayment of £3.3m of long term loans.

2.5.3 Borrowing is estimated to be below the capital financing requirement for the period to 31 October 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 The levels of investments were £78.9m at 31 October 2017. The rate of return achieved was 0.515% which compares favourably with the target of 7 day LIBID which was 0.120%.

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 £93.115m unusable reserves that are not backed with resources. They are required purely for accounting purposes.

2.6.3 The Council has a total of £58.449m usable reserves as at the end of 31 March 2017. Of this balance, £0.896m relates to Repairs and Renewals Fund, £4.064m relates to Capital Funds and the remainder is held in the General Fund, with £41.519m of the balance earmarked for specific purposes.

2.6.4 Of the earmarked balance of £41.519:

- £25.256m is invested or committed for major initiatives.
- £2.839m has already been drawn down.
- £5.770m is still to be drawn down in 2017-18 and
- £7.654m is planned to spend in future years.

2.6.5 The General Fund contingency is set at 2% of net expenditure for 2017-18. £4m has also been set aside for budget smoothing. Over and above this there is an estimated surplus of £3.239m as shown in the table below.

| | £000 |
|---|--------------|
| Unallocated General Fund Balance as at 31 March 2017 | 3,299 |
| Budgeted surplus for 2017-18 | 193 |
| Balance no longer required | 0 |
| Revised Unallocated General Fund Balance | 3,492 |
| 2017-18 Pay Award funding agreed Council 28 September 2017 | (123) |
| Acquisition of land agreed Council 28 September 2017 | (265) |
| Current Forecast Outturn for 2017-18 as at 31 August 2017 | 135 |
| Estimated Unallocated General Fund Balance as at 31 March 2018 | 3,239 |

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 October 2017.
- b) Note the progress of the service choices policy saving options as at 31 October 2017.
- c) Note the current assessment of the Council's financial risks.
- d) Consider the capital plan monitoring report as at 31 October 2017 and approve the over project cost changes, the project slippages and accelerations noted within Appendix 7 of the capital plan monitoring report.
- e) Note the treasury monitoring report as at 31 October 2017.
- f) Consider the reserves and balances report as at 31 October 2017.

4. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2017-18 as at 31 October 2017. |
| 4.3 | Legal - | None. |
| 4.4 | HR - | None. |
| 4.5 | Equalities - | None. |
| 4.6 | Risk - | Risks are included in financial risks report. |
| 4.7 | Customer Service - | None. |

Kirsty Flanagan, Head of Strategic Finance
8 November 2017

Policy Lead for Strategic Finance and Capital Regeneration Projects -
Councillor Gary Mulvaney

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****8 DECEMBER 2017**

BUDGET OUTLOOK 2018-19 TO 2020-21 - UPDATE

1. EXECUTIVE SUMMARY

- 1.1 A report on the budget outlook 2018-19 to 2020-21 was presented to the Policy and Resources Committee on 17 August 2017 and 19 October 2017. This report provides Members with a further update to the position. It summarises the figures contained in the August report and provides detail on any assumptions that have been updated.
- 1.2 Within the October budget outlook, I advised that loan charges were being reviewed and there was scope to remove at least £1m with the potential to remove more; this was reflected in the October budget outlook report. A detailed review of the current loans charges assumptions has now been concluded and it is estimated that a further £1.2m, in addition to the £1m reported in October, can be removed from the loans charges budget. The level of loans charges budget remaining reflects the previous Council decisions in respect of capital spending and also the approved capital plan through to 2019-20. Should Members wish to provide for additional capital budget via prudential borrowing, then revenue budget would need to be identified to pay for this. This is a matter for Members to decide. The current estimate is that £1.4m of capital expenditure would cost £0.100m in loans charges.
- 1.3 There is a reduction of £0.002m to the previous employee estimate. This has arisen due to an overall reduction in the employee base offset by a higher than estimated cost in respect of increments and inflation. The reduction to the employee base is summarised in paragraph 4.2.3 of the report.
- 1.4 A further review of non-pay inflation has been carried out and one further area of inflation has been identified in respect of the Street Lighting Electricity budget and this amounts to £0.020m. This estimate is in line with the expectations of the financing model for the LED replacement project.
- 1.5 A further review of cost and demand pressures has been carried out and two new cost and demand pressures have been identified:
- ASN – new and increased demand for the service - £0.134m for 2018-19.
 - Reduction in rental income from Statutory Homeless Households placed in Council managed temporary accommodation - £0.088m for 2018-19.
- 1.6 The management/operational savings reported to Council on 26 October 2017 have now been reflected in the budget outlook. They amount to £0.620m rising to £1.245m by 2020-21.
- 1.7 In the mid-range scenario, the budget gap estimated over the three year period

2018-19 to 2020-21 is £18.140m with a gap of £2.328m in 2018-19.

- 1.8 In contrast, the budget gap in the best case scenario over the three years is £9.039m with a surplus of £0.591m in 2018-19 and in the worst case scenario, the budget gap over the three years is £31.648m with a gap of £6.755m in 2018-19. A summary of the best case, worse case and mid-range scenario is included as Appendix 1.
- 1.9 There are a number of policy savings options that have been identified and included within the budget consultation. These will be considered as part of the budget meeting in February. If **all** savings options are accepted, the budget gap in the mid-range scenario reduces to £12.375m by 2020-21 with a gap of £0.480m in 2018-19. These estimates have been included purely for illustrative purposes as this is a matters for Members to decide.
- 1.10 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21.

BUDGET OUTLOOK 2018-19 TO 2020-21 – UPDATE

2. INTRODUCTION

2.1 A report on the budget outlook 2018-19 to 2020-21 was presented to the Policy and Resources Committee on 17 August 2017 and 19 October 2017. This report provides Members with a further update to the position. It summarises the figures contained in the August report and provides detail on any assumptions that have been updated.

2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

3.1 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21.

4. DETAIL**4.1 Base Budget**

4.1.1 The base budget, as reported within the October outlook report, is the 2017-18 budget adjusted for any one-off items agreed as part of the budget and other adjustments that impact the base.

4.1.2 The one-off items adjusted for were:

- Removal of HSCP funding for 2017-18 only.
- Removal of one-off funding for amenity services.
- Removal of one-off cost pressure for Catering and Cleaning post on a spend to save basis.
- Removal of one-off reduction to loans charges.
- Removal of one-off reduction to new schools NDR costs.

4.1.3 The other base adjustments were in relation the following:

- Removal of funding allocated over the last four years for painting Education establishments.
- Reduction to loan charges due to debt profile changes in addition to further savings in loans charges.

- Reduction to Argyll and the Isles Tourism funding as previously agreed.
- Additional cost required for the settled pay award for 2017-18.
- Release of surplus balances sitting against two European Projects.

4.1.4 Within the October budget outlook, I advised that loan charges were being reviewed and there was scope to remove at least £1m with the potential to remove more; this was reflected in the October budget outlook report. A detailed review of the current loans charges assumptions has now been concluded and it is estimated that a further £1.2m, in addition to the £1m reported in October, can be removed from the loans charges budget. The level of loans charges budget remaining reflects the previous Council decisions in respect of capital spending and also the approved capital plan through to 2019-20.

4.1.5 The loans charges budget is a particularly complex area, with many assumptions and different approaches. For example, length of repayment periods in respect of capital advances, borrowing decisions, use of cash balances and cash flow. The review took into consideration:

- The current maturity profile of the principal repayments.
- The anticipated level of new advances (based on the current capital plan), the timing of the advances and the type of asset being procured to determine the annual repayment to be charged to revenue.
- The current external loans to determine the interest which is payable in respect of these loans.
- The likely levels of new borrowing and the interest rates which may be payable.
- The estimated level of investments and the estimated rate of return.

The outputs of the review above are then combined to produce the overall estimate of the level of loans charges which require to be funded by the revenue budget.

4.1.6 The savings come from a number of factors including:

- Lower interest rates on replacement borrowing.
- Lower interest rates than forecast on new borrowing.
- Lower cost of borrowing as cash balances are being used.
- Lower level of capital advances where there has been slippage in the capital programme.

4.1.7 It should be noted that the impact of a rise in interest rates, likely in the medium term, will have little impact on the Council's interest payments as the vast majority of the Council's loans are at fixed rates.

4.1.8 As previously noted, the level of loans charges budget remaining reflects the previous Council decisions in respect of capital spending and also the approved capital plan through to 2019-20. Should Members wish to provide for additional capital budget via prudential borrowing, then revenue budget would need to be identified to pay for this. This is a matter for Members to decide. The current estimate is that £1.4m of capital expenditure would cost £0.100m in loans

charges.

4.1.9 The table below summarises the base budget in the mid-range scenario.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|---|-------------------------|-------------------------|-------------------------|
| Base Budget 2017-18 | 235,680 | 235,680 | 235,680 |
| One-off adjustments already reported | (1,626) | (1,626) | (1,626) |
| Other base adjustments already reported | (2,286) | (3,047) | (3,077) |
| Further reduction to loans charges | (1,200) | (1,200) | (1,200) |
| Revised Base Budget | 230,568 | 229,807 | 229,777 |

4.2 Employee Cost Changes

4.2.1 The employee cost change assumptions included in the previous budget outlook reports related to the pay award, increments, the cost of auto enrolment and the saving in superannuation payments.

4.2.2 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 (assuming pay inflation at mid-range scenario assumption 2%), 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.

4.2.3 In terms of the level of employee budgets for 2018-19, the expectation would be that the budget would reflect the 2017-18 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2018-19 there is an overall saving on the employee budget base of £0.382m. The main reasons for the reduction to employee budget base are summarised below:

- Education – reduction of £0.184m which reflects a year on year reduction to school roll related teacher entitlements; there remains sufficient budget provision within Education to meet the pupil teacher ratio and total FTE as per the 2016 census return.
- Customer and Support Services – reduction of £0.049m mainly due to staff turnover and a reduced cost of superannuation.
- Roads and Amenity Services - reduction of £0.179m due to turnover of staff who are on a lower spinal column point, removal of obsolete post and a reduction in overtime and standby.

4.2.4 The cost of the pay inflation and increments as well as the changes to the employee base are compared to the original estimate included within the budget outlook and the table below summarises a £0.002m reduction to the budget gap within the mid-range scenario.

| Category | Budget Outlook Mid-Range £000 | Draft 2018-19 Budget £000 | Increase (Decrease) to Budget Gap £000 |
|---|--|--|---|
| Pay Award (includes base pay award, NI & SA as a result of pay award and Living Wage) | 2,200 | 2,243 | 43 |
| Increments | 327 | 664 | 337 |
| Change to Employee Base | 0 | (382) | (382) |
| Total | 2,527 | 2,525 | (2) |

4.2.5 The actual cost of increments and the change to the employee base will be updated in both the best and worst case scenarios, however, the pay award estimates of 1.5% (best case) and 2.5% (worst case) will remain as pay negotiations for 2018-19 are still outstanding.

4.2.6 In respect of auto enrolment, I noted in the previous budget outlook report that all eligible staff will require to be auto enrolled on 1 October 2017. It has been assumed, for the mid-range scenario, that 60% of staff auto enrolled would remain in the scheme at a cost of £0.205m (half year), £0.410m (full year). It was the intention to provide detail of the actual costing within this budget outlook update, however, it is expected that there will be opt outs following the LGE staff pay date on 14 November and the auto enrolment cost will be calculated following this. It will also be reviewed over the next three months to keep track of any further opt-outs with any budget estimate reduced accordingly.

4.2.7 The table below summarises the employee cost increases in the mid-range scenario.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Employee Cost Changes as per October report. | 2,487 | 5,058 | 7,674 |
| Change to employee costs following salary template analysis. | (2) | (2) | (2) |
| Revised Total Employee Cost Changes | 2,485 | 5,056 | 7,672 |

4.3 Non-Pay Inflation

4.3.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2018-19 was carried out during September and reported as part of the October budget outlook report. One further area of inflation has been identified in respect of the Street Lighting Electricity budget and this amounts to £0.020m. This estimate is in line with the expectations of the financing model for the LED replacement project.

- 4.3.2 The table below summarises the non-pay inflation increases in the mid-range scenario, with further detail provided within Appendix 2.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Non-Pay Inflation as per October report. | 910 | 1,820 | 2,730 |
| Street Lighting Electricity | 20 | 40 | 60 |
| Revised Total Non-Pay Inflation | 930 | 1,860 | 2,790 |

4.4 Cost and Demand Pressures

- 4.4.1 A review of the cost and demand pressures required in 2018-19 was carried out during September and reported as part of the October budget outlook report. A further review was carried out during October/November and a further two cost and demand pressures have been identified as noted in the table below, with further detailed provided in Appendix 3b.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| ASN – new and increased demand for the service | 134 | 134 | 134 |
| Reduction in rental income from Statutory Homeless Households placed in Council managed temporary accommodation. | 88 | 97 | 107 |
| Total | 222 | 231 | 241 |

- 4.4.2 The table below summarises the total cost and demand pressures in the mid-range scenario for Council services with further detail provided within Appendix 3a and 3b.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Cost and Demand Pressures as per October report. | 1,629 | 2,718 | 2,919 |
| New Cost and Demand Pressures | 222 | 231 | 241 |
| Revised Total Cost and Demand Pressures | 1,851 | 2,949 | 3,160 |

4.5 Fees and Charges

- 4.5.1 The fees and charges inflationary estimate has not changed from the previous outlook. The estimate is based on a range of between 1% (worst case) to 5% (best case) with 3% being the mid-range assumption. The mid-range scenario estimates £0.310m of fees and charges inflation each year.

4.6 Savings Already Agreed

- 4.6.1 There are a number of savings already agreed in relation to service choices savings, management and operational savings agreed in February 2016, efficiency savings agreed in October 2016 and savings as a result of the print management solution currently being implemented. These were reported and included in the previous budget outlook.
- 4.6.2 At the Council meeting on 26 October 2017, Members were advised that in view of future savings requirements, a Transformation Board was established to oversee all the Council's transformational opportunities. A significant area of work for the Board over the short to medium term is to challenge services to deliver savings. Officers have been working on identifying savings for their service to match the minimum target set by the Transformation Board. The aim was for the savings options to be transformational in nature. Some of the savings options identified have no policy implications, will not result in voluntary or compulsory redundancy and are in effect management/operational savings that management will go ahead and implement as part of normal business. Policy options have also been identified and Council agreed that they would be included within the budget consultation and considered at the budget meeting in February 2018.
- 4.6.3 The table below summarises the already agreed savings in addition to the new management/operational savings.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Savings already agreed and included in previous budget outlook | (1,396) | (1,396) | (1,396) |
| New management/operational savings reported October | (620) | (919) | (1,245) |
| Revised Total Savings | (2,016) | (2,315) | (2,641) |

4.7 Health and Social Care Partnership

- 4.7.1 The assumptions for the Health and Social Care Partnership have not changed since the previous budget outlook. It is assumed that a reduction could be applied to our payment to the partnership of between no reduction (worst case) and £1.450m (best case) with a mid-range reduction of £0.725m. Further clarity on what will be permitted should be contained within the Local Government settlement.
- 4.7.2 It has also been assumed that the Health and Social Care Partnership will absorb any cost increases, however, this will ultimately be a decision for Members. Some of the Social Work pressures are similar to pressures on the Council side, however, some are specific to Social Work. The Council might reasonably have an expectation that some of these pressures will be met from resource being transferred from NHS to Social Work in line with the principles behind integration and that any relating to new policy commitments by Scottish Government would be fully funded.

- 4.7.3 Detail on the non-pay inflation and the other cost and demand pressures (excluding pay inflation and increments) is included within Appendix 4a and 4b.

4.8 Funding

Scottish Government Finance Settlement

- 4.8.1 The Scottish Government funding estimate has not changed since the previous outlook and the table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--------------------------------|-----------------|-----------------|-----------------|
| % Change to Funding | -4.0% | -4.0% | -4.0% |
| Estimated SG Funding Reduction | (7,616) | (7,311) | (7,019) |
| Estimated SG Funding | 182,781 | 175,470 | 168,451 |

Council Tax

- 4.8.2 The Council Tax assumptions were based on an increase to the Council Tax base of £0.600m reflecting increased collection of double Council Tax on empty homes in addition to an overall increase in the base, further growth of the Council tax base of between 0.25% (worst case) and 0.75% (best case) with a mid-range of 0.50% in addition to a Council Tax increase equal to the Scottish Government cap of 3% in all three scenarios. These assumptions have not changed since the last budget outlook report.
- 4.8.3 The table below summarises the estimated total funding in the mid-range scenario.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--------------------------------|-----------------|-----------------|-----------------|
| Estimated SG Funding | 182,781 | 175,470 | 168,451 |
| Council Tax Base | 45,476 | 45,476 | 45,476 |
| Increase to Base | 600 | 600 | 600 |
| Council Tax Growth | 227 | 462 | 706 |
| 3% Increase to Council Tax | 1,371 | 2,797 | 4,280 |
| Total Estimated Funding | 230,455 | 224,805 | 219,513 |

4.9 Summary of Estimated Budget Gap

- 4.9.1 The table below summarises the revised estimated budget gap in the mid-range scenario.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Base Budget | 230,568 | 229,807 | 229,777 |
| Employee Cost Changes | 2,485 | 5,056 | 7,672 |
| Non-Pay Inflation | 930 | 1,860 | 2,790 |
| Cost and Demand Pressures | 1,851 | 2,949 | 3,160 |
| Fees and Charges | (310) | (620) | (930) |
| Savings Already Agreed | (2,016) | (2,315) | (2,641) |
| HSCP Payment Adjustment | (725) | (1,450) | (2,175) |
| Total Estimated Expenditure | 232,783 | 235,287 | 237,653 |
| Total Estimated Funding | 230,455 | 224,805 | 219,513 |
| Updated Budget Surplus / (Gap) Cumulative | (2,328) | (10,482) | (18,140) |
| Updated Budget Surplus / (Gap) In Year | (2,328) | (8,154) | (7,658) |

- 4.9.2 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £18.140m with a gap of £2.328m in 2018-19.
- 4.9.3 In contrast, the budget gap in the best case scenario over the three years is £9.039m with a surplus of £0.591m in 2018-19 and in the worst case scenario, the budget gap over the three years is £31.648m with a gap of £6.755m in 2018-19. A summary of the best case, worse case and mid-range scenario is included as Appendix 1.
- 4.9.4 The table below shows the movement in the mid-range budget gap since the budget outlook report in October.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|---|-------------------------|-------------------------|-------------------------|
| Budget Surplus / (Gap) Cumulative – October Outlook Report | (3,908) | (12,332) | (20,286) |
| Further Loans Charges Saving | 1,200 | 1,200 | 1,200 |
| Employee Cost Changes | 2 | 2 | 2 |
| Increase to Non-Pay Inflation | (20) | (40) | (60) |
| Increase to Cost and Demand Pressures | (222) | (231) | (241) |
| New management/operational savings reported October | 620 | 919 | 1,245 |
| Budget Surplus / (Gap) Cumulative | (2,328) | (10,482) | (18,140) |
| Budget Surplus / (Gap) In Year | (2,328) | (8,154) | (7,658) |

- 4.9.5 As previously noted, there are a number of policy savings options that have been identified and included within the budget consultation. These will be considered as part of the budget meeting in February 2018. The table below illustrates the revised budget gap if **all** savings options are accepted, however, this is a matter for Members to decide.

| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
|---|-----------------|-----------------|-----------------|
| Budget Surplus / (Gap) Cumulative – as noted above | (2,328) | (10,482) | (18,140) |
| Policy Savings Options included in budget consultation | 1,848 | 3,866 | 5,765 |
| Budget Surplus / (Gap) Cumulative | (480) | (6,616) | (12,375) |
| Budget Surplus / (Gap) In Year | (480) | (6,136) | (5,759) |

5. CONCLUSION

5.1 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £18.140m with a gap of £2.328m in 2018-19.

6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best, worst and mid-range scenarios in respect of the budget outlook.
- 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 budget gap will need to consider equalities.
- 6.6 Risk - None directly from this report but any proposals to address the forecast budget gap will need to consider risk.
- 6.7 Customer Service - None directly from this report but any proposals to address the forecast budget gap will need to consider customer service.

**Policy Lead for Strategic Finance and Capital Regeneration Projects -
Councillor Gary Mulvaney**

**Kirsty Flanagan
Head of Strategic Finance
22 November 2017**

APPENDICES:

- Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
- Appendix 2 – Non-Pay Inflation
- Appendix 3 – Cost and Demand Pressures
- Appendix 4a – Social Work Non-Pay Inflation
- Appendix 4b – Social Work Cost and Demand Pressures

| | Best Case Scenario | | | Mid-Range Scenario | | | Worst Case Scenario | | |
|--|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
| Base Budget | 235,680 | 235,680 | 235,680 | 235,680 | 235,680 | 235,680 | 235,680 | 235,680 | 235,680 |
| Base Budget Adjustments | (5,112) | (5,873) | (5,903) | (5,112) | (5,873) | (5,903) | (5,112) | (5,873) | (5,873) |
| Revised Base Budget | 230,568 | 229,807 | 229,777 | 230,568 | 229,807 | 229,777 | 230,568 | 229,807 | 229,807 |
| Pay Award | 1,650 | 3,325 | 5,025 | 2,243 | 4,487 | 6,776 | 2,750 | 5,568 | 8,457 |
| Pay Increments | 664 | 664 | 664 | 664 | 991 | 1,318 | 664 | 1,318 | 1,972 |
| Auto Enrolment | 69 | 69 | 69 | 205 | 205 | 205 | 479 | 479 | 479 |
| Employers Superannuation Budget no longer required | (245) | (245) | (245) | (245) | (245) | (245) | (245) | (245) | (245) |
| Change to employee base | (382) | (382) | (382) | (382) | (382) | (382) | (382) | (382) | (382) |
| Total Employee Cost Changes (Council Services) | 1,756 | 3,431 | 5,131 | 2,485 | 5,056 | 7,672 | 3,266 | 6,738 | 10,281 |
| Non-Pay Inflation - Council Services | 930 | 1,860 | 2,790 | 930 | 1,860 | 2,790 | 1,870 | 3,740 | 5,610 |
| Universal Credit - HB Admin Grant | 75 | 150 | 150 | 75 | 150 | 150 | 75 | 150 | 150 |
| Local Plan Enquiry | 0 | 90 | 0 | 0 | 90 | 0 | 0 | 90 | 0 |
| New Schools Unitary Charges | 1,206 | 1,555 | 1,555 | 1,206 | 1,555 | 1,555 | 1,206 | 1,555 | 1,555 |
| Waste PPP Financial Model | 254 | 560 | 560 | 254 | 560 | 560 | 254 | 560 | 560 |
| Discretionary Business relief due to 2017 revaluations | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Asbestos Management Plan | 0 | 0 | 20 | 0 | 0 | 40 | 0 | 0 | 60 |
| Carbon Reduction Scheme | 0 | 0 | 0 | 0 | 13 | 13 | 0 | 25 | 25 |
| Renewal of School and Public Transport Contracts Tیره | 0 | 0 | 0 | 4 | 4 | 4 | 8 | 8 | 8 |
| Renewal of School and Public Transport Contracts Mid Argyll | 0 | 0 | 0 | 11 | 16 | 16 | 22 | 33 | 33 |
| Removal of Fire and Rescue Scotland Contract | 5 | 5 | 5 | 11 | 11 | 11 | 18 | 18 | 18 |
| Regrading Catering Staff | 35 | 36 | 37 | 55 | 56 | 57 | 75 | 76 | 77 |
| ASN - new and increased demand for the service in 2018-19 | 0 | 0 | 0 | 134 | 134 | 134 | 268 | 268 | 268 |
| Reduction in rental income from Statutory Homeless Households placed in Council managed temporary accommodation. | 75 | 82 | 90 | 88 | 97 | 107 | 118 | 130 | 143 |
| General Allowance for Unidentified Cost and Demand Pressures | 0 | 0 | 0 | 0 | 250 | 500 | 0 | 500 | 1,000 |
| Total Cost and Demand Pressures | 1,663 | 2,491 | 2,430 | 1,851 | 2,949 | 3,160 | 2,057 | 3,426 | 3,910 |
| Fees and Charges | (517) | (1,034) | (1,551) | (310) | (620) | (930) | (103) | (206) | (309) |
| Savings Already Agreed | (1,396) | (1,396) | (1,396) | (1,396) | (1,396) | (1,396) | (1,396) | (1,396) | (1,396) |
| New Management/Operational Savings identified October 2017 | (620) | (919) | (1,245) | (620) | (919) | (1,245) | (620) | (919) | (1,245) |
| Total Savings | (2,016) | (2,315) | (2,641) | (2,016) | (2,315) | (2,641) | (2,016) | (2,315) | (2,641) |
| <i>Social Work Cost Pressures - For Information:</i> | | | | | | | | | |
| <i>Pay Award - Social Work Services in HSCP</i> | 386 | 778 | 1,176 | 523 | 1,049 | 1,585 | 644 | 1,304 | 1,981 |
| <i>Pay Increments - Social Work in HSCP</i> | 87 | 87 | 87 | 87 | 150 | 213 | 87 | 213 | 339 |
| <i>Change to employee base - Social Work in HSCP</i> | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 | 107 |
| <i>Non-Pay Inflation - Social Work in HSCP</i> | 893 | 1,786 | 2,679 | 893 | 1,786 | 2,679 | 1,308 | 2,616 | 3,924 |
| <i>Older People Growth - Social Work in HSCP</i> | 714 | 1,450 | 2,208 | 1,071 | 2,190 | 3,360 | 1,428 | 2,942 | 4,547 |
| <i>Care Services for Younger Adults - Social Work in HSCP</i> | 0 | 0 | 0 | 482 | 986 | 1,512 | 964 | 2,014 | 3,159 |
| <i>Carer's Act New Duties - Social Work in HSCP</i> | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| <i>Continuing Care for Looked After Children - Social Work in HSCP</i> | 0 | 0 | 0 | 233 | 477 | 734 | 465 | 977 | 1,540 |
| <i>Sleepovers - Social Work in HSCP</i> | 111 | 143 | 172 | 182 | 246 | 303 | 222 | 286 | 343 |
| <i>Lorne Campbell Court - Social Work in HSCP</i> | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| <i>Sleepover provision in Education Hostels - Social Work in HSCP</i> | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 |
| <i>National Care Home Contract - Social Work in HSCP</i> | 195 | 200 | 205 | 390 | 410 | 430 | 585 | 629 | 676 |
| Fund Health and Social Care Cost Pressures | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 1,000 | 1,500 |
| Health and Social Care Payment Adjustment | (1,450) | (2,900) | (4,350) | (725) | (1,450) | (2,175) | 0 | 0 | 0 |
| Total Adjustments to Health and Social Care Partnership | (1,450) | (2,900) | (4,350) | (725) | (1,450) | (2,175) | 500 | 1,000 | 1,500 |
| Total Estimated Expenditure | 230,934 | 231,340 | 231,586 | 232,783 | 235,287 | 237,653 | 236,142 | 242,190 | 248,158 |
| Scottish Government Grant | 183,733 | 177,302 | 171,096 | 182,781 | 175,470 | 168,451 | 181,829 | 173,647 | 165,833 |
| Council Tax | 47,792 | 49,583 | 51,451 | 47,674 | 49,335 | 51,062 | 47,558 | 49,091 | 50,677 |
| Total Funding | 231,525 | 226,885 | 222,547 | 230,455 | 224,805 | 219,513 | 229,387 | 222,738 | 216,510 |
| Budget Surplus / (Gap) Cumulative | 591 | (4,455) | (9,039) | (2,328) | (10,482) | (18,140) | (6,755) | (19,452) | (31,648) |
| Budget Surplus / (Gap) In Year | 591 | (5,046) | (4,584) | (2,328) | (8,154) | (7,658) | (6,755) | (12,697) | (12,196) |

| Department | Service | Inflation Category | Basis of Inflation | 18-19 Inflation % | Inflation 2018-19 £000 |
|---|------------------------------|---|--|-------------------|------------------------|
| Council Wide | Council Wide | Non Domestic Rates | Last year it was forecasted on RPI rate as at Q1 2017. The current rate of RPI has been used at present to allow consideration of the potential costs. | 2.60% | 128 |
| Council Wide | Council Wide | Non Domestic Rates Relief | Last year it was forecasted on RPI rate as at Q1 2017. The current rate of RPI has been used at present to allow consideration of the potential costs. | 2.60% | 4 |
| Council Wide | Council Wide | Computer Software | Software charges typically increase by RPI each year. | 2.60% | 18 |
| Council Wide Total | | | | | 150 |
| Community Services | Education | Pre-Primary Partner Provider Uplift | Inflationary increase agreed as per service choices | 1.00% | 17 |
| Community Services Total | | | | | 17 |
| Customer Services | Facility Services | Catering Purchases and Milk | Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit, butter prices have risen significantly which has a material impact (cost of cream for butter production has increased from 74p per litre to over £3). | 5.00% | 85 |
| Customer Services | Facility Services | School and Public Transport Contract Fuel Uplifts | Inflation to fuel element of transport contracts based on projected fuel price increases. Only the fuel element of the contracts would be affected by this uplift. | 3.90% | 50 |
| Customer Services | Special Projects | Community Pool Subsidies | Forecasted RPI rate for Q1 2018 has been used. | 3.50% | 22 |
| Customer Services | NPDO | NPDO, Hub Schools | NPDO and Hub Schools contracts are subject to inflation year on year. | 2.60% | 342 |
| Customer Services Total | | | | | 499 |
| Development and Infrastructure | Head of Economic Development | Events and Festivals | Service Level Agreements for Major Events & Festivals | 2.50% | 2 |
| Development and Infrastructure | Roads and Amenities | Landfill Tax | Published predicted landfill taxes from Scottish Government | 2.01% | 58 |
| Development and Infrastructure | Roads and Amenities | Waste PPP Contract | 85% of RPIX between July 16 and July 17 | 3.29% | 184 |
| Development and Infrastructure | Roads and Amenities | Street Lighting Electricity | 3% increase in line with the expectations of the financing model for the LED replacement project. | 3.00% | 20 |
| Development and Infrastructure Total | | | | | 264 |
| Grand Total | | | | | 930 |

COST AND DEMAND PRESSURES 2018-19 TO 2020-21 (ALREADY IN BUDGET OUTLOOK)

APPENDIX 3a

| Department | Service | Cost/Demand Pressure | Best Case Scenario | | | Mid-Range Scenario | | | Worst Case Scenario | | |
|-------------------|-------------------------------|---|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| | | | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
| Customer Services | Customer and Support Services | Increased cost to the Council of awarding discretionary relief to businesses in Argyll and Bute following the 2017 revaluation. | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Customer Services | Customer and Support Services | Universal Credit "Full" Service goes live in May 2018. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council from 2018/2019 as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. It is too early to predict what the impact will be on the Council's caseload and at this stage we will not know the size of the funding reduction from DWP until December 2018. These figures represent our best estimates at this time. | 75 | 150 | 150 | 75 | 150 | 150 | 75 | 150 | 150 |
| Customer Services | Executive Director | Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools. | 1,206 | 1,555 | 1,555 | 1,206 | 1,555 | 1,555 | 1,206 | 1,555 | 1,555 |
| Customer Services | Facility Services | There is an ongoing need for the Council to manage the activities associated with delivery of the Asbestos Management Plan. An earmarked reserve equivalent to £90k per annum was agreed by the Council in FQ2 2017 which should allow the management arrangements to be funded until FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the worst case scenario is that funding of the anticipated staff resource will continue to be required beyond 2020. | 0 | 0 | 20 | 0 | 0 | 40 | 0 | 0 | 60 |
| Customer Services | Facility Services | The annual payment of allowances under the Carbon Reduction Commitment scheme ends in its present form on 31 March 2019. There is the risk that this may lead to the introduction of a more punitive regime. | 0 | 0 | 0 | 0 | 13 | 13 | 0 | 25 | 25 |

COST AND DEMAND PRESSURES 2018-19 TO 2020-21 (ALREADY IN BUDGET OUTLOOK)

APPENDIX 3a

| Department | Service | Cost/Demand Pressure | Best Case Scenario | | | Mid-Range Scenario | | | Worst Case Scenario | | |
|--------------------------------|----------------------------------|---|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| | | | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
| Customer Services | Facility Services | Renewal of school and public transport contracts in Tiree in April 2018 | 0 | 0 | 0 | 4 | 4 | 4 | 8 | 8 | 8 |
| Customer Services | Facility Services | Renewal of school and public transport contracts in Mid Argyll in July 2018 | 0 | 0 | 0 | 11 | 16 | 16 | 22 | 33 | 33 |
| Customer Services | Facility Services | Removal of Fire and Rescue Scotland Contract (undergoing re-tender exercise at present) | 5 | 5 | 5 | 11 | 11 | 11 | 18 | 18 | 18 |
| Customer Services | Facility Services | Re-grading implications within Catering Services due to the impact of the Living Wage differentials. | 35 | 36 | 37 | 55 | 56 | 57 | 75 | 76 | 77 |
| Development and Infrastructure | Planning and Regulatory Services | Local Plan Enquiry. There is a requirement for the Council to have a local plan enquiry every 5 years as part of legislation - as this is a one-off cost every five years there is no resource included within the current budget. | 0 | 90 | 0 | 0 | 90 | 0 | 0 | 90 | 0 |
| Development and Infrastructure | Roads and Amenity | Waste Financial Model - This relates to the financial model that was developed, which forecast overall waste costs until 2039-40. The cost pressure is £254k in 18-19 and £560k in 19-20 and there is no additional cost pressure for 2020-21. However the landfill ban comes into place in January 2021 and it should be noted that this could lead to possible variations with the Shanks contract. | 254 | 560 | 560 | 254 | 560 | 560 | 254 | 560 | 560 |
| Council Wide | Council Wide | General provision for unidentified Cost and Demand Pressures | 0 | 0 | 0 | 0 | 250 | 500 | 0 | 500 | 1,000 |
| TOTAL | | | 1,588 | 2,409 | 2,340 | 1,629 | 2,718 | 2,919 | 1,671 | 3,028 | 3,499 |

NEW COST AND DEMAND PRESSURES 2018-19 to 2020-21

APPENDIX 3b

| Department | Service | Cost/Demand Pressure | Best Case | | | Mid Range Scenario | | | Worst Case | | |
|--------------------------------|--|---|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
| Community Services | Education | The demand for ASN support in Argyll and Bute has continued to grow with children and young people presenting with complex additional support needs and, as a result it hasn't been possible to reduce the number of ASN assistant posts as anticipated while ensuring legislative compliance. It is anticipated that this will continue into 2018/19. The worst case scenario represents a 0.5% increase, the best case represents no increase, with the mid-range being a 0.25% increase in provision as a result of new and increased demand for the service. | 0 | 0 | 0 | 134 | 134 | 134 | 268 | 268 | 268 |
| Development and Infrastructure | Planning Housing and Regulatory Services | Reduction in rental income from Statutory Homeless Households placed in Council managed temporary accommodation. The implementation of Full Service Universal Credit in May 2018 will result in households getting a direct payment of Universal Credit instead of housing benefit being paid direct to the Council. The Universal Credit housing element will not cover the full rent charge in all cases where the household is single and under 35 due to the limitations in the rent element prescribed by the Department of Work and Pensions (DWP). The increased costs over the years is based on a year on year increase in homeless applications of 10%. The Scottish Government has recognised this cost pressure and is anticipated to notify the Council In December 2017 of a settlement figure which we hope will mitigate these risks when transferred into the Housing Services budget. | 75 | 82 | 90 | 88 | 97 | 107 | 118 | 130 | 143 |
| TOTAL | | | 75 | 82 | 90 | 222 | 231 | 241 | 386 | 398 | 411 |

| Service | Inflation Category | Basis of Inflation | 18-19 Inflation % | Inflation 2018-19 £000 |
|-----------------------|--|---|-------------------|------------------------|
| All Social Work | Living Wage Increases | Inflationary increase for both the National Living Wage and the Scottish Living Wage for commissioned services - assumed 2.5% in the absence of the confirmed rate which won't be available until November 2017. | | 800 |
| 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% | 49 |
| Adult Care | Catering purchases and prepared meals in care homes, day centres, meals on wheels and lunch clubs. | Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit. | 5.00% | 12 |
| Adult Care | Purchase and maintenance of OT Equipment | Inflationary increase based on RPI at September 2017 to reflect increased cost of buying specialist equipment to support people at home. | 2.60% | 6 |
| Children and Families | Catering purchases and prepared meals in children's houses and hostels. | Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit. | 5.00% | 6 |
| Children and Families | Adoption Allowances | Allowance rates and fees were not uplifted in 2017/18. Allowance has been made for an increase of 1% to allowances and fees. | 1.00% | 1 |
| Children and Families | Fostering Allowances | Allowance rates and fees were not uplifted in 2017/18. Allowance has been made for an increase of 1% to allowances and fees. | 1.00% | 17 |
| Children and Families | 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% | 2 |
| | | | | 893 |

SOCIAL WORK COST AND DEMAND PRESSURES 2018-19 to 2020-21

APPENDIX 4b

| Service | Cost/Demand Pressure | Cost/Demand Pressure | Best Case | | | Mid Range | | | Worst Case | | |
|--|--|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 |
| Adult Care | Care Services for Older People: Relates to increasing demand for services from older people. The best case scenario reflects an annual increase in demand of 3% per annum, the mid-range reflects an increase of 4.5% and the worst case reflects an increase of 6%. | Care Services for Older People | 714 | 1,450 | 2,208 | 1,071 | 2,190 | 3,360 | 1,428 | 2,942 | 4,547 |
| Adult Care | Care Services for Younger Adults: Disabled people are living longer and they require more complex support as they age. Additionally, their carers, typically elderly parents, are increasingly no longer able to support their disabled children. The best case assumes new demand will be met from attrition or reductions in existing services, the mid-range reflects demand of 4.5% and the worst case reflects demand of 9%, the latter reflecting the highest annual increase in demand which occurred in 2016/17. | Care Services for Younger Adults | 0 | 0 | 0 | 482 | 986 | 1,512 | 964 | 2,014 | 3,159 |
| 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. | Carers Act - New Statutory duties | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Children and Families | Continuing Care of Looked After Children: 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. The best case assumes new cases will be met from changes to existing cases, the mid-range 5% increase and the worst case 10% increase - average increase between 2014-15 to 2017-18 has been 6%. | Continuing Care of Looked After Children | 0 | 0 | 0 | 233 | 477 | 734 | 465 | 977 | 1,540 |
| Adult Services | Sleepovers: Reflects the estimated cost of bringing the rates paid for sleepovers into line with the Scottish Living Wage. Best case reflects the impact if the provision levels can be reduced sufficiently that the savings produced offset the additional costs. The mid-range estimate reflects the impact if demand remains constant and the SSG provides additional funding. The worst case scenario reflects the estimated cost if no additional government funding is provided. | Sleepovers- -Night Rates | 111 | 143 | 172 | 182 | 246 | 303 | 222 | 286 | 343 |
| Adult Services | Free Personal Care for Under 65s: Newly announced Scottish Government commitment to extend free personal care to under 65s. Details on timescales, criteria and funding are unknown at this time therefore it is not possible to quantify the cost pressure. | Free Personal Care for over 65's | tbc | tbc | tbc | tbc | tbc | tbc | tbc | tbc | tbc |
| Adult Services | Lorn Campbell Court: Estimated additional funding required to deliver a progressive care service at Lorn Campbell Court. The service model is being finalised at the moment and this pressure will be updated after completion. The full cost is likely to be in the region of £400k with £370k already provided for in 2017/18. | Progressive Care Service - Lorn Campbell Court | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Children and Families | Sleepover Provision in Education Hostels: Arising as a result of the requirement to bring sleepover rates into line with the National Living Wage. | Sleepover provision | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 96 |
| Adult Services | National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 2.5%, reflecting the estimated increase in the Scottish Living Wage. The mid range reflects an increase of 5% and the worst case 7.5%. | National Care Home Contracts | 195 | 200 | 205 | 390 | 410 | 430 | 585 | 629 | 676 |
| | | | | | | | | | | | |
| | | | 1,546 | 2,319 | 3,111 | 2,884 | 4,835 | 6,865 | 4,190 | 7,374 | 10,791 |

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

8 DECEMBER 2017

PERFORMANCE REPORT – FQ2 2017-18

1. EXECUTIVE SUMMARY

- 1.1 The Council's Planning and Improvement 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 2017-18 (July - September).
- 1.2 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

PERFORMANCE REPORT – FQ2 2017-18

2. INTRODUCTION

- 2.1 The Planning and Improvement 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 2017-18 (July - September).

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. Update of constitution following decisions on new Political Management Arrangements agreed By Council September 2017.
2. The new Health and Safety Management Standard for Health Surveillance was approved for adoption across the Council.
3. The HR team were notified during this quarter that they are finalists in the national Personnel Today awards for their innovative service re-design. Winners to be announced in November.
4. Automation has seen the successful roll out of online return to work interviews and direct input of timesheets in some services, which has reduced double handling of data and allow for faster processing of timesheet information.
5. Successful rollout of the Catering Management Software, Saffron for reporting financial and uptake information in all primary and secondary schools, Kilmory Staff Restaurant, Helensburgh and Lomond Civic Centre Café and Kilbowie Outdoor Centre.
6. The Procurement and Commissioning team were finalists for the Go Procurement Awards in the category of Sustainable Procurement.
7. The Procurement and Commissioning term were instrumental in supporting the transfer of care services following liquidation of key supplier.
8. Completed migration to SWAN network on 25 July and agreed principles of settlement with Capita for delay compensations.
9. Assisted Bid4Oban with successful re-ballot.
10. Appointed a new ICT compliance and security officer to drive up the effectiveness of our cyber security defences and keep us safe in view of the increasing level of threats.

Key Challenges

1. Introduce paperless committee meetings
2. World War One commemoration event Islay
3. Review of Scheme for Community Councils
4. Complete preparations for go live of new Leisure Trust ensuring all systems available by end October
5. Microsoft Licensing Audit notified starting 26 October
6. Assist PA23 BID to prepare for re-ballot
7. Replacement of council tax and benefits system in time for annual billing March 2018
8. Continuing support to H&SCP following ending of care at home service provider's contract and following service of an Improvement Notice from the Care Inspectorate on a care home

Key improvement actions to address challenges

1. Experienced project team in place with clear project plan
2. Liaison group established to support local group
3. Experienced team in place with clear project plan
4. Complete testing of Pecos and Payables IT systems interfaces.
5. Notify requisite parties, ensure licensing records to hand, runs scripts as required
6. Check and amend ballot database for new boundaries, assess potential income, propose changes to Operating Agreement and fee.
7. Ensure project keeps on track and all issues addressed as required.
8. Provide on-going support and advice to H&SCP

| | |
|---|---|
| <p>9. Roll out of some automation work streams have been delayed due to system performance issues. This is critical to enabling the Service Choices Savings to be made.</p> <p>10. Catering and Cleaning Innovation Project is in progress.</p> <p>11. Transformation Activity/proposals for revenue budget strategy.</p> <p>12. Review of Council Fleet.</p> | <p>9. Work is underway with colleagues in IT to scope out the issues and identify and implement fixes which will allow the automation work stream to progress.</p> <p>10. Catering and Cleaning Innovation Working Group continues to ensure that the project remains on track.</p> <p>11. Transformation Board established and meeting on a regular basis, work streams agreed and being taken forward.</p> <p>12. Being taken forward as part of the Transformation agenda.</p> |
|---|---|



Customer Services Scorecard 2017-20 FQ2 17/18

Scorecard owned by: **Douglas Hendry**

[Click here
for Full
Scorecard](#)

Management Information

RESOURCES

| <i>People</i> | <i>Benchmark</i> | <i>Target</i> | <i>Actual</i> | <i>Status</i> | <i>Trend</i> |
|--------------------------------------|------------------|-----------------|---------------|---------------|--------------|
| Sickness Absence CU | | 1.88 Days | 1.95 Days | R | ↑ |
| CU % of PRDs completed | | 90 % | 95 % | G | ↓ |
| <i>Financial</i> | <i>Budget</i> | <i>Forecast</i> | <i>Status</i> | <i>Trend</i> | |
| Finance Revenue totals CU | £K 39,326 | £K 39,326 | G | → | |
| Capital forecasts - current year CU | | | | | |
| Capital forecasts - total project CU | | | | | |
| Asset management red risks | 6 | On track | 3 | G | → |

IMPROVEMENT

| | | | | | <i>Status</i> |
|---|----------|-----------------------|----------------------|----------------------------|---------------|
| Improvement Plan | Total No | Off track | On track | Complete | |
| Outcomes CU | Actions | 24 | 0 | 19 | 5 A ↓ |
| Customer Services Audit Recommendations | R | Overdue 1 ↓ | Due in future 3 ↑ | Future - off target 0 → | |
| Customer Service CU | | Customer satisfaction | 93 % | G ↓ | |
| Customer Charter | | Stage 1 Complaints | 91 % | G ↓ | |
| Number of consultations | 2 | Stage 2 Complaints | 100 % | G → | |



Customer Services Scorecard 2017-20

Scorecard owned by: Douglas Hendry

FQ2 17/18

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

[Click here for Council Scorecard](#)

Customer & Support Services

Facility Services

Governance & Law

Improvement & HR

Priorities for 2015-17: Customer Services

[Click here for Management Information](#)

Making A&B a place people choose to live

ABOIP Outcome No.5 - People live active, healthier and independent lives [Related Business Outcomes](#)

ABOIP Outcome No.6 - People live in safer and stronger communities [Related Business Outcomes](#)

ABOIP Outcome No.4 - Children and young people have the best possible start [Related Business Outcomes](#)

Making A&B a place people choose to learn

ABOIP Outcome No.3 - Education, skills and training maximises opportunities for all [Related Business Outcomes](#)

Making A&B a place people choose to work

ABOIP Outcome No.1 - The economy is diverse and thriving [Related Business Outcomes](#)

ABOIP Outcome No.2 - We have infrastructure that supports sustainable growth [Related Business Outcomes](#)

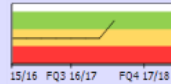
Making it happen

Supporting Outcome - Service Delivery Enablers [Related Business Outcomes](#)

BO04 Benefits are paid promptly and accurately [CU Dept]

Aligns to ABOIP Outcome No. 5

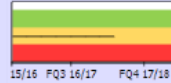
Success Measure



BO05 Information and support are available for everyone [CU Dept]

Aligns to ABOIP Outcome No. 5

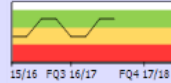
Success Measure



BO09 Our assets are safe, efficient and fit for purpose [CU Dept]

Aligns to ABOIP Outcome No. 6

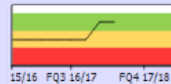
Success Measure



BO10 Quality of life is improved by managing risk [CU Dept]

Aligns to ABOIP Outcome No. 6

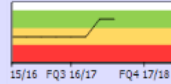
Success Measure



BO11 There is no place for discrimination and inequality [CU Dept]

Aligns to ABOIP Outcome No. 6

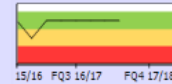
Success Measure



BO17 The support needs of children and their families are met [CU Dept]

Aligns to ABOIP Outcome No. 4

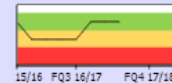
Success Measure



BO18 Improved lifestyle choices are enabled [CU Dept]

Aligns to ABOIP Outcome No. 4

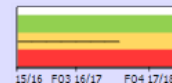
Success Measure



BO23 Economic growth is supported [CU Dept]

Aligns to ABOIP Outcome No. 1

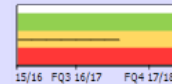
Success Measure



BO27 Infrastructure and assets are fit for purpose [CU Dept]

Aligns to Council Outcome MIH

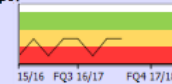
Success Measure



BO28 Our processes and business procedures are efficient, cost effective and compliant [CU Dept]

Aligns to Council Outcome MIH

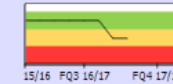
Success Measure



BO29 Health and safety is managed effectively [CU Dept]

Aligns to Council Outcome MIH

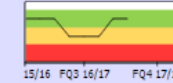
Success Measure



BO30 We engage with our customers, staff and partners [CU Dept]

Aligns to Council Outcome MIH

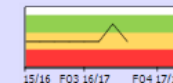
Success Measure



BO31 We have a culture of continuous improvement [CU Dept]

Aligns to Council Outcome MIH

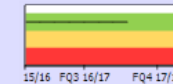
Success Measure



BO32 Our workforce is supported to realise its potential [CU Dept]

Aligns to Council Outcome MIH

Success Measure



Key Successes

- External Audit of Annual Accounts completed by 30 September deadline and unqualified Audit Certificate received.
- External Audit’s Annual Audit Report was a positive report – this will be reported to Council in November 2017.
- Medium to Longer Term Financial Strategy prepared. Was reported and approved by Policy and Resources Committee on 19 October 2017.
- Investment returns continue to exceed the benchmark rate of return – the rate of return for the 2nd Quarter was 0.531% 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 0.112% for the period.
- 7 out of 8 planned audits were completed within the Quarter, with the 8th audit concluded and published in the first week of October.
- Finance staff prepared the finance template required by Government in respect of the Early Learning and Childcare 1140 hours by the deadline of 29 September – this was a significant piece of work that took a great deal of finance time.
- The formal launch of the Money Skills Argyll Service took place on 18 August 2017 (following the soft launch on 17 July 2017).
- Successfully recruited a new Chief Internal Auditor who joins the service on 24 October 2017 and comes with 13 years’ experience of working in Audit Scotland, mainly in the local government sector.

Key Challenges

1. Department operating with one senior member of staff on long term sick. As the number of staff within the service is relatively small, this will disproportionately affect the sickness absence percentage. The member of staff has now been granted ill health retiral and will retire in Quarter 3.
2. Carry out the Money Skills Argyll financial audits for the first time ensuring that partners are completing the necessary information required to allow an accurate assessment of the monies to be paid to the partners, in line with BLF and ESF requirements.
3. Procuring a software system to support the Money Skills Advice Project and developing a robust payment calculation mechanism for payments to suppliers.
4. The Leisure Trust goes live in October and new company has been set up in the Council’s financial system to support the Trust. A mini-year will be required to ensure transactions are accounted for either within the Council’s ledger (prior to October) and the Trusts ledger (after October). The budgets will then need reviewed to ensure that they are apportioned correctly between the Council and the Trust – this is a significant piece of work.

Key improvement actions to address challenges

1. The expectations of service users proactively managed as well as clear prioritisation of tasks. Temporary arrangements are also in place to cover workload.
2. The Contract Manager is working to a project plan and, with the Financial Inclusion Coordinator, will work closely with the partner providers, the Council’s European Team and BLF to ensure that the project runs as smoothly as possible and the highest standards of customer service are delivered.
3. Procurement Specification almost complete and will be further refined following the first month’s audit to ensure that we include the correct specification to get a system fit for purpose.
4. A list of tasks and an action plan has been created and regular meetings are scheduled between Finance and the General Manager of the Trust. This task will be prioritised within the Service to ensure that expenditure and income is accounted for within the correct company as soon as possible.

Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan** FQ2 17/18

Click here
for Full
Outcomes

Corporate
Support
Team
Scorecard

Departmental
Support
Team
Scorecard

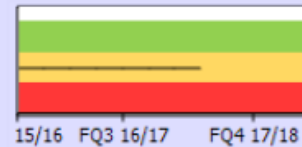
Internal
Audit
Team
Scorecard

Click here
for Council
Scorecard

BO05 Information and support are available for everyone [SF]

Aligns to
ABOIP
Outcome
No.
5

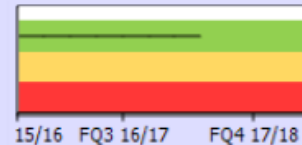
Success Measure
A →



BO28 Our processes and business procedures are efficient, cost effective and compliant [SF]

Aligns to
Council
Outcome
MIH

Success Measure
G →



Management Information

RESOURCES

| People | Benchmark | Target | Actual | Status | Trend |
|---------------------|-----------|----------|----------|----------|-------|
| Sickness absence SF | | 1.5 Days | 3.3 Days | R | ↑ |
| PRDs SF | | 90 % | 87 % | R | ↓ |

Financial

| | Budget | Forecast | Status | Trend |
|--------------------------------------|--------|----------|--------|-------|
| Finance Revenue totals SF | | | | |
| Capital forecasts - current year SF | | | | |
| Capital forecasts - total project SF | | | | |

| Council Efficiency Savings 2016-17 | Annual Target | £ 5,187,000 | → |
|------------------------------------|--------------------------|-------------|---|
| Delivered | On track to be delivered | £ 0 | |

IMPROVEMENT

| | Total No | Off track | On track | Complete | Status |
|---|----------|-----------|----------|----------|--------|
| SF Service Improvements 2017-20 Actions | 8 | 8 | | | |
| Strategic Finance Audit Recommendations | 0 | 8 | 8 | | → ↑ |

| Health & Safety | Overdue | Rescheduled | Actions in Plan | Complete |
|---------------------------|----------|-------------|-----------------|----------|
| Service H&S Plan Actions | | | | |
| H&S Investigation Actions | G | 0 | 0 | 0 |

| Customer Service SF | Customer satisfaction | 100 % | G → |
|-------------------------|-----------------------|-------|------------|
| Customer Charter | Stage 2 Complaints | 100 % | G → |
| Number of consultations | Stage 2 Complaints | 100 % | G → |

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****CUSTOMER SERVICES****8 DECEMBER 2017**

Draft Service Plans 2017-20 for 2018-19 budget

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to present to the Policy and Resource Committee the Draft Service Plans 2017-20 for 2018-19 budget. The Draft Service Plans for 2017-20 support the delivery of the Corporate Plan.

1.2 The Strategic Management Team agreed at their meeting on 19th September 2016 to proceed with three-year service plans with a one-year budget. The Draft Service Plans attached cover the 2017-20 period. The budget for 2018-19 will be included once the budget settlement figure is known.

1.3 It is recommended that the Policy and Resources Committee review and endorse the attached Draft Service Plans for onward submission to the Policy and Resources Strategic Committee in February for the 2018-19 budget allocation.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

CUSTOMER SERVICES

8 DECEMBER 2017

Draft Service Plans 2017-20 for 2018-19 Budget

2.0 INTRODUCTION

2.1 The Strategic Management Team agreed at their meeting on 19th September 2016 to proceed with three-year service plans with a one-year budget. The Draft Service Plans attached cover the 2017-20 period for the 2018-19 budget. The budget for 2018-19 will be included once the budget settlement figure is known.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee review and endorse the attached Draft Service Plans for onward submission to the Policy and Resources Strategic Committee in February for the 2018-19 budget allocation.

4.0 DETAIL

4.1 The Strategic Management Team agreed at their meeting on 19th September 2016 to proceed with three-year service plans with a one-year budget, the Draft Service Plans attached cover the 2017-20 period. The budget for 2018-18 will be allocated once the budget settlement figure is known.

4.2 Work has been undertaken to improve the consistency, use of plain English and the appropriateness of the success measures in the service plans. Service Plans are 2-part with a strategic 'locked-down' top level and operational, flexible lower level. These changes support high-level scrutiny and strategic focus by Elected Members.

4.3 The Draft Service Plans 2017-20 include key Improvements that each service has identified it will work towards.

4.4 Operational Risks will be aligned to the Challenges set out in the Draft Service Plans as identified by Services. The service-led Challenges will provide a more robust and appropriate source for the operational risks.

4.6 The Draft Service Plans will clearly identify how different services are contributing to the same Business Outcome along with the allocated resources.

4.7 Two Business Outcomes focusing on Education – BO19 and BO20 - have been combined to remove reference to Primary and Secondary. This is in line with the holistic approach taken throughout the education system from pre-school to leavers' destinations.

5.0 CONCLUSION

5.1 The Draft Service Plans 2017-20 for 2018-19 Budget are presented to support high-level scrutiny and strategic focus by Elected Members with a more consistent use of plain language throughout and aligned to the delivery of the Corporate Plan.

6.0 IMPLICATIONS

6.1 Policy - None

6.2 Financial - None

6.3 Legal - None

6.4 HR - None

6.5 Equalities - None

6.6 Risk - None

6.7 Customer Service – None

Executive Director of Customer Services

28 November 2017

For further information contact: Jane Fowler, Head of IHR.

APPENDICES

Appendix 1 Business Outcomes

Appendix 2 Strategic Finance and Customer Services Draft Service Plans
2017-20 for 2018-19 Budget.

This page is intentionally left blank

| Business Outcomes 2017-2020 | | |
|---|--------|--|
| Corporate Outcome | BO Ref | Business Outcome |
| People live active, healthier and independent lives | BO01 | The health of our people is protected through effective partnership working |
| | BO02 | Lifelong participation in sport and physical activity are increased |
| | BO03 | Prevention and support reduces homelessness |
| | BO04 | Benefits are paid promptly and accurately |
| | BO05 | Information and support are available for everyone |
| People live in safer and stronger communities | BO06 | Quality culture, archives, libraries and museums are provided to promote wellbeing |
| | BO07 | Our communities benefit from the development of renewables |
| | BO08 | The third sector has increased capacity to support sustainable communities |
| | BO09 | Our assets are safe, efficient and fit for purpose |
| | BO10 | Quality of life is improved by managing risk |
| | BO11 | There is no place for discrimination and inequality |
| | BO12 | High standards of Public health and health protection are promoted |
| | BO13 | Our built environment is safe and improved |
| | BO14 | Our transport infrastructure is safe and fit for purpose |
| Young people have the best possible start | BO33 | Information and support are available for our communities |
| | BO16 | We wholly embrace our Corporate Parenting responsibilities |
| | BO17 | The support needs of children and their families are met |
| Education, skills and training maximise opportunities for all | BO18 | Improved lifestyle choices are enabled |
| | BO19 | All children and young people are supported to realise their potential. |
| | BO20 | No longer used – incorporated into BO19 |
| | BO21 | Our young people participate in post-16 learning, training or work |
| Our Economy is diverse and thriving | BO22 | Adults are supported to realise their potential. |
| | BO23 | Economic growth is supported |
| Our Infrastructure supports sustainable growth | BO24 | Waste is disposed of sustainably |
| | BO25 | Access to and enjoyment of the natural and built environments is improved |
| | BO26 | People have a choice of suitable housing options |
| | BO15 | Argyll and Bute is open for business |
| Enablers | BO27 | Infrastructure and assets are fit for purpose |
| | BO28 | Our processes and business procedures are efficient, cost effective and compliant |
| | BO29 | Health and safety is managed effectively |
| | BO30 | We engage with our customers, staff and partners |
| | BO31 | We have a culture of continuous improvement |
| | BO32 | Our workforce is supported to realise its potential |

This page is intentionally left blank

The principal purpose of the Service is to:

The service purpose is to maintain high standards of financial management and control whilst contributing to corporate management and leadership and supporting officers and members in an effective and responsive manner. It does this through provision of strategic financial advice, provision of accounting and budgeting services, treasury management, risk management, internal audit and assurance. The Head of Strategic Finance is the Council's Chief Financial Officer (Section 95 Officer).

The Service employs 40 FTE

The Service faces the following significant challenges:

Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner. This is in a climate of one year settlements.

Managing the Council's Treasury Management function to ensure that we safeguard the Council's money and get the best possible return. This is particularly challenging due to the unknowns around the wider economic operating environment.

Ensuring service delivery is aligned to stakeholders needs within the available resources.

Ensuring audit coverage provides appropriate assurance in respect of governance, risk and control.

The difference the Service makes:

The Service contributes to the following Business Outcomes:

Strategic Finance Success Measure

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|--|--------------|--------------------------------|
| BO05 | Information and support are available for everyone | | | |
| SF05_01 | Money Skills Argyll project on target to achieve the project outcomes: improve the money management skills of participants and reduce debt as a barrier to social inclusion. | 80 new participants engaging in project per month | Monthly | No benchmark |
| SF05_02 | Money Skills Argyll Project - the number of participants who sign up to a personal action plan. | 58 participants per month | Monthly | No benchmark |
| SF05_03 | Money Skills Argyll Project - the number of participants who complete all the activities on their action plan. | 43 participants per month | Monthly | No benchmark |
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| SF28_01 | Production of Unaudited Accounts | Complete | 30 June | 30 June |
| SF28_02 | Production of Audited Accounts | Complete | 30 September | 30 September |
| SF28_03 | Annual Efficiency Statement Produced | Complete | 30 June | August |
| SF28_04 | Budget outlook reviewed and updated | Complete | Quarterly | No Benchmark |
| SF28_05 | Revenue and capital monitoring reports prepared. | 15 days after period closedown | Monthly | 17 days after period closedown |
| SF28_06 | Comprehensive financial monitoring pack prepared | 15 days after period closedown | Bi-monthly | 17 days after period closedown |
| SF28_07 | Distribution of routine reports to budget holders | 4 days after period closedown | Monthly | 4 days after period closedown |
| SF28_08 | Medium to Longer Term Financial Plan reviewed and updated | Complete | Half-yearly | No benchmark |
| SF28_09 | Participate in formal annual benchmarking for Accountancy Services, Treasury, Risk and Audit. | Completed | 30 October | 30 October |
| SF28_10 | Return on investment of surplus funds at least equal to 7 day money market LIBID rate | Equal to or greater than 7 day money market LIBID rate | Monthly | 7 day money market LIBID rate |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|---------|--|-----------------------------|-------------------------------|-------------------|
| SF28_11 | Review treasury management practice (TMP) statements | 100% reviewed | 31 March | 100% reviewed |
| SF28_12 | Investment Strategy produced | Approved by Council | 28 February | Approved Annually |
| SF28_13 | Annual Treasury Management Report produced | Completed | 30 June | Produced Annually |
| SF28_14 | Annual Risk Assurance Statements completed by Services | Completed | 30 April | No benchmark |
| SF28_15 | Risks Management Overview Report approved | Approved by Audit Committee | 31 December | No benchmark |
| SF28_16 | Review of Strategic Risk Register | Complete | Bi-Annual February and August | No benchmark |
| SF28_17 | Annual Audit Plan approved by 31 March | Complete | 31 March | No benchmark |
| SF28_18 | Percentage of audit plan completed | 100% | Quarterly | 100% |
| SF28_19 | Percentage of audit recommendations accepted by management | 100% | Quarterly | 100% |
| SF28_20 | Internal Audit - Level of Customer Satisfaction | 80% | Quarterly | No benchmark |

Strategic Finance Service Improvements

| | Improvement Action | Completion date | Source of improvement | Source detail |
|-------------|--|-----------------|---------------------------|---|
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| | Review financial reporting tool with a view to replacement if deemed necessary. | 30 June 2018 | Annual Performance Review | |
| | Review of comprehensive financial monitoring pack | 30 June 2018 | Other | Ongoing service improvements |
| | Review improvements to revenue budget process including the use of budget monitoring risk matrix | 30 June 2018 | Other | Service Choices/Efficiency Improvements |
| | Implement a new capital plan prioritisation process | 30 April 2018 | Other | |

The principal purpose of the Service is to:

Customer and Support Services provides a range of first line contact facilities for council customers through a network of customer service points in all the main towns, a telephony based service and the council's web site and carries out the registration of births, deaths and marriages. It is also responsible for collection of local taxes and administers housing benefit, discretionary housing payments, the council tax reduction scheme and the Scottish Welfare Fund. It also provides a range of services to internal council departments including provision of ICT, the Intranet Hub, creditor payments and the procurement and commissioning of goods and services.

The Service employs 207 FTE

The Service faces the following significant challenges:

Review how the Internet is accessed, a move to SWAN may allow a single hop to the Internet which has the potential to reduce demands for increased bandwidth and costs.

Maintain PSN accreditation and work towards achieving compliance for credit and debit card payments. Increase the adoption of IT service management framework, provide more customer responsive ICT services with more formal Service Level Agreements.

Implement the council tax reform changes. Ensure the counter fraud team is cost effective and present a business case to maintain it. Fully utilise the Discretionary Housing Payment and Scottish Welfare Fund monies but not overspend.

Encourage take-up of more efficient customer channels and provide a greater range of council services through the website through a single authentication and promoting digital first.

Continue to develop electronic ordering and improved management information that supports our commitment to Best Value as well as supporting local businesses to supply our goods and services. Continue to improve the Council's invoice payment performance.

Support health and social care integration by improving access to selected council applications. Also to commission services to meet the requirements of the locality plans.

The difference the Service makes:

The Service contributes to the following Business Outcomes:

Customer and Support Services Success Measures

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|---|---|---|--|
| BO04 | Benefits are paid promptly and accurately | | | |
| CS04_01 | All benefit changes in circumstances are processed promptly. | Changes in circumstances within average of 6 days | Quarterly | Scottish avg. 2016/2017: 6 days |
| CS04_02 | All new benefit claims are processed promptly. | New claims within average 21 days | Quarterly | Scottish avg. 2016/2017: 21 days |
| CS04_03 | All benefit changes in circumstances are processed accurately. | Year to date accuracy rate of minimum 95% | Quarterly | 97.7% in 2016/17 Scottish average 2015/16 94% - no figures available for 2016/17 |
| CS04_04 | Crisis Grant applications are processed promptly. | 99% of Crisis Grants within 1 day | Quarterly | 99.9% within 2 days in 2016/17 Scottish average: 98% paid in 2 days in 2016/17 |
| CS04_05 | Community Care Grant applications are processed promptly. | 90% of Community Care Grants within 15 days | Quarterly | 81.4% within 15 days in 2016/17 Scottish average: 90.5% paid in 15 days in 2016/17 |
| CS04_06 | The annual spend of the Scottish Welfare Fund programme is maximised. | Minimum of 97.5% of annual funding | FQ1: 20% FQ2: 45% FQ3: 70% FQ4: 97.5% | Scottish avg. 2016/2017 is 99% |
| CS04_07 | Distribute as much of the Discretionary Housing Payment (DHP) fund as possible to the most in need. | Minimum of 95% of annual funding | Spent and Committed FQ1: 45% FQ2: 80% FQ3: 90% FQ4: 97.5% | We spent 96.7% in 2016/17 62.5% of Scottish LAs spent 100% of their allocation in 2016/17 |
| CS04_08 | We are prepared for launch of Universal Credit Full Service in May 2018 | new processes in place | May 2018 | no external benchmark |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|---|-----------|---|
| BO05 | Information and support are available for everyone | | | |
| CS05_01 | Maintain the low error rate of our Births, Marriages and Deaths registration service. | 1.8% | Annual | Scottish average: 2.21% 2015 ABC 2016 error rate: 1.8% |
| CS05_02 | Reduce the percentage of face-to-face Customer Service Centre (CSC) contacts as a total of all customer interactions. | FQ1 16.0% FQ2 16.0% FQ3 16.0% FQ4 16.0% | Quarterly | At end of Oct 2017: Avg. of 12.2%, but this excludes some activities |
| CS05_03 | Reduce the percentage of Agent handled telephone calls as a total of all customer interactions. | 21.5% per annum | Quarterly | At end of Oct 2017: Avg. of 21% |
| CS05_04 | Maintain the average length of answered calls. | < 3.50 decimal minutes | Monthly | Oct 2017: 3.18 decimal minutes but expected to rise as more done on calls |
| CS05_05 | Increase the percentage of telephone service enquiries (not service requests) that are dealt with at the first point of contact by the Customer Service Centres (CSC). | Planning: 60% Social Work: 60% Regulatory: 75% General Enq.: 63% All other: 90% | Monthly | Stats as at Oct 2017 Planning:60.5% Social Work: 59.4% Regulatory:73.8% General Enq:62.2% All other:90% |
| CS05_06 | Reduce the 'calls abandoned' rate. | < 6.0% | Monthly | Oct 2017: 5.2% |
| CS05_07 | Increase the percentage of successfully routed self-service calls. | 79% | Monthly | Oct 2017: 78.8% |
| CS05_08 | Maintain the percentage of customers who are satisfied or very satisfied with the service received. | Face to face: 90% Telephony: 90% Email/webforms: 90% | Annual | Customer satisfaction survey Sept 2017: Face to face: 96.2% Telephony: 96.4% Emails: 95% |
| CS05_09 | Increase the total number of all online transactions. | FQ1: 65K FQ2: 65k FQ3: 68K FQ4: 70k | Quarterly | 2016/17 total 261k To end Sept 2017: 143K |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|--|-------------|---|
| CS05_10 | Implementation of "Bob's 11" digital projects proceeds to timetable following approval of business cases | On track throughout year | quarterly | |
| BO23 | Economic growth is supported | | | |
| CS23_01 | Increase the percentage of local suppliers that bid for business through the procurement portal. | 20% by 31 March 2019 | Quarterly | Past Performance: 15.3% in 16/17 |
| CS23_02 | Increase the percentage of all Small Medium Enterprises (SMEs) that win council contracts. | 75% | Quarterly | Past Performance: 83% in 16/17 |
| CS23_03 | Increase the percentage of suppliers that are paid within 30 days. | Minimum of 95.0% | Quarterly | Scottish Avg. 93.08% for 2016/17 |
| CS23_04 | Maintain percentage of purchase transactions done through systems and therefore efficiently | FQ1: 55% FQ2: 55% FQ3: 55% FQ4: 55% | Quarterly | 51.2% in 2016/17 55.1% FQ1 2017/18 |
| CS23_05 | Maintain the percentage of all Council spend that is either under a contract or a Service Level Agreement (SLA). | 90% | Quarterly | Avg. contracted spend 2016/17: 90.1% |
| CS23_06 | Increase the number of tangible community benefits that are delivered through the contracts we award. | 50% of all contracts > £100k for services > £500k for works | Quarterly | Past Performance - 16/17: 66.7% (2 out of 3 completed contracts had CBCs) |
| CS23_07 | The Net cost of Non-Domestic Rates (NDR) discretionary relief remains within budget. | £171K per annum | Quarterly | No External Benchmark |
| CS23_08 | Increase the total amount of Non-Domestic Rates (NDR) relief awarded. | £12.0m | Quarterly | No external benchmark. £12.5m awarded Oct 2017 |
| CS23_09 | No purchase order no payment project rolled out to 2 more services | go live by 31 Mar 2019 | 31 Mar 2019 | No external benchmark |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|-----------|-----------|--|
| BO27 | Infrastructure and assets are fit for purpose | | | |
| CS27_01 | IT capital programme projects are delivered on time and within budget. | 100% | Monthly | No external benchmark |
| CS27_02 | During specified core time (which is linked to the service requirements) the unscheduled application down-time will be minimised. | <0.8% | Monthly | SOCITM Benchmarking - Less than 1% unscheduled application downtime during specified core time. |
| CS27_03 | During specified core time (which is linked to the service requirements) the unscheduled infrastructure down-time will be minimised. | <1% | Monthly | SOCITM Benchmarking - Less than 1% unscheduled downtime during specified core time. |
| CS27_04 | Our IT applications and databases are within one version of current, this maintains the vendors support and allows the use of new applications facilities. | 85% | Monthly | No external benchmark. |
| CS27_05 | Maintain the average time to resolve ICT incidents. | < 5 hours | Quarterly | No direct external benchmark - SOCITM uses more complex time bandings depending on type of incident. |
| CS27_06 | Seasonal upgrades completed on time as requested by our users. | 100% | Quarterly | No external benchmark. |
| CS27_07 | Maintain our high average success score achieved for our IT projects. | > 82% | Quarterly | SOCITM KPI 3 (80%) |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|---|---|--------------------------------------|---|
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| CS28_01 | Maintain the high level of Non-Domestic Rates (NDR) collection. | 97.5% Cumulatively including year end accruals. | March 2019 | Scottish average 96.95% 2016/17 per Cipfa stats |
| CS28_02 | Maintain the high level of Council Tax collection. | 96.5% Cumulatively including year end accruals. | March 2019 | Scottish average 95.98% 2016/17 per Cipfa stats |
| CS28_03 | Maintain the current cost of collecting Council Tax per chargeable dwelling. | £7.25 per chargeable dwelling | March 2019 | Scottish Avg at £9.09 per chargeable dwelling in 2016/17 - CIPFA Directors of Finance Stats |
| CS28_04 | Total debt older than 3 months will remain below target. | < £900K | 31 March 2019 | No external benchmark; £1054k as at Oct2017 up from £884k at Mar 2017 |
| CS28_05 | New facilities for council tax e-bills and online transactions, and landlord portal for benefits are in place | ebills in place; landlord facilities available to RSLs; online portal operational to public | April 2018; May 2018 June 2018 | no external benchmark |

Customer and Support Services Service Improvements

| | Improvement Action | Completion date | Source of improvement | Source detail |
|-------------|--|-----------------|------------------------------|---|
| BO04 | Benefits are paid promptly and accurately New landlord portal implemented for benefit claims paid to landlords | Sep 2018 | Annual Performance Review | |
| BO27 | Infrastructure and assets are fit for purpose 90% of IT Capital spend budget committed by 31 December 2018. | December 2018 | Other | Asset Management Board target |
| BO28 | Our processes and business procedures are efficient, cost effective and compliant Achieve PCI-DSS compliance for payment card processing across all channels | March 2019 | Annual Performance Review | |
| | Ensure Digital Action Plan is completed. | March 2019 | Customer Service Action Plan | |
| | Customer Service Action Plan completed. | March 2019 | Customer Service Action Plan | |
| | Retain Customer Service Excellence accreditation achieved in March 2017. | March 2019 | Customer Service Action Plan | |
| | Progress roll out of "No PO no payment" across all services which will support the system spend work. | March 2019 | Annual Performance Review | |
| | Ensure system spend continues to increase during 2018-19 to enable a further review of purchase to pay processes. | March 2019 | Annual Performance Review | |
| | Progress improvement plan in order to obtain higher PCIP score at next assessment in June 2018. | June 2018 | Other | |
| | Implement Barclay Review changes. | Mar 2019 | Other | Legislative requirement - timetable still to be announced |

Improvement Action

Completion date

Source of improvement

Source detail

Roll out new online processes for council tax following implementation of new system

Sept 2018

Annual Performance Review

The principal purpose of the Service is to:

Governance and Law administers the core services within which the governance arrangements of the Council and Community Planning Partnership are undertaken. It includes a range of internal and external support services including support for the Council, other Departments, Council Committees, Community Councils, the Children's Panel and Elected Members and delivers legal services that include litigation, licensing and conveyancing. The service is responsible for delivering all elections, the Civil Contingencies function and information compliance duties such as Freedom of Information, Data Protection, corporate complaints and records management.

The Service employs 48 FTE

The Service faces the following significant challenges:

Supporting the new council in priorities: with increased focus on training and development requirement and supporting new governance arrangements, including paperless working for committees.

New governance arrangements associated with new ways of working: changes in Education; leisure trusts; continuing development of the IJB; digital transformation

Implementation of the Community Empowerment Act (2016)

Triennial renewal of Civic Government licenses.

Dealing with the implications of new legislation: named persons; changes to planning legislation; changes to GDPR; revised system for Social Work complaints via Scottish Public Service Ombudsman ; implementation of Public Records (Scotland) Act

Review of scheme for community councils and elections following implementation of the new scheme.

Elections: organising and running of elections; Boundary Commission review of UK Parliamentary Constituitions.

The difference the Service makes:

The Service contributes to the following Business Outcomes:

Governance and Law Success Measure

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|--------|-----------|----------------------|
| BO10 | Quality of life is improved by managing risk | | | |
| GL10_01 | Number of Anti-social Behaviour cases resolved within agreed timescale of 13 weeks. | 80% | Quarterly | New measure |
| BO17 | The support needs of children and their families are met | | | |
| GL17_02 | Number of fully trained and serving Children's Panel members. | 40-50 | Quarterly | |
| BO23 | Economic growth is supported | | | |
| GL23_01 | The percentage of taxi license applications, and applications for civic government licenses where there are objections or representation are processed within 50 working days. | 95% | Quarterly | Previous year's data |
| GL23_02 | The percentage of Personal liquor licenses with no objections that are determined within 32 working days. | 95% | Quarterly | |
| GL23_03 | The percentage of extended hours liquor license applications that are determined within 32 working days. | 100% | Quarterly | Previous year's data |
| GL23_04 | The percentage of occasional liquor license applications that are determined within 32 working days. | 100% | Quarterly | Previous year's data |
| GL23_05 | The percentage of applications for new Civic Government Licenses with no objections or representations that are determined within 32 working days (except Taxi licences). | 100% | Quarterly | Previous year's data |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|---|-----------|------------------------|
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| GL28_01 | Percentage of responses made within the timescales for subject access requests under the Data Protection Act. | 100% | Quarterly | Previous year's data |
| GL28_02 | Percentage of draft minutes published and action mandates issued within a week. | 96% | Quarterly | Previous year's data |
| GL28_03 | Percentage of Members very satisfied or satisfied with member services support. | 90% | Annual | Previous year's data |
| GL28_04 | Percentage of Members satisfied with new Casebook facility for managing constituency workload. | Year 1: 60% Year 2: 70% Year 3: 80% | Annual | New measure |
| GL28_05 | The performance standards set by the Electoral Commission are met. | 100% | Quarterly | Past Performance: 100% |
| GL28_06 | Percentage of Community Councils who feel supported by the service. | 75% | Annual | Previous year's data |
| GL28_07 | Percentage of responses made within the timescales for Freedom of Information requests. | 100% | Quarterly | Previous years' data |
| GL28_08 | Percentage of complaints resolved by frontline (Stage 1) resolution. | 75% | Quarterly | Previous year's data |
| GL28_09 | The percentage of substantive responses for all urgent requests for legal advice that are made within one working day. | 100% | Quarterly | Previous year's data |
| GL28_10 | The percentage of responses for non-urgent requests for legal advice that are made within 20 working days - provided there is no extension agreement in place. | 100% | Quarterly | Previous year's data |
| GL28_11 | All property transactions (conveyances, leases, securities, discharges) are completed by agreed date | 100% | Quarterly | Previous year's data |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|---------|--|--------|-----------|----------------------|
| GL28_12 | Section 75 Planning agreements are registered within 4 months from receipt of titles | 100% | Quarterly | Previous year's data |

Governance and Law Service Improvements

| | Improvement Action | Completion date | Source of improvement | Source detail |
|-------------|--|------------------------|------------------------------|--|
| BO10 | Quality of life is improved by managing risk Arrange Community and Business Resilience events in local communities | September 2018 | Other | |
| BO28 | Our processes and business procedures are efficient, cost effective and compliant Move towards a paperless Committee process. | June 2018 | Other | Implementation complete, but need to monitor programme. Progress to extend the functionality of the system. |
| BO31 | We have a culture of continuous improvement Implementation of the Halarose Election management system. Re accreditation of CSE in June 2018 and annually thereafter. | September 2018 | Other | |
| | Retain the Customer Service Excellence Award and annually review thereafter. | June 2018 and annually | Customer Service Action Plan | Governance and Law were the first full service of the Council to achieve the Customer Service Excellence Award and will continue to put customer service at the heart of our service planning and delivery to ensure retention of the award in future years. |
| | Review of the scheme for Community Councils and conduct elections | May 2018 | Other | Scheme has been consulted on and will be reviewed. Elections will be held by May 2018. |

This page is intentionally left blank

The principal purpose of the Service is to:

Facility Services provides a range of support to all other Council Services through teams which manage assets, catering, cleaners, light vehicle fleet, school transport, property design and improvement, property maintenance and energy consumption. The service has responsibility for the Council's Corporate Asset Management processes together with the design and delivery of property related capital projects. In addition, Facility Services manages and supports public transport contracts and community transport initiatives.

The Service employs 344 FTE

The Service faces the following significant challenges:

Ensuring the delivery of Property Maintenance, School Transport and Catering and Cleaning Services to statutory standards while operating within the context of reducing budgets.

To identify opportunities for efficiency and asset sharing between the Council and our Community Planning Partners.

The reduction in Capital Funding will impact on the sustainability of the Property Design Team in its current form.

The delivery of the Council's Legionella Management Plan will be impacted if resources are restricted.

Managers continue to address both short term and long term absence, although allocating sufficient time to ensure this is done can be difficult due to operational demands.

Ensuring the delivery of Facility Services Transformation Projects whilst maintaining day to day service delivery.

The difference the Service makes:

The Service contributes to the following Business Outcomes:

Facility Services Success Measures

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|---|-----------------|-----------|--|
| BO09 | Our assets are safe, efficient and fit for purpose | | | |
| FS09_01 | All statutory tests, inspections and remedial maintenance for Council Properties are carried out. | 100% | FQ4 | No external benchmarking is available. Benchmarking will be against last year's performance: 100% |
| FS09_02 | Best value is achieved by ensuring the total mileage incurred by pool cars deployed for staff business use increases each year. | >273,000 miles | Quarterly | No external benchmarking is available. Benchmarking will be against last year's performance: 273,000 miles (FY 16/17). |
| FS09_03 | Deliver the Council's property related carbon reduction target as set by the Council's Climate Change Declaration. | 100% | FQ4 | No external benchmark. Benchmark will be measured against the set target. |
| FS09_04 | Legionella Management - Deliver a structured Council wide training programme for key staff as required. | 100% | FQ4 | No external benchmarking is available. Target is to deliver training programme by end of FQ4 2018/2019. |
| FS09_05 | Our customer satisfaction reports show improved cleaning standards that are rated good or above within Council buildings. | ≥ 90% | Quarterly | 85% (APSE benchmarking average customer response rate 2015/16). |
| FS09_06 | Our school transport is regularly inspected. | 48 Inspections. | FQ4 | No external benchmarking is available. Benchmarking will be against last year's performance: 48. |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|--|--|---|-------------|--|
| FS09_07 | The average age of the light vehicle fleet is maintained at below 5 years. | <5. | Quarterly | No external benchmarking is available. Benchmarking will be against last year's performance: 3.5 years (FY 16/17). |
| FS09_08 | The average subsidy per passenger accessing council funded public transport is maintained, taking into account the seasonal passenger fluctuation. | £1.80 - £2.50 | FQ4 | No external benchmarking is available. Performance will be measured against the rolling annual average. |
| FS09_09 | The Council's Property Capital Plan and Building Maintenance Protocol ensures that operational buildings included in the LGBF/Core Facts return are maintained to a satisfactory condition (B rated or above). | 80% | FQ2 | Scottish average LGBF return rate TO BE CONFIRMED ONCE DATA IS AVAILABLE. |
| FS09_10 | The Council's Property Capital Plan and Building Maintenance Protocol ensures that operational buildings included in the LGBF/Core Facts return are suitable for their current use (B rated or above). | 65% | FQ2 | Scottish average LGBF return rate TO BE CONFIRMED ONCE DATA IS AVAILABLE. |
| FS09_11 | The Council's Property Capital Plan is delivered on time (for projects managed by Property Services) | 92.8% | FQ4 | No external benchmark. Benchmarking will be previous year's performance: 92.8% |
| BO18 Improved lifestyle choices are enabled | | | | |
| FS18_01 | Achieve acceptable nutrition levels for all measureable micronutrients by providing two Primary menu changes per year that comply with Schools (Health Promotion and Nutrition)(Scotland) Act 2007. | 2 per annum | FQ1 and FQ3 | 100%. Provision of nutritionally balanced meals is benchmarked by APSE annually. |
| FS18_02 | Quality meals are provided to all pupils, within managed cost margins. | Minimise quarterly food cost variance of +/-5%. | Quarterly | No external benchmark. Benchmarking will be previous year's performance: -5%. |

Facility Services Service Improvements

| | Improvement Action | Completion date | Source of improvement | Source detail |
|-------------|--|-----------------|-----------------------|---------------|
| BO09 | Our assets are safe, efficient and fit for purpose | | | |
| | Carry out a review/refresh Legionella Management Plan Action Plan on an annual basis. | FQ3 | Other | |
| BO18 | Improved lifestyle choices are enabled | | | |
| | Ensure that the Catering and Cleaning Innovations Working Group keeps the project work streams on track to deliver the expected savings and additional income. | FQ4 2021/22 | Other | |
| | Implement catering-specific management software in all kitchens. | TBC | DAP | |
| | Carry out a programme of pupil focus groups to ensure that their views are incorporated in menu development. Measure the effectiveness of this twice annually. | FQ1 and FQ3 | CS | |

The principal purpose of the Service is to:

As a team of professionals and support staff we drive improvement through change and support business objectives in the interest of the people we employ and the people we serve. Areas of activity relate to: human resources, payroll, organisational development, performance and improvement, health and safety; corporate communications.

The Service employs FTE

The Service faces the following significant challenges:

Managing the implications of the Living Wage and the erosion of pay differentials.

Adapting to meet the changing needs of our customers in an uncertain environment, and managing the expectations of the services we can deliver within the available resources.

Managing and maintaining an up-to-date knowledge of potential changes to legislation associated with Brexit, and their likely impact on our organisation.

Reducing resource against an increasing demand for services we provide.

Managing the challenges presented through Health and Social Care integration.

Providing communications support as Services implement changes.

The difference the Service makes:

The Service contributes to the following Business Outcomes:

Improvement and HR Success Measures

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|---|-----------|----------------------------|--|
| BO05 | Information and support are available for everyone | | | |
| IHR05_01 | Maintain the number of positive press releases that are issued. | 300 | Per annum | 2015/16: 301 |
| IHR05_02 | Issue Gaelic press releases to promote the language | 2 | Monthly | 2 |
| BO11 | There is no place for discrimination and inequality | | | |
| IHR11_01 | Publish an Equalities Mainstreaming report. | Published | FQ1 2017 FQ1 2019 | No benchmark |
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| IHR28_01 | Maintain the 'Cost per Employee' of the HR service in line with CIPFA benchmark. | £339 | Annual | Council current figure £349 Average from CIPFA benchmarking group £339 |
| IHR28_02 | All HR contracts are issued within 5 working days of receipt of the Successful Candidate Form. | 90% | Quarterly | 98% |
| IHR28_03 | Workforce plans that reflect the future needs of the organisation are in place and up to date. | Complete | FQ4 2017/18 FQ4 2018/19 | New measure |
| BO29 | Health and safety is managed effectively | | | |
| IHR29_01 | Health and safety competence assessments for contractors are carried out within 10 working days. | 100% | Quarterly | 100% |
| IHR29_02 | Percentage of accidents and incidents assessed and where applicable an investigation is initiated within 1 working day. | 100% | Quarterly | 100% |

| SM Code | Outcome success measures | Target | Timescale | Benchmark |
|-------------|--|--|----------------------------------|---------------|
| BO30 | We engage with our customers, staff and partners | | | |
| IHR30_01 | Increase Facebook followers. | 2,860 (10% increase on 2,600 from 2017/18) | FQ4 2018/19 | 2016/17 Total |
| IHR30_02 | Increase Twitter followers. | 12,320 (10% increase on 11,200 from 2017/18) | FQ4 2018/19 | 2016/17 Total |
| IHR30_03 | Communication enquiries are dealt with promptly and within deadlines. | 90% | Quarterly | No benchmark |
| BO31 | We have a culture of continuous improvement | | | |
| IHR31_01 | A Council-wide Self-evaluation programme is implemented according to agreed timescale | On Track | FQ4 2019-20 | No Benchmark |
| BO32 | Our workforce is supported to realise its potential | | | |
| IHR32_01 | Maintain high satisfaction levels of all Corporate courses delivered based on completed evaluation forms | 85% | Quarterly | New measure |
| IHR32_02 | Maintian the number of modern apprenticeships created and commenced | 60 | FQ4 2019/20 | No Benchmark |
| IHR32_03 | Undertake an annual Learning Needs Analysis to ensure the future skill needs of the organisation can be met. | Complete | May 2017 May 2018 May 2019 | No benchmark |
| IHR32_04 | Actions in the Grow Our Own work plan are implemented on time. | Complete | FQ4 Annually | New measure |

Improvement and HR Service Improvements

| | Improvement Action | Completion date | Source of improvement | Source detail |
|-------------|--|-----------------|-----------------------|--|
| BO28 | Our processes and business procedures are efficient, cost effective and compliant | | | |
| | Reconfigure pay and grading model to accommodate Living Wage. | March 2019 | Other | Legislative change. |
| | Implement and develop changes associated with the redesign of the PIF Planning and Improvement Framework | March 2018 | Other | Service redesign; customer engagement. |
| | Pilot an investigation service provided by HROD team for disciplinary matters. This replaces an investigating officer being appointed within Services. | March 2018 | Other | Business Case. |
| BO31 | We have a culture of continuous improvement | | | |
| | Identify best practice in using social media to support the digital first strategy and agenda. | March 2018 | Digital Action Plan | |
| | Develop a programme of increased automation of HROD transactions. | September 2017 | Other | Service Choices service redesign; customer engagement. |

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**DEVELOPMENT AND
INFRASTRUCTURE SERVICES**

8TH DECEMBER 2017

**TARBERT AND LOCHGILPHEAD REGENERATION FUND – GLEANER PHASE 1
FULL BUSINESS CASE**

1.0 EXECUTIVE SUMMARY

- 1.1 The Tarbert and Lochgilphead Regeneration Fund – Gleaner Phase 1 Full Business Case paper is being considered by Mid Argyll, Kintyre and the Islands (MAKI) Area Committee on 6th December 2017.
- 1.2 Recommendations for the Policy and Resources Committee will be issued as a supplementary pack once the MAKI Area Committee has taken place.

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL

Mid Argyll, Kintyre and the Islands
Area Committee

Development and Infrastructure

6 December 2017

Tarbert and Lochgilphead Regeneration Fund – Gleaner Phase 1 Full Business Case

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the proposals for the Gleaner Phase 1 project and consideration of the full business case. Phase 1 will look to refurbish two existing buildings and develop a new build extension. These buildings will provide space for new businesses and it is hoped to attract those with a focus on food and drink, the creative industries and marine leisure. If a third party lessee could not be secured then Scottish Canals have indicated that they would operate the buildings themselves. Externally there will be new parking facilities and walking and cycling links to improve accessibility of the site and links between Pier Square and Chalmers Street. Further information about the redevelopment proposals is contained within Appendix 1.
- 1.2 To assess this project, Scottish Canals have provided a full business case together with details of their constitutional and financial arrangements. A copy of the assessment of the business case undertaken is contained at Appendix 2.
- 1.3 The decision of the MAKI committee in September 2017 confirmed that a maximum contribution from the Council for phase 1 would be £250,000. Following feedback from local members, the outline business case included an indication that it would be a requirement of the funding that Argyll and Bute Council's contribution to the project will not exceed the investment made by Scottish Canals to the project costs. The full business case confirms that the investment by Scottish Canals is expected to be at least £235,000. It is however recommended that the maximum grant is approved and that delegated authority is given to the Executive Director of Development and Infrastructure to confirm the final contribution in line with the Scottish Canals investment.
- 1.4 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Recommend to Policy and Resources Committee that:
 - a. The maximum grant funding of up to £250,000 should be allocated to the Gleaner Phase 1 from the Tarbert and Lochgilphead Regeneration Fund.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the final grant amount. The Executive Director will only have the delegated authority to approve grant where it would not exceed the contribution made by Scottish Canals/Scottish Waterways Trust.

ARGYLL AND BUTE COUNCIL

Mid Argyll, Kintyre and the Islands
Area Committee

Development and Infrastructure

6 December 2017

Tarbert and Lochgilphead Regeneration Fund – Gleaner Phase 1 Full Business Case

2.0 INTRODUCTION

- 2.1 This report provides an update on the proposals for the Gleaner Phase 1 project and consideration of the full business case.
- 2.2 On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed six projects which should proceed to full business case through the Tarbert and Lochgilphead Regeneration Fund. This decision was ratified by Policy and Resources Committee on 19 October 2017. It was noted in the report that full business cases for each of the projects will be submitted for consideration by committee as they become available as each of the projects will develop at a different pace. The agreed projects included an allocation of up to £250,000 for the Gleaner Phase 1 project.

3.0 RECOMMENDATIONS

- 3.1 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Recommend to Policy and Resources Committee that:
 - a. The maximum grant funding of up to £250,000 should be allocated to the Gleaner Phase 1 from the Tarbert and Lochgilphead Regeneration Fund.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the final grant amount. The Executive Director will only have the delegated authority to approve grant where it would not exceed the contribution made by Scottish Canals/Scottish Waterways Trust.

4.0 DETAIL

- 4.1 The scoring process which was used to select the six projects to proceed to full business case identified the Gleaner Project as the top scoring project for Ardrishaig. The project is split into two phases, the first phase being focused on the buildings at the southern end of the site which is closest to Pier Square. The second phase will look to redevelop the remainder of the site. A maximum of £250,000 was allocated for each of the phases. The project will be led by Scottish Canals.
- 4.2 Phase 1 will look to refurbish two existing buildings and develop a new build extension. These buildings will provide space for new businesses and it is hoped to

attract those with a focus on food and drink, the creative industries and marine leisure. Externally there will be new parking facilities and walking and cycling links to improve accessibility of the site and links between Pier Square and Chalmers Street. Further information about the redevelopment proposals is contained within Appendix 1.

- 4.3 This project was the successful recipient of funding from the Scottish Government's Regeneration Capital Grant Fund with £580,000 being allocated for spend within the 2017/18 financial year. Scottish Canals are therefore progressing towards being able to let a contract for construction in February 2018 with works starting onsite shortly after. In order to be able to sign this contract, they need confirmation of funding from all parties, including the Council's contribution.

Assessment of Full Business Case

- 4.4 To assess this project, Scottish Canals have provided a full business case together with details of their constitutional and financial arrangements. A copy of the assessment is contained at Appendix 2.
- 4.5 Following this assessment, it is considered that overall the impacts of the project and the organisation's governance, financial planning and project planning are sufficient that the Council's funding can be confirmed. There is already a draft grant agreement prepared in relation to the RCGF funding (since the Council is the recipient of the funding which is then passed to Scottish Canals) and it is proposed that an agreement with similar terms and conditions will be prepared in relation to the Council's contribution which committee are currently being asked to confirm. A summary of the key points is shown below:
- Policy Review – the project is in line with Council policy including supporting the objectives of the Single Outcome Agreement/Local Outcome Improvement Plan. The project has the potential to provide additional business space which can support the food and drink industry within Argyll, a key sector identified in the Economic Development Action Plan. Furthermore, the regeneration of Ardrishaig is specifically referenced in the MAKI Economic Development Action Plan. As well as supporting new businesses, the project could support the CHArts (Culture, Heritage and Arts) Place Partnership Project which aims to promote the culture, heritage and the arts opportunities available within Argyll and Bute and would implement an allocation within the Local Development Plan for the redevelopment and environmental improvement of the former Gleaner site.
 - Governance Review – Scottish Canals is a Scottish Public Body, it is the operating name of the British Waterways Board which was established by the Transport Act 1962. The project has been approved by the Scottish Canals Executive Project Board.
 - Financial Review – Capital costings for the project have been set out and a funding strategy identified, work is ongoing in relation to securing this funding with two outstanding funding decisions at the time that this report was written. No Council funding would be released until such time as the full funding had been secured and work had commenced on delivering the project. Scottish Canals hope to let the units once they have been completed but have indicated that they will operate themselves should occupiers not come forward immediately.
 - Deliverability/Risk Review – The project will be managed by a Scottish Canals project manager who will be supported by the appointed design team. Scottish

Canals have experience in delivering large scale regeneration projects. It is expected that the Council funding, which is the subject of this report, will be the final funding decision to be received. Should the other funding bids be unsuccessful, no Council funding will be released until such time as there is a fully funded, deliverable project. Work has commenced on the tender process with a contract being signed in February 2018. Work will commence on site shortly after and is expected to take 8-9 months to complete. The buildings on the site are expected to be operational by November 2018. The early part of this timescale, particularly co-ordinating funding decisions with the procurement of a contract for the onsite works, is tight and there is limited scope for slippage. If the RCGF funding is to be drawn down then it will be imperative that this stage of the project is delivered on time or there is a risk that the RCGF funding could be lost and this would put the whole project in jeopardy.

The funding and timescales involved with delivering the project are the biggest risks at this stage but there will remain, after these are resolved, a number of risks which will be managed and mitigated against e.g. unknown site conditions.

It should however be noted that there are risks associated with the project not receiving funding from the Council. Failure to confirm this funding would put at risk the entire project and particularly the RCGF funding. It is not expected that the project will be able to proceed without public funding and should the project not progress the site will continue to blight the local community. There would also be a loss of public confidence if the project did not proceed which could be detrimental to the wider regeneration of Ardrishaig. Indirect negative impacts could be felt in terms of a loss of potential income for the local economy.

Funding allocation

4.6 The funding required for the delivery of project is as follows:

| Funder | Figure | Confirmed/ expected/ applied for | Date expected/ confirmed/ to be applied for |
|---|-------------------|---|---|
| Costs expended in developing the project to full business case (costs to date) | | | |
| Scottish Canals | £25,000 | Paid out | |
| Capital project costs | | | |
| Scottish Canals / Scottish Waterways Trust | £190,000 | Confirmed | |
| Argyll & Bute Council | Up to £250,000 | In principle approved | Decision MAKI Committee 6 Dec Decision ABC P&R Committee 8 Dec |
| Regeneration Capital Grant Fund | £580,000 | Approved by Scott Govt. | |
| SUSTRANS | £180,000 | Applied for | Decision Nov 2017 |

| | | | |
|---------------------------------|-------------------|-----------------------|-------------------|
| LEADER | £300,000 | Applied for | Decision Nov 2017 |
| Ardrishaig Community Trust | £5,000 | In principle approved | Decision Oct 2017 |
| <i>Capital Project total</i> | <i>£1,505,000</i> | | |
| Project Management costs | | | |
| Scottish Canals | £20,000 (in-kind) | Confirmed | |

Table 1: Funding

4.7 The decision of the MAKI committee in September 2017 confirmed that a maximum contribution from the Council for phase 1 would be £250,000. Following feedback from local members, the outline business case included an indication that it would be a requirement of the funding that Argyll and Bute Council's contribution to the project will not exceed the investment made by Scottish Canals to the project costs. The full business case confirms that the total investment by Scottish Canals (and their partner organisation Scottish Waterways Trust, Scotland's national waterways charity) is currently expected to be at least £235,000. It is therefore proposed that the initial allocation from the Tarbert and Lochgilphead Regeneration Fund budget will be £235,000.

4.8 This is £15,000 less than the maximum which was allocated at outline business case. There may be a risk in allocated less than the £250,000 since the total funding identified in the full business case indicates that the Council's contribution of £250,000 is required to make the full funding target. However, it is noted that the capital costs include contingencies of approximately £115,000 and therefore should all the funding come through and costs be as estimated, it would be sufficient to enable Scottish Canals to progress with the signing of a contract. It is recommended that the grant is increased to the maximum if necessary and subject to Scottish Canals also increasing their contribution. The decision on whether this funding is released is recommended to be delegated to the Executive Director of Development and Infrastructure Services.

Grant agreement

4.9 Should this funding request be confirmed the offer of grant which has been prepared for the drawdown of the RCGF from the Council to Scottish Canals will be used as a template for this additional contribution to ensuring that the Council is appropriately protected in relation to any grant paid. No monies will be paid out until the project is fully funded and deliverable.

5.0 CONCLUSION

5.1 Due to the timescale for delivery for Gleaner Phase 1, it is necessary to progress the assessment of the full business case and confirm the funding for this project at this time. No funding will be released until the project is fully funded and deliverable.

5.2 On the basis of this assessment it is recommended that a maximum of £250,000 funding is confirmed for Gleaner Phase 1 from the Tarbert and Lochgilphead Regeneration Fund. The initial funding to be provided will be £235,000 but this may be increased to the maximum where Scottish Canals demonstrate that this is

necessary for the successful delivery of the project and any increase in Council funding will be matched by Scottish Canals, this increase would be delegated to the Executive Director of Development and Infrastructure.

6.0 IMPLICATIONS

- 6.1 Policy – The project offers the opportunity to support the objective and long term outcomes of the Single Outcome Agreement/Local Outcome Improvement Plan as well as the MAKI Economic Development Action Plan, Local Development Plan and Charts.
- 6.2 Financial – £250,000 grant contribution where Scottish Canals can demonstrate that Council funding will be matched by Scottish Canals investment. Spend is expected to take place in 2017/18 and 2018/19. The initial funding will be £235,000.
- 6.3 Legal – a formal grant agreement will be put in place to cover the grant payment.
- 6.4 HR – support will be required from Legal Services and Strategic Finance.
- 6.5 Equalities – none at this time.
- 6.6 Risk – The most significant risks are around securing the necessary funding and delivery of the project within the timescale set by the funders. Other risks include unexpected site conditions, lack of capacity in services, flooding and other construction related risks. There are also risks should the funding not be granted and the project not proceed, these relate to a lack of environmental improvements, failure to kick start regeneration in Ardrishaig and loss of reputation for both Scottish Canals and Argyll and Bute Council.
- 6.7 Customer Service – none at this time.

Executive Director of Development and Infrastructure – Pippa Milne
Policy Lead – Councillor A Morton

7 November 2017

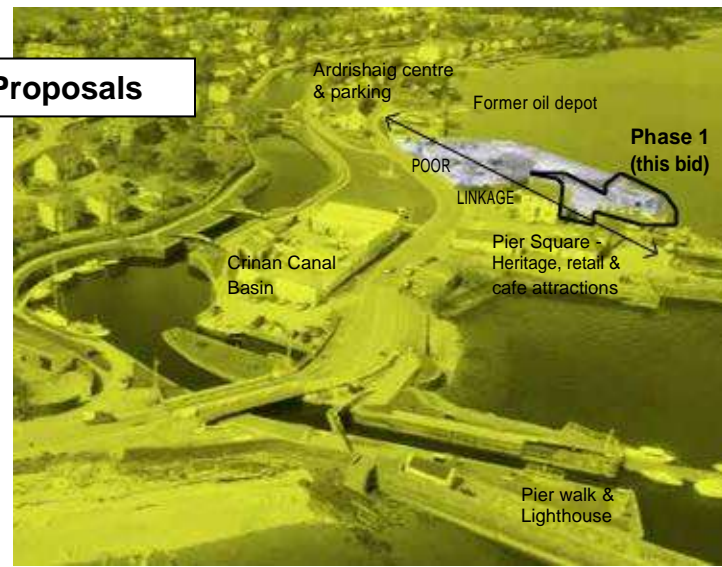
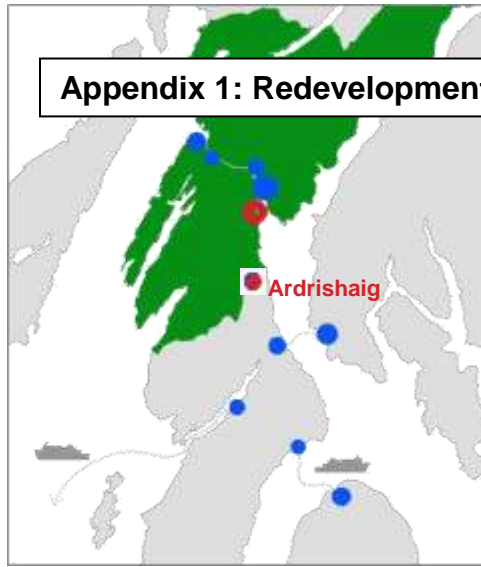
For further information contact: Anna Watkiss, Transformation Projects and Regeneration Team, Anna.Watkiss@argyll-bute.gov.uk, Tel. 01546 604344

APPENDICES

Appendix 1: Redevelopment Proposals

Appendix 2: Assessment of Redevelopment Proposals

Appendix 1: Redevelopment Proposals



The 'Egg Shed', formerly used for storing dairy between sea, land and canal transportation



The site is part of a derelict oil storage depot

The project is to regenerate a derelict oil depot, an important town-waterfront site, to create a waterside hub for community and niche business uses with a focus on creative industries, food and marine leisure uses, training and social enterprises. It forms part of the redevelopment of the waterfront, the regeneration of Ardrishaig town and the wider Crinan Canal to increase economic activity and maximise community assets.

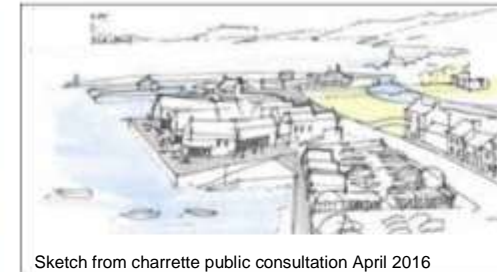
The context at present

Summary of proposal



Returning the site to enterprise. Robust, adaptable buildings

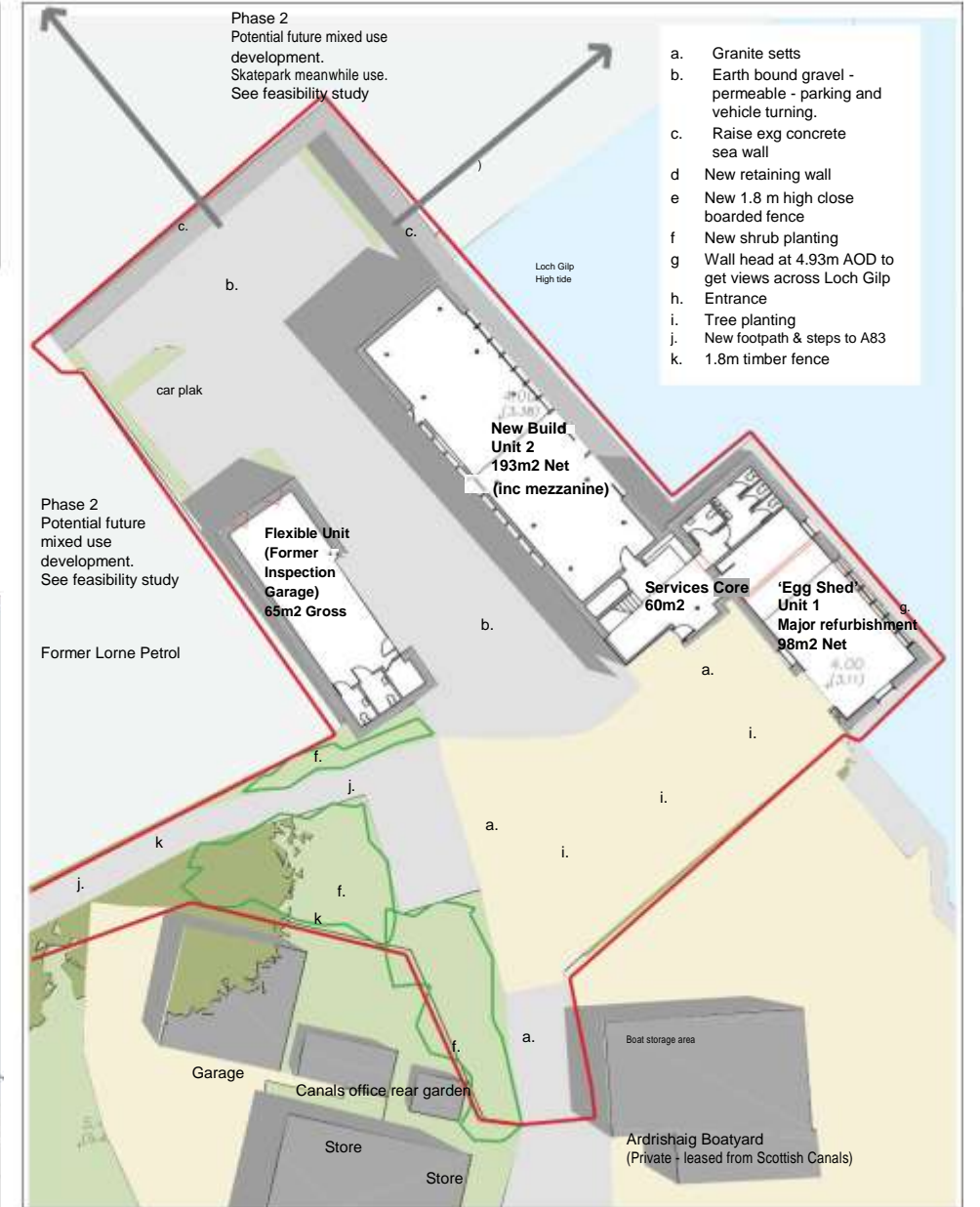
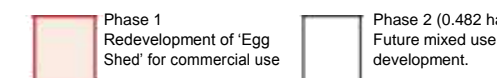
The bid is for Phase 1 of a much larger site. Phase 1 includes the redevelopment of an existing derelict building known as the 'Egg Shed' and creating an adjoining new building for business and light industrial use.



Sketch from charrette public consultation April 2016



Public participation has been high (April 2016)



Appendix 2: Assessment of Redevelopment Proposals

Policy Review

The proposal will redevelop the southern part of the former Gleaner Oil Depot in Ardrishaig. Located adjacent to Pier Square this part of the site is part of the terminus of the Crinan Canal, an important landmark in the heart of Mid Argyll. The redevelopment will provide business and community space with the aim of expanding the range of services and facilities available at Pier Square and therefore provide an attractive destination for local residents and visitors alike. The Phase 1 works will bring a 0.12 hectare site back into use. The works include;

- Site remediation including raising an area of land above the coastal flood level and capping contaminated ground.
- 98m² 'Egg Shed' structure converted to form a fully modernised serviced building suitable for a variety of lessee uses. Replace roof (currently asbestos sheet) with new raised roof, raise ground floor above flood datum, masonry repairs, strap line & insulate internally, new mezzanine floor, windows, doors, roof-light, WC/kitchenette, heating, ventilation, electrics, plumbing and drainage.
- 193m² new build workshop unit. Single storey portal frame structure on raised in-situ slab with profiled metal insulated roof panels and flood resistant panelised cladding to walls.
- 60m² shared services and entrance joining the 'Egg Shed' and new build elements.
- 65m² – Flexible space in former inspection garage. A 'light touch' refurbishment to enable this structure to be used for meanwhile activities such as an arts studio / cinema. Its floor level is below the coastal flood level and its poorer quality of its construction means it does not warrant the same level of refurbishment work as the 'Egg Shed' however it can make a meaningful contribution to increasing activity on the site.
- External works – hard landscaped forecourt and access in bound gravel with 4no planted trees, permeable paving to parking area, timber screen and planting boundary treatment to boatyard (south east), foul and surface water drainage.

The project is expected to deliver the following:

- 3 work/community spaces with a focus on the creative industries, food and drink and marine leisure uses in a unique, coastal location;
- Remediation of part of a currently vacant site;
- Additional walking/cycling facilities;
- Additional parking provision;
- 10 FTE construction phase jobs and an estimated 12.5 FTE following redevelopment;
- To act as a catalyst for redevelopment of the remainder of the site and the wider regeneration of this part of the Crinan Canal.

Single Outcome Agreement/Local Improvement Plan

The proposed redevelopment will help to contribute to the following outcomes within the Single Outcome Agreement (SOA).

- The economy is diverse and thriving – the project will bring funding into Argyll and will increase the offer of business space enabling new businesses to operate which will hopefully attract visitor which will further benefit the Argyll economy;
- We have infrastructure that supports sustainable growth – the project will deliver improved community infrastructure as the Ardrishaig Community Trust is engaging with the redevelopment process. It will also support improved walking and cycling infrastructure;
- Education, skills and training maximises opportunities for all – opportunities for training and educational activities will be realised;
- People live active, healthier and independent lives – the redevelopment will improve walking and cycling opportunities facilitating active travel and associated health benefits;
- People live in safer and stronger communities – Ardrishaig Community Trust are engaging with proposals for redeveloping the site and Scottish Canals are investigating options for helping them realise ambitions for community activity on the site.

Support for these outcomes help to support the overall SOA objective that Argyll and Bute's economy is built on a growing population.

Economic Development Action Plan

The Strategic Economic Development Action Plan supports the development of the tourism sector and this project aims to expand the tourist offer available within Ardrishaig. In addition the project could help to support the following activities listed – securing inward investment and local employment/ training opportunities for Argyll and Bute, supporting the food and drink sector, promoting the cruise ship market (Scottish Canals are separately investigating opportunities to enable cruise ships to visit Ardrishaig and this site could play a part in this offer).

The Mid Argyll, Kintyre and the Islands (MAKI) Economic Development Action Plan supports the regeneration of the main towns of the MAKI area including Ardrishaig. Specific actions refers to the approval of the Action Plan from the Crinan Canal Charrette, which has been agreed and which identifies the redevelopment of the Gleaner Site as important. Identification of the projects to be taken forward through the Tarbert and Lochgilphead Regeneration Fund is also an action listed in relation to this measure. The Gleaner Phase 1 proposal has been accepted as a project to progress to full business case stage through this Fund and it is for this reason that this assessment is being undertaken.

Relationship to other projects

The improved walking and cycling routes could link into the North Ardrishaig Public Realm project which is also progressing to full business case through the Tarbert and Lochgilphead Regeneration Fund.

If creative industries are developed on this site, which is one of the proposed uses, then this could link into the CHArts project which is aiming to promote creative industries across Argyll.

Support for other initiatives

The redevelopment of the former Gleaner site and environmental improvements are included within in an Area for Action allocation contained within the Local Development Plan.

The project would support the proposals contained within the Crinan Canal Charrette Action Plan to develop a walking any cycling route from Ardrishaig to the Lochgilphead Joint Campus. It could also support the Ardrishaig Community Trust proposals for development of youth activities on the wider Gleaner site.

SWOT analysis

The following outlines the main strengths, weaknesses, opportunities and threats associated with the redevelopment proposals.

Strengths

- The former Gleaner site is a unique coastal location which could be attractive for businesses and attract visitors to the area.
- Redevelopment of phase 1 will be a significant step forward in the remediation and improvement of this derelict site. It is hoped that it will be a catalyst for redevelopment of the Phase 2 Gleaner site which is also recognised as a blight on the local community.
- The redevelopment can strengthen Pier Square as a destination for residents and visitors of the area.
- Planning permission has been secured and work is underway to obtain building warrants.
- Additional jobs and educational opportunities will be created.
- Construction jobs will be supported/created in the delivery phase of the project.
- Scottish Canals have indicated that they would operate businesses from the location initially if an appropriate tenant cannot be secured, this minimises the risks of the buildings being left unoccupied.
- Scottish Canals are experienced in delivering capital projects of this scale.

Weaknesses

- A full funding package is still to be secured.
- Phase 1 will only deliver redevelopment of part of the site and this is not the most prominent and therefore the visual impact benefits of the redevelopment will be limited.

Opportunities

- 950,000 vehicles travel along the A85 annually between Ardrishaig and Tarbert which offers an opportunity to encourage visitors to stop and explore the local area.
- The project offers the opportunity to enhance local facilities.
- There is an opportunity to improve the visitor experience for those stopping in Ardrishaig and hopefully increase the time and money spent in the local area.
- A food and drink and creative industries focus offers the opportunity to support local suppliers.

Threats

- If all the sources of external funding cannot be secured before the end of 2017 then this will put the project at risk given the need for RCGF to be drawn down within the 2017-18 financial year.
- Focusing development on Pier Square may be detrimental to Chalmer's Street which is currently the main shopping area for Ardrishaig and has also suffered from decline.
- There is a risk that additional contamination could be discovered, in addition to that confirmed through the site investigation.
- The site will remain within the flood plain, although mitigation measures are proposed to help protect and flood proof the development.

Economic impact/Jobs

Canal users currently spend approximately £285,000 during their use of the Crinan Canal. Assuming that just 1% of the passing visitors stop at the site with an average spend of £20 per car and £125 per coach then this could generate more than £250,000 spend in the local economy.

It is forecast this project will provide 10 FTE construction jobs and 12.5 FTE jobs once it is operational.

Governance Review

Scottish Canals, a Scottish Public Body, is the operating name of the British Waterways Board. The British Waterways Board was established by the Transport Act 1962 to manage and maintain the inland waterways. By virtue of the Scotland Act 1998, responsibility for the inland waterways in Scotland was devolved to the Scottish Parliament and was designated as a cross-border public authority under the Scotland Act 1998 (Cross-Border Public Authorities) (Specification) Order 1999.

In October 2010 the UK Government decided that the British Waterways Board's functions and assets in England & Wales would transfer to a new waterways charity, Canal & River Trust ("CRT"). Scottish Ministers decided to make no changes to the arrangements for the ownership, care and maintenance of the Scottish canals. This transfer is enabled by the Public Bodies Act 2011.

The British Waterways Board (Transfer of Functions) Order 2012 ("the BW Order") provides for the transfer of the British Waterways Board's functions in England & Wales to CRT. The BW Order also removed England & Wales operations and UK Ministers' powers in relation to the organisation to allow the British Waterways Board to continue to operate effectively in Scotland on a self-standing basis, without involvement from UK Ministers. The BW Order also removed the British Waterways Board's status as a cross-border public authority.

The British Waterways Board Transfer Scheme 2012 ("the Transfer Scheme") came into force in conjunction with the BW Order. It divides and transfers the property, rights and liabilities of the British Waterways Board between the CRT, the Canal & River Trust Community Interest Company – Canal & River Trading CIC – and the British Waterways Board, operating as Scottish Canals.

Scottish Canals, received all of the property, rights and liabilities relating to the activities

of the British Waterways Board in Scotland as well as a portion of the British Waterways Board's cross-border contracts. The division of assets between the CRT and Scottish Canals was agreed by the UK Government and the Scottish Government through a disaggregation process. The draft Transfer Scheme was also made available to the Scottish Parliament during their consideration of the Transfer Order. The Scottish Parliament gave its consent to the draft Transfer Order on 9th May 2012.

The project has been approved by the Scottish Canals Executive Project Board. This commits SC to contributing £150,000 so far. Scottish Canals has contributed £25,000 in fees already to the project and has committed to raising a further £30,000 through fundraising activities with our partner charity Scottish Waterways Trust. Further Project Board approvals will be sought as the project progresses.

Financial Review

Costings

The development and delivery phase of the project is expected to incur costs of £1,505,000 which will be funded by a variety of sources.

| Item | Cost £ |
|-----------------------------|------------------|
| Egg Shed | 225,995 |
| New Build | 319,140 |
| Garage refurb | 15,000 |
| External Works | 86,515 |
| Service connections | 40,000 |
| Site abnormalities | 243,892 |
| Public Real and Access | 73,920 |
| Sub Total | 1,004,462 |
| Statutory Consents | 5,000 |
| Prelims 15% | 150,669.30 |
| Contingency 10% | 115,513 |
| Inflation 7% | 69,335 |
| Construction Total | 1,340,000 |
| Design Team Fees 15% | 150,000 |
| Detailed Site Investigation | 15,000 |
| Total £ | 1,505,000 |

Table 2.1 – capital project development costs

These costings have been developed in consultation with the design team quantity survey but will only be confirmed as the tenders are received and the project progresses.

Funding

The table below indicates the funding currently expected/being sought for the delivery phase of the redevelopment project:

| Funder | Figure | Confirmed/ expected/ applied for | Date expected/ confirmed/ to be applied for |
|--|-------------------|---|---|
| Scottish Canals / Scottish Waterways Trust | £190,000 | Confirmed | |
| Argyll & Bute Council | Up to £250,000 | In principle approved | Decision MAKI Committee 6 Dec Decision ABC P&R Committee 8 Dec |
| Regeneration Capital Grant Fund | £580,000 | Approved by Scott Govt. | |
| SUSTRANS | £180,000 | Applied for | Decision Nov 2017 |
| LEADER | £300,000 | Applied for | Decision Nov 2017 |
| Ardrishaig Community Trust | £5,000 | In principle approved | Decision Oct 2017 |
| Project total | £1,505,000 | | |

Table 2.2 – Funding

In addition to the above Scottish Canals has also invested £25,000 in feasibility costs to get the project to this stage and will commit to Project Managing the project's delivery as an additional benefit-in kind to an estimated value of £20,000.

Operating business plan

No ongoing business plan has been provided however if the units cannot be let Scottish Canals have indicated that they would take on the operation of the units if a third party lessee could not be secured.

Deliverability/Risk ReviewBusiness Plan

A capital business plan for the redevelopment project has been prepared and has been used to inform this assessment. Scottish Canals hope to let the units once they have been completed but have indicated that they will operate themselves should occupiers not come forward immediately..

Project delivery

The redevelopment project will be delivered by Scottish Canals, who have experience of successfully delivering large scale regeneration projects. They will be supported by a design team, lead architects are Oliver Chapman Associates, who will project manage the delivery of the construction. The project manager at Scottish Canals will handle programme management, funding, reporting, claims and finance throughout the delivery of the project.

Timescale for delivery

It is expected that the outstanding funding decisions will be made in October and November. Subject to this and other funding applications being successful, it is hoped that the construction should commence on site in March 2018 with work continuing through 2019. Construction is expected to be completed within 8 months so that the operational phase of the development will commence in November 2018.

| Key Project Tasks/Milestones | Date Expected |
|---|----------------------|
| Planning Consent | Sept 2017 - granted |
| Sub Structure and Superstructure Warrants submitted | Nov 2017 |
| Funding package finalised and approved by all partners | 8 Dec 2017 |
| Tender for Work | Dec 2017 – Jan 2018 |
| Planning / Building Warrants approved | Jan 2018 |
| Appoint main contractor | Feb 2018 |
| Mobilisation / start on site | Feb 2018 |
| Construction period (8 months) complete | Mar 2018 |
| Tenant Fit Out | Oct 2018 |
| Venue operations commence / open to public | Nov 2018 |
| Walkways / public realm / access improvements completed | Nov 2018 |

Table 2.3 – Key project tasks/milestones

Risks

Scottish Canals have identified risks associated with the redevelopment project in a risk register attached to the full business case. The likelihood and impact of risks have been identified along with mitigation measures.

Whilst these procedures have been put in place there still remain some significant risks associated with the project. The principal at this stage is in relation to the funding of the project and the timescale for delivery. The RCGF funding secured in March 2017 is required to be spent within the 2017/18 whilst the other funding is still to be secured. Significant activity is required by the design team to ensure that all of the information is available to enable these funding bids to proceed and for the tender to be commenced in line with the timescale stated above. Failure to sign a contract and mobilise on site by the end of the 2017/18 financial year will likely lead to the loss of the RCGF contribution to the project and will put the whole proposal in jeopardy.

Other identified risks include that

- development management may object to any changes proposed as the project develops;
- construction may discover site contamination which was not identified through the site investigation;
- services may not have the capacity to accommodate the development, although a services search has been undertaken and the location of these is known;
- Flood risk although SEPA did not object to the proposals and mitigation is proposed;

Standard risks associated with a construction project exist. Once construction commences there will be risks associated with health and safety, unscheduled delays and unexpected site conditions.

There are however also risks associated with the project not proceeding. It is not expected that the project could be delivered without funding support and therefore the site would remain as a derelict and vacant location. Further decline could occur and the appearance of the site would continue to blight the local environment. Furthermore, there has been a history of public consultation within Ardrishaig and local residents are eager for action to be demonstrated failure to deliver change could damage relationships between Scottish Canals and the local community and also have negative consequence for the Council.

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****8th December 2017**

**ARGYLL AND BUTE EMPLOYABILITY TEAM – UPDATE ON FINANCIAL
POSITION AND SERVICE PROVISION GOING FORWARD**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide the members of the Policy and Resources Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team and to seek approval to deliver the new Fair Start Scotland contract over a three year period commencing on 3rd April 2018.

Current Financial Position

- 1.2 Welfare to Work services were devolved to Scotland on the 1st April 2017. To manage this significant policy change from a UK to a Scottish level, the Scottish Government treated this current financial year 2017/18 as a transition year.
- 1.3 In order to meet the Employability Team's ongoing contractual obligations until the end of 2017/18, with the minimal necessary staffing complement, it was agreed at the Policy and Resources Committee on 29th October 2015, endorsed by Argyll and Bute Council at the full council meeting on 29th November 2015, that an indicative net cost of £456,000 would be covered by Argyll and Bute Council's earmarked reserves as a one-off cost.
- 1.4 The above committee papers also noted the intent of the Employability Team to actively pursue potential additional income streams. This paper outlines the income from the current provision. This is summarised as follows:
- delivery of the Employability Fund across Argyll and Bute on behalf of Skills Development Scotland (SDS) for the final quarter of 2016/17 and for the financial year 2017/18;
 - delivery of the Work Able Scotland contract across Argyll and Bute during 2017/18 on behalf of Progress Scotland; and
 - ad hoc employability service provision, within short timescales, such as the delivery of discrete courses for Jobcentre Plus during 2017/18.

- 1.5 Employability Fund provision during 2017/18 is being delivered in partnership with the Council's Adult Learning and Literacies Service. As well as assisting with client delivery on the ground (with associated delivery costs being paid internally between teams) this service also hosts the Argyll and Bute Community Learning Scottish Qualifications Assessment (SQA) Centre.
- 1.6 Over the last three years (since April 2014 to date) the Employability Team has supported 266 individuals into work.
- 1.7 With detailed input from Strategic Finance the anticipated end position by the 31st March 2018 is forecast to be a surplus of £113,626. Therefore a forecast balance of £435,164 could be released back to the general fund from earmarking. Please see **Appendix B, Tables B1 and B2** for the detailed financial calculations.
- 1.8 The Employability Team worked with a range of council services to achieve its improved financial position, in particular the Adult Learning and Literacies Service, and will continue to do so.

Future Provision

- 1.9 During this current financial year, the Scottish Government has devised the new Fair Start Scotland contract which was put out to tender in May 2017 for provision over the three financial years 2018/19 until the end of 2020/21.
- 1.10 The successful tender for the Highlands and Islands contractual area was awarded to an organisation called PeoplePlus (as announced on 4th October 2017). Argyll and Bute Council's Employability Team was included in the PeoplePlus bid to deliver the Fair Start Scotland contract across the whole of the Argyll and Bute area. However, it was made clear in a covering letter to PeoplePlus that participation of and delivery by Argyll and Bute Council would be subject to approval by the Policy and Resources Committee on 8th December 2017.
- 1.11 At present, the indicative contract value for Argyll and Bute over the three year lifetime of Fair Start Scotland is **£866,150** (net of PeoplePlus management fees). This contract will come with on-costs such as a start fee per customer (figures to be confirmed but approximately £400-£600 per start) plus ongoing sustainment payments triggered after 13 weeks in a job outcome. It should be noted that the indicative contract value is dependent on the indicative referral numbers being achieved for each contractual delivery strand (detailed in the report). The financial difficulties experienced during the Work Programme are not expected to arise with the Fair Start Scotland contract due to the more financially viable payment model being offered which is anticipated to make the Employability Team self-financing.
- 1.12 The annual wage bill for the remaining five staff within the Employability Team is circa £142k thus the indicative contract value for Argyll and Bute

will meet such costs and allow for associated running costs that will not exceed £140k per annum. The service provision, financial and operational risks for this contract are outlined in **Table 2** in the main report with clear mitigation actions included for each risk.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Agree that the Employability Team delivers the Fair Start Scotland contract which has an indicative value of £866,150 (net of management fees) over the lifetime of the contract.
- Agree that unused earmarking is released back to the general fund, estimated to be approximately £435k (better than anticipated).

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

8th December 2017

**ARGYLL AND BUTE EMPLOYABILITY TEAM – UPDATE ON FINANCIAL
POSITION AND SERVICE PROVISION GOING FORWARD**

2.0 INTRODUCTION

2.1 The purpose of this report is to provide the members of the Policy and Resources Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team and to seek approval to deliver the new Fair Start Scotland contract over a three year period commencing on 3rd April 2018.

3.0 RECOMMENDATIONS

3.1 Members are asked to:

- Agree that the Employability Team delivers the Fair Start Scotland contract which has an indicative value of £866,150 (net of management fees) over the lifetime of the contract.
- Agree that unused earmarking is released back to the general fund, estimated to be approximately £435k (better than anticipated).

4.0 DETAIL

4.1 The overarching remit for the Council's Employability Team is to assist long term unemployed people into sustainable employment. Since the service's inception in 1999, the team has developed a preventative approach to employment support for the most vulnerable individuals across Argyll and Bute and has enabled cost savings elsewhere, particularly on health issues, given the significant correlations between unemployment, low income and health outcomes.

4.2 Over the last three years (since April 2014 to date) the Employability Team has supported 266 individuals into work.

4.3 With detailed input from Strategic Finance the anticipated end position by the 31st March 2018 is forecast to be a surplus of £113,626. Therefore a forecast balance of £435,164 could be released back to the general fund from earmarking. Please see **Appendix B, Table B1 and B2** for the detailed financial calculations.

- 4.4 The Employability Team worked with a range of council services to achieve its improved financial position, in particular the Adult Learning and Literacies Service, and will continue to do so.
- 4.5 In order to meet the Employability Team's ongoing contractual obligations until the end of 2017/18, with the minimal necessary staffing complement, it was agreed at the Policy and Resources Committee on 29th October 2015, endorsed by Argyll and Bute Council at the full council meeting on 29th November 2015, that an indicative net cost of £456k would be covered by Argyll and Bute Council's earmarked reserves as a one-off cost.
- 4.6 The approval of the funding support to cover the staffing costs and operational activities of the Employability Team until the end of March 2018 was also based on the requirement for the team to actively pursue potential additional income streams to offset the call on earmarked reserves. The secured Employability Fund provision on behalf of Skills Development Scotland (SDS) for the final quarter of 2016/17, and Employability Fund for SDS and Work Able contract for Progress Scotland during 2017/18, did not incur any additional operational expenditure (bar internal team payments¹) as the funding models associated with the new provision included on-costs such as recruitment payments at the outset and rural uplift payments eligible for all customers in Argyll and Bute. A summary of the aims of the contracts delivered are presented in **Appendix A**.

Service Provision 2018/19 to 2020/21

- 4.7 During this current financial year, the Scottish Government has devised the new Fair Start Scotland contract which was put out to tender in May 2017 for provision over the three financial years 2018/19 until the end of 2020/21. As with the current Employability Fund and Work Able contracts referrals are entirely voluntary. Fair Start Scotland will offer specialist support to long-term unemployed people and claimants with health conditions, disabilities and a wide range of other complex barriers.
- 4.8 The successful tender for the Highlands and Islands contractual area was awarded to an organisation called PeoplePlus (as announced on 4th October 2017). Argyll and Bute Council's Employability Team was included in the PeoplePlus bid to deliver the Fair Start Scotland contract across the whole of the Argyll and Bute area. However, it was made clear in a covering letter to PeoplePlus that participation of and delivery by Argyll and Bute Council would be subject to approval by the Policy and Resources Committee on 8th December 2017.
- 4.9 At present, the indicative contract value for Argyll and Bute over the three year lifetime of Fair Start Scotland is **£866,150** (net of PeoplePlus management fees). This contract will come with on-costs such as a start fee per customer (figures to be confirmed but approximately £400-£600

¹ Further to an operational decision taken by senior officers, the Employability Team, in partnership with the Council's Adult Learning and Literacies Service, is currently delivering the Employability Fund on behalf of SDS until the end of March 2017/18

per start) plus ongoing sustainment payments triggered after 13 weeks in a job outcome.

- 4.10 It should be noted that this indicative contract value is dependent on the referral numbers being achieved for each contractual delivery strand as depicted in **Table 1** below. The referral figures quoted are estimates at this time and need to be used with care until a formal contract has been received from PeoplePlus. Signing of such a contract will be subject to scrutiny by the Council's Legal Services and ultimately on approval of the recommendations in this paper.

| Table 1: Argyll and Bute Volume Projections & Indicative Contract Value | | | |
|--|--------------------|------------------------|-----------------------|
| | Core Strand | Advanced Strand | Intense Strand |
| Customer Volumes | 63 | 224 | 161 |
| Indicative contract value until end of 2020/21 | | | £866,150 |

Source: Scottish Government's (SG) volume projections, which may be subject to change.

- 4.11 The annual wage bill for the remaining five staff within the Employability Team is circa £142k thus the indicative contract value for Argyll and Bute will meet such costs and allow for associated running costs that will not exceed £140k per annum. Such running costs will include the provision of appropriate external specialist health service provision, tutors as required and internal payments to the Council's Adult Learning and Literacies Service for delivery support. In addition, PeoplePlus will provide specialist self-employment support on a call-off basis at no additional cost to the council for up to 15% of the indicative volumes outlined in **Table 1** above. It is not clear at this time if this 15% applies to each strand or 15% of the volumes across all strands.
- 4.12 The information received on the contract to date, including anticipated performance levels, is outlined in **Appendix C**. It should be noted that an initial introductory meeting has been arranged by PeoplePlus on 23rd November which will be followed by a two day training session (date to be confirmed) where it is hoped more details on the contractual delivery requirements will be provided. As appropriate, officers will provide a verbal update to committee members on the 8th December.
- 4.13 In summary, if the Fair Start Scotland contract goes ahead the anticipated value will support the staff costs of the existing Employability Team staff and associated running costs to continue to support vulnerable residents in the communities across the whole of Argyll and Bute which includes urban, rural, remote rural and island areas, complemented by input from PeoplePlus, Adult Learning and Literacies staff and specialist provision as required. There will be no redundancies incurred at this time.
- 4.14 As presented in **Appendix D**, there is also the ongoing potential for the Employability Team to deliver ad hoc provision for the DWP through the detailed factsheets on the team's experience and capabilities that have been uploaded onto the new Dynamic Purchasing System (DPS).

Service provision is demand led by DWP and to date no calls have been required for Argyll and Bute.

Risks

4.14 **Table 2** below outlines the risks associated with the delivery of employability services and how these will be addressed. A value score of between 1-5 has been deemed as low risk (green); a value score of between 6-12 represents medium risk (amber) and a value score of between 15-25 has been deemed as high risk (red).

| Table 2: Risks Associated with Employability Provision | | | | |
|---|-------------|---------------|--------------|---|
| Service Provision Risks | | | | |
| Description | Prob | Impact | Value | Action to mitigate risks |
| Policy and Resources Committee does not give approval for the Council's Employability Team (in partnership with Adult Learning and Literacies) to deliver the Fair Start Scotland contract over the period, 2018/19 to 2020/21. | 2 | 5 | 10 | There are no other providers that can cover the whole of the Argyll and Bute area. PeoplePlus (contracted by the Scottish Government to deliver this contract within Argyll and Bute) would therefore have difficulty finding alternative providers if the Employability Team did not deliver the Fair Start Scotland contract. The Employability Team would cease to operate during 2018/19 subject to compliant completion of existing contracts. |
| Financial Risks | | | | |
| Description | Prob | Impact | Value | Action to mitigate risks |
| Employability service provision – costs of delivery outweigh the income generated. | 1 | 5 | 5 | The funding models are based on an on-costs approach where payments are made for programme starts rather than an outcome based model associated with initiatives such as the former DWP Work Programme. |
| Council spends money which it cannot reclaim from main provider due to non-compliance with financial record keeping. | 1 | 4 | 4 | With direct input from Strategic Finance, robust systems will be put in place to monitor spend and claims to the main provider, to ensure compliance with programme rules. |
| Lower number of referrals than anticipated at the contract outset. | 2 | 4 | 8 | Actively promote Fair Start to ensure referring agencies are fully aware of provision and its benefits to the customer. |

| Table 2: Risks Associated with Employability Provision (continued) | | | | |
|---|-------------|---------------|--------------|---|
| Operational Risks | | | | |
| Description | Prob | Impact | Value | Action to mitigate risks |
| Failure to engage by voluntary customer | 2 | 4 | 8 | Ensure customer's attention is grasped from the outset to highlight the benefits regular attendance can make to their |

| | | | | |
|------------------------|---|---|---|--|
| | | | | life style and wellbeing. |
| Inappropriate referral | 1 | 5 | 5 | This would add a time pressure on achieving the full number of referrals. A quick turnaround from referral to induction will mitigate the effects of this and allow for a quick replacement candidate. |

5.0 CONCLUSION

- 5.1 This report provides the members of the Policy and Resources Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team and seeks approval to deliver the new Fair Start Scotland contract over a three-year period commencing on 3rd April 2018.
- 5.2 By working together, PeoplePlus, the Employability Team, the Adult Learning and Literacies Service, and specialist support, as appropriate, are able to offer a unique approach to delivery of the employability provision across Argyll and Bute. Through combining skills, strengths and experience this approach will allow for maximum benefit to be delivered to vulnerable individuals across the whole of Argyll and Bute's urban, rural, remote rural and island communities through existing employability professionals.

6.0 IMPLICATIONS

- 6.1 Policy The current and proposed employability service provision fits and contributes to *Outcome 3: Education, skills and training maximises opportunities for all* and *Outcome 5: People live active, healthier and independent lives* within the Local Outcome Improvement Plan.
- 6.2 Financial The funding models have a payment structure which includes upfront customer start costs prior to ongoing sustainment payments which are triggered after 13 weeks in a job outcome. The financial difficulties experienced during the Work Programme are not expected to arise with the Fair Start Scotland contract due to the more financially viable payment model being offered which is anticipated to make the Employability Team self-financing.
- 6.3 Legal All appropriate legal implications will be taken into consideration.
- 6.4 HR The delivery of potential employability services will be taken forward by the existing staffing complement of five staff within the Council's Employability Team and with Adult Learning and Literacies staff supplemented by input from specialist support as appropriate.

| | | |
|-----|-------------------|---|
| 6.5 | Equalities | Delivery of the Fair Start Scotland contract will comply with all Equal Opportunities policies and obligations. |
| 6.6 | Risk | See Table 2 in the main report. |
| 6.7 | Customer Services | None. |

Pippa Milne, Executive Director of Development and Infrastructure
Cllr Aileen Morton, Policy Lead for Sustainable Economic Growth (Economic
2nd November 2017

For further information contact: Ishabel Bremner, Economic Growth Manager, tel: 01546 604375,
e-mail: ishabel.bremner@argyll-bute.gov.uk

Appendix A: Secured Contracts

Employability Fund

Employability Fund activity aims to support employability, vocational training and employment opportunities linked to the local labour market which falls within Stages 2 to 4 of the nationally recognised Strategic Skills Pipeline. The nature of content expected from the Strategic Skills Pipeline is outlined in **Table A1** below.

| Table A1: Strategic Skills Pipeline (SSP) – Stages 2 to 4 | |
|--|---|
| Stage | Nature of Content Expected |
| Stage 2 | Provision should create a foundation upon which individuals can build their employability skills, personal development and core skills. |
| Stage 3 | Provision should support individuals in preparing for and sustaining employment, including entry to Modern Apprenticeships. |
| Stage 4 | SDS approved industry specific provision should directly enable individuals to access sustained employment. |

A proposed participant is eligible for Employability Fund activity if he/she:

- has been assessed as requiring interventions which fall within Stages 2 to 4 of the Strategic Skills Pipeline;
- is ineligible for support under the DWP Work Programme; and
- is within one of the following categories:
 - those aged 17 and under, who have reached their statutory school leaving date and not in education, employment or training;
 - those aged 18 and over who are in receipt of DWP benefits and have been unemployed for a period of 13 weeks or more (does not include those in receipt of Universal Credit who are earning);
 - those under threat of redundancy and are within 13 weeks of their notified date of redundancy; or
 - those who are 18 and over, not in receipt of benefit and not in education, employment or training.

Referrals to the Employability Fund come from a number of referring organisations, which includes Argyll and Bute Council as presented in **Table A2** below.

| Table A2: Referring Organisations | |
|--|--|
| Referring Organisation | Designated Staff |
| SDS | SDS Regional Operations staff |
| DWP | DWP Jobcentre Plus staff |
| Argyll and Bute Council | The Local Employability Partnership e.g. post school departments such as Community Learning and Development. Opportunities under the Council's Modern Apprenticeship Programme. |
| Argyll College, UHI | Appropriate Argyll College UHI staff |
| Employability Fund Training Providers | Each agency with a current SDS contract for delivery of the Employability Fund shall decide which staff can make referrals to the Employability Fund e.g. Employability Team Area Team Leaders and Adult Learning staff. |

Argyll and Bute Council's Employability Team currently deliver stage 2 and stage 3 Employability Fund on behalf of Skills Development Scotland (SDS) to individuals across Argyll and Bute. The contract allocation is; 41 stage 2 and 30 stage 3 for the financial year 2017/18. To date they have received 18 stage 2 and 11 stage 3 starts. Estimated income generation is £125,900.

Work Able Scotland

The Work Able Scotland contract is an interim part of Scotland's new employability services. The initial one-year contract, is managed by Skills Development Scotland (SDS) to provide continuity of support for those who need it most.

Argyll and Bute Council's Employability Team delivers the contract on behalf of Progress Scotland (a consortium between Working Links and Lennox Partnership), this commenced on 1st April 2017 for the financial year 2017/18.

The aim of this provision is to:

- support Work Able Scotland customers into sustainable jobs through the provision of high quality employment support to those with health conditions who want to enter the labour market and for whom the achievement of a job outcome is a reasonable objective within the period of 52 weeks, (a job outcome will be defined as 16 hours or more per week for a period of 6 weeks); and
- work in partnership with stakeholders to establish support that achieves high quality outcomes.

To be eligible customers must be:

- 18 years and over;
- not in employment;
- in receipt of Employment and Support Allowance or Universal Credit equivalent;
- eligible and assessed as capable of progressing into work within a 12 month period; and
- want to work.

The length of support for all customers is 52 weeks in line with the requirements of the Scotland Act 2016. Referrals to the programme were initially capped and it was anticipated that Argyll and Bute Council would be allocated 17 starts to deliver during 2017/18 with an estimated income generation of £30,300. To date the Employability Team has received 16 starts. As the uptake has been slow in other contract package areas, the Employability Team has been informed it may receive slightly more starts than the initial 17.

Appendix B: Current and Forecast Financial Position

The actual (2016/17), current (2017/18) and forecast financial position is as detailed in **Table B1** below. With detailed input from Strategic Finance the anticipated end position by the 31st March 2018 is forecast to be a surplus of £113,626.

| Table B1: Employability Team – Anticipated Financial Position at 31st March 2018 | | | | |
|--|--------------------------------------|------------------|-----------------|--|
| Costs | Position at end of March 2016 | 2016/17 | 2017/18 | Anticipated end position, end of March 2018 |
| Staffing costs | | £175,050 | £142,268 | £317,318 |
| Running costs/expenditure (e.g. staff travel, premises, delivery partner payments etc. but excluding salaries) | | £44,361 | £60,443 | £104,804 |
| Mandatory Work Activity Programme (MWA) | | £5,040 | | £5,040 |
| Community Work Placement (CWP) | | £13,843 | | £13,843 |
| Scottish Employer Recruitment Incentive (SERI) | | £3,207 | | £3,207 |
| All DWP contractual income only | | | | |
| Actual | | -£354,655 | -£89,553 | -£444,208 |
| Projected | | | -£36,710 | -£36,710 |
| Costs related to partner payments | | | | |
| Actual | | £188,559 | £46,608 | £235,167 |
| Projected | | | £22,732 | £22,732 |
| Net contractual income (income – partner costs) | | -£166,096 | -£56,923 | -£223,019 |
| Non DWP secured income | | | | |
| Mandatory Work Activity Programme (MWA) | | -£8,190 | | -£8,190 |
| Community Work Placement (CWP) | | -£77,552 | | -£77,552 |
| ERI | | -£35,604 | | -£35,604 |
| Agreed annual contribution from EDI | | -£15,000 | -£3,000 | -£18,000 |
| Contribution from Economic Development with regard to ESF application preparation and Scottish Employer Recruitment Incentive (SERI) | | -£1,500 | | -£1,500 |
| Contribution from Economic Development to mitigate drawdown on Council reserves | | -£9,500 | | -£9,500 |
| Additional one off contribution for Redundancy and Inverness rent costs | | -£15,600 | | -£15,600 |
| New Employability Fund | | -£8,848 | -£125,900 | -£134,748 |
| Work Able Scotland (commenced 01/04/17) | | | -£29,790 | -£29,790 |
| Redundancy Provision | | -£4,335 | | -£4,335 |
| Forecast Balance | | -£100,724 | -£12,902 | -£113,626 |

The calculation to show the derivation of the forecast balance of £360,164 be released back to the general fund from earmarking is outlined in **Table B2** below.

| Table B2: Employability Team – Earmarked Reserves | |
|---|-----------------|
| <i>Forecast surplus to return to earmarking</i> | £113,626 |
| Original earmarked reserves | £456,000 |
| Drawdown to date from earmarked reserves | £134,462 |
| <i>Balance remaining of earmarked reserves</i> | £321,538 |
| Forecast balance to be released back to the general fund from earmarked reserves | £435,164 |

Appendix C: Potential Contracts for 2018/19

Fair Start Scotland

Fair Start Scotland is Scotland's new Employability Support Service and will commence from 3rd April 2018 following the one year transitional programme, Work Able Scotland and Work First Scotland.

PeoplePlus was successful in their tender submission to deliver this contract in the Highlands and Islands contract package area. Argyll and Bute Council's Employability Team has been approached by PeoplePlus to deliver provision on their behalf in Argyll and Bute.

The key focus for the service will be tailored and personalised support for all those who participate. Key elements of the service are:

- It will be entirely voluntary and will offer specialist support to long-term unemployed people and claimants with health conditions, disabilities and a wide range of other complex barriers.
- It will provide support to disabled people and those at risk of becoming long-term unemployed to find and retain work.
- All participants can expect to receive in-depth action planning to ensure the support they receive is tailored for them and suits their individual needs and circumstances.
- The service will offer pre-work support of 12 to 18 months.
- The service will offer high quality in-work support for 12 months.
- Those who require specialist support to help them find work can expect to receive it; working closely with specialist health services, specialist intervention partners and experts in this field.
- There will be national standards to ensure everyone is supported consistently across the nine geographic contract package areas across Scotland.
- For disabled customers who require intensive support, supported employment and individual placement and support will be available.

Performance Levels

All subcontractors will be required to meet the Scottish Government's (SG) minimum performance levels, detailed within the Fair Start Scotland ITT documentation. PeoplePlus's final performance offer to SG will be above the minimum performance levels. For illustrative purposes, PeoplePlus has detailed the Fair Start Scotland expected minimum performance levels by service strand in the **Table C1** below. The final performance offer will be shared with subcontractors upon award of contract.

| Table C1: Minimum Performance Levels | | | |
|---|------------------------------|--|--|
| | A | B | C |
| Service Strand | 13 week job outcome % | 26 week sustain % of 13 week job outcomes | 52 week sustain % of 13 week job outcomes |
| Core | 41% | 84% | 70% |
| Advanced | 27% | 84% | 70% |
| Intense | 28% | 84% | 70% |

Note: A: 13 week job outcome is the % starts that sustain a job at 13 weeks.

B: 26 week sustain is the % of 13 week job outcomes that sustain after 26 weeks.

C: 52 week sustain is the % of 13 week job outcomes that sustain after 52 weeks.

Appendix D: Ad hoc Contract Delivery for 2017/18 and 2018/19

Provision for the Department for Work and Pensions (DWP)

The DWP has launched a Dynamic Purchasing System (DPS) as a new way of delivering local provision which will operate in all Jobcentre Plus (JCP) districts in England, Scotland and Wales. The DPS comprises an "Employability Journey" which details a number of Service Categories along with supporting narratives to explain what type of provision DWP will be buying. The DPS has been redeveloped as an accreditation portal for Welfare to Work providers to enter into contracts via the Basware online contracting system.

All potential employability providers need to become accredited on the DPS portal in order to be considered for delivery. Further to an operational decision by senior officers, Argyll and Bute Council successfully registered on Basware as a supplier of work focused activities to the DWP on the 30th of September 2016. Upon accreditation service providers are asked to upload service delivery factsheets in one or more of the service provision categories as follows:

- 1: engagement;
- 2: moving towards work;
- 3: support for hardest to help with complex and multiple barriers;
- 4: supporting hardest to help into work;
- 5: addressing barriers;
- 6: skills for work;
- 7: getting jobs; and
- 8: keeping jobs.

Factsheets have been prepared and uploaded by the Employability Team and the Adult Learning and Literacies Service.

Both of these council services propose to deliver tailored sessions according to their strengths e.g. the Employability Team has many years of experience in delivering soft skills (confidence building, interpersonal communication, interview techniques, motivation) and work placements, whereas Adult Learning and Literacies is accredited by the SQA to deliver digital, literacy, numeracy and employability skills. The intention is to deliver across all categories (some provision will be provided by both services for discrete elements of each category) with the exception of the first category.

The main requirement of this new method of purchasing provision is that the courses are short and targeted to a specific labour market need. Courses may last one day or up to four weeks or longer, depending on the topics covered and the desired outcome. Income will be generated only if one of the services is selected to deliver a particular course, with a fee per participant, for customers in the Argyll and Bute area. It may be that no provision is secured through the DPS. Therefore, it is difficult to forecast an income stream from this opportunity.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**DEVELOPMENT AND
INFRASTRUCTURE**

8 DECEMBER 2017

Cowal Fixed Link Funding Request

1.0 EXECUTIVE SUMMARY

- 1.1 The Cowal Fixed Link Working Group have submitted a request for funding. They have requested £3000 each from the Council, Highlands and Islands Enterprise and Transport Scotland.
- 1.2 The proposal includes the following:
- 1.2.1 The Cowal Fixed Link Working Group becomes a formal constituted organisation based on the Borders Railway Campaign model. Anticipated cost £2,000.
 - 1.2.2 This new organisation to appoint Fraser of Allander Institute as advisers with the remit to prepare a tender document for the wider economic feasibility proposal. Anticipated cost £5,000.
 - 1.2.3 The Fixed Link Group, with assistance from Fraser of Allander Institute, to post the tender on the Scottish Government procurement portal inviting bids. Fixed Link Group, with assistance from Fraser of Allander Institute, to evaluate bids and to recommend an appropriate supplier to the key stakeholders.
- 1.3 The working group also propose that the Fraser of Allander Institute would then help support them in understanding and interpreting findings of assessment – including leading on any engagement with successful contractors – to ensure that stakeholders' views and objectives were accurately captured.
- 1.4 The committee are asked to consider the request from the Cowal Fixed Link Working Group

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

DEVELOPMENT AND
INFRASTRUCTURE

8 DECEMBER 2017

Cowal Fixed Link Funding Request

2.0 INTRODUCTION

2.1 The report sets out a request for funding that has been received from the Cowal Fixed Link Working Group.

3.0 RECOMMENDATIONS

3.1 The committee are asked to consider the request from the Cowal Fixed Link Working Group

4.0 DETAIL

4.1 The Cowal Fixed Link Working Group is an ad-hoc group which has been considering, since late 2013, options for a fixed link to connect Cowal to the Central Belt, with some of those options also involving Rosneath.

4.2 Various possible crossings are shown on the group's website here <http://www.cowalfixedlink.scot/index.asp?pageid=659287>. They include several options between Dunoon and Gourock and alternatives to that route which include crossing Holy Loch, Loch Long and Gare Loch. Other potential crossings include one from Otter Ferry across Loch Fyne and another between Colintraive and Rhubodach. There are also different options for each crossing including tunnels, bridges, road and rail. The options are ambitious and would require significant on shore infrastructure, in addition to the bridge or tunnel, in many cases. In some cases it is hard to see how they could be implemented without a major impact on local communities and individual property owners.

4.3 In September 2016 the Environment Development and Infrastructure Committee considered the Argyll and Bute Transport Connectivity and Economy Research Report which was commissioned by Highlands and Islands Enterprise. The study considered fixed links and concluded that "the two 'standalone' options (Cowal-Inverclyde and Colintraive-Rhubodach) are likely to offer relatively minor economic benefits in comparison to the benefits offered by the two larger options (Loch Fyne/Cowal crossing and combined Clyde/Cowal/Loch Fyne east-west route), and it is the later of these that would offer the greatest prospect of a transformative economic impact for Argyll and Bute". A copy of the full report

can be found here <http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/argyll-and-bute-transport-connectivity-and-economy-research.html#sthash.y9r0oxMU.dpuf>

- 4.4 The Council was invited to attend a meeting hosted by Humza Yousaf MSP and Michael Russell MSP regarding the fixed link proposals. The Executive Director of Development and Infrastructure attended the meeting which was held in the Scottish Parliament on Tuesday 13 June 2017. The meeting was held to review progress on the suggested road / rail link from Cowal / South Argyll to the Central Belt that has been proposed by the Cowal Fixed Link Working Group and to consider the next steps. A note of the meeting prepared by David McKenzie chair of the working group are included in appendix 1. No formal minute of the meeting was prepared. The note includes details of a funding request that was being proposed by the working group at that time.
- 4.5 At that meeting the Executive Director made it clear that any funding requested from the Council would require committee approval. It was also made clear by Transport Scotland that if the project were to progress it would need to feature in the National Transport Review which is currently underway. It would then need to be included in the Strategic Transport Project Review and compete against other projects nationwide.
- 4.6 The Cowal Fixed Link Working Group have now submitted an amended request for funding as set out at appendix 1. They have requested £3000 each from the Council, Highlands and Islands Enterprise and Transport Scotland. Appendix 2 includes a proposal from the group for the management of the funds. Officers understand that HIE have agreed the funding requested but it is not yet clear whether Transport Scotland have agreed.
- 4.7 The proposal includes the following:
 - 4.7.1 The Cowal Fixed Link Working Group becomes a formal constituted organisation based on the Borders Railway Campaign model. Working group anticipates the cost at £2,000.
 - 4.7.2 This new organisation to appoint Fraser of Allander Institute as advisers with the remit to prepare a tender document for the wider economic feasibility proposal. Working group anticipates the cost at £5,000.
 - 4.7.3 The Fixed Link Group, with assistance from Fraser of Allander Institute, to post the tender on the Scottish Government procurement portal inviting bids. Fixed Link Group, with assistance from Fraser of Allander Institute, to evaluate bids and to recommend an appropriate supplier to the key stakeholders.
- 4.8 The working group also propose that the Fraser of Allander Institute would then help support them in understanding and interpreting findings of assessment – including leading on any engagement with successful contractors – to ensure that stakeholders' views and objectives were accurately captured.

- 4.9 No anticipated cost has been included for the feasibility work itself. It is difficult to estimate the likely cost as this would depend on the scope that is developed in conjunction with the Fraser of Allander Institute. Based on the experience of commissioning this type of work it would be reasonable to assume costs in excess of £50k. If the committee were to agree to contribute £3k for the work outlined above there may be an expectation that a further contribution will be made by the Council to the feasibility work itself.
- 4.10 The investigation of fixed links is included within the Single Investment Plan (SIP), which was approved by this committee in March 2017. However, due to the cost, a project of this scale could only be progressed on a national basis. This is recognised in the SIP which highlighted the inclusion of fixed links for the purpose of lobbying for inclusion in the National Transport Strategy.

5.0 CONCLUSION

- 5.1 The Cowal Fixed Link Working Group have requested funding to establish a constituted group and develop a feasibility study which members are asked to consider.

6.0 IMPLICATIONS

- 6.1 Policy – the potential to investigate fixed links is highlighted within the Single Investment Plan
- 6.2 Financial – the current request can be accommodated within existing budgets
- 6.3 Legal - none
- 6.4 HR - none
- 6.5 Equalities - none
- 6.6 Risk - none
- 6.7 Customer Service - none

Pippa Milne Executive Director of Development and Infrastructure

Policy Lead Aileen Morton

29 November 2017

For further information contact: Pippa Milne 01546 604076

APPENDICES

Appendix 1 Fixed Link Proposal

Appendix 2 Cowal Fixed Link Constitution Process

COWAL FIXED LINK WORKING GROUP

August 2017

Proposal on next phase of Fixed Link project following Ministerial Meeting 13 June 2017

Introduction

As a result of the referenced ministerial meeting (minutes attached as Appendix 1), it was agreed to move forward with the Cowal Fixed Link economic impact analysis based on the Scoping Note prepared in September 2016 by the Fraser of Allander Institute (Appendix 2). Both Argyll & Bute Council (the Council) and Highlands & Islands Enterprise (HIE) agreed to provide comments on the Scoping Note and this was to be followed by a proposal for the next phase of the project to be drafted by David McKenzie in consultation with Fraser of Allander Institute.

Status

Comments on the Scoping Note were received as follows:

- The Council – e-mail from Pippa Milne dated 12 July 2017 (Appendix 3)
- HIE – e-mail from David Smart dated 14 July 2017 (Appendix 4)

The consultation with Fraser of Allander Institute took place on 14 August 2017 in a phone call between Professor Graeme Roy and David McKenzie.

Proposal

It had been anticipated at the conclusion of the ministerial meeting that the existing Scoping Note would be updated to include the comments from the Council and HIE and an updated, wider proposal for an economic assessment would be circulated to stakeholders. It had been further anticipated that the cost of this wider assessment would be higher than the £10,000 estimated in the existing scoping note, possibly in the region of £30,000. The cost would, as minuted, be shared equally by the Council, HIE and Transport Scotland.

During the discussion with Professor Roy, the following issues were discussed:

1. The project for this economic impact work should be procured through normal channels to allow all possible qualified bidders to take forward the work;
2. The assessment, as described, would need to meet expectations of all stakeholders with a substantial level of detail and evidence. In particular, meeting the requirements of the

Transport Scotland STAG process. This would indicate that the proposal / scope for the economic assessment would need to be carefully drafted to ensure that the resulting assessment would clearly meet the demands of all stakeholders.

3. The Fixed Link Group would require, however, advice and guidance on the technical aspects of any modelling being taken forward.

Given the above, it was agreed between Professor Roy and David McKenzie that a number of steps should be completed:

1. Set up the Cowal Fixed Link Working Group as a formal constituted organisation based on the Borders Railway Campaign model. Anticipated cost £2,000.
2. This new organisation to appoint Fraser of Allander Institute as advisers with the remit to prepare a tender document for the wider proposal, including interviewing the Council, HIE, Transport Scotland and other key stakeholders to ensure that the economic assessment meets all appropriate expectations. Anticipated cost £5,000.
3. Fixed Link Group, with assistance from Fraser of Allander Institute, to post the tender on the Scottish Government procurement portal inviting bids.
4. Fixed Link Group, with assistance from Fraser of Allander Institute, to evaluate bids and to recommend an appropriate supplier to the key stakeholders. Once agreed, the assessment would be carried out.
5. Fraser of Allander Institute to help support Fixed Link Group in understanding and interpreting findings of assessment – including leading on any engagement with successful contractors – to ensure that stakeholders views and objectives were accurately captured.

The intention is to complete this process before the end of 2017 so that the input can be used by Transport Scotland as they prepare the next Scottish infrastructure investment plans.

COWAL FIXED LINK WORKING GROUP

APPENDIX 1

Minutes of Ministerial Meeting 13 June 2017

Cowal Fixed Link Meeting Scottish Parliament 13 June 2017

Thank you all for attending the meeting hosted by Humza Yousaf MSP and Michael Russell MSP held in the Scottish Parliament on Tuesday 13 June 2017. The meeting was held to review progress on the suggested road / rail link from Cowal / South Argyll to the Central Belt that has been proposed by the Cowal Fixed Link Working Group and to agree next steps in this project. I copy this note to invitees who could not attend and to members of the Fixed Link Working Group.

In attendance were:

Mr Humza Yousaf MSP – Minister for Transport and Islands

Mr Michael Russell – MSP for Argyll & Bute

Cllr David Parker – Borders Railway

Ms Pippa Milne – Argyll & Bute Council

Ms Jennifer Nicoll – HIE

Mr Richard Hadfield – Transport Scotland

Mr Paul Junik – Transport Scotland

Heather Wolfe – Parliamentary Assistant

David McKenzie – Chair, Cowal Fixed Link Working Group

The meeting reviewed the origins of the Fixed Link proposals; the dire economic conditions to be found in Cowal and other parts of South Argyll which could be addressed by such a link or links ; noted that while these conditions can be found in other parts of Scotland, the proposed link would permit Cowal and South Argyll to grasp a unique opportunity due to the proximity of Glasgow and environs; and considered that such a link or links would not only serve Cowal and South Argyll, but would provide the initial arterial link to a potential network of road /rail across Argyll, Western Scotland and, eventually, perhaps beyond.

The meeting reviewed the briefing paper prepared in advance of the meeting and this is attached.

The four key decisions requested from the meeting are summarised:

1. Agreement from all involved organisations, specifically Transport Scotland, the Council and HIE, that they are committed to take the project forward and that officers in each organisation are appointed to support.
2. Establish a schedule and process leading to the Minister for Transport and Islands making a statement in the Scottish Parliament that the Scottish Government is supportive of a fixed link.
3. Initial seed funding and initial actions:

A commitment of £30,000 is requested in order to achieve the following within the next 4 – 6 months:

- a. Converting the informal Working Group into a formal structure based on the Borders Railway Campaign model.
- b. Commission an economic impact study to fully assess the expected benefit to Cowal, Bute and South Argyll of the improved connectivity that will result from the Fixed Link provision. Discussions with Fraser of Allander Institute in the University of Strathclyde have resulted in them agreeing to run such a study and the initial Scoping Document is attached.
- c. As recommended by the Economic Forum report prepared for Argyll & Bute Council in February 2016 and in the HIE Transport Connectivity study from October 2016, the Working Group plan to run a series of public consultations in various locations that would be affected by a Fixed Link.

4. Preparation for a full engineering feasibility study.

The meeting agreed to take forward actions 1., 3.a. and 3.b. Specifically:

- Argyll and Bute Council (the Council) and Highlands & Islands Enterprise (HIE) will support the project at this stage, leading to the completion of the economic impact study. Pippa Milne from the Council and Jennifer Nicoll from HIE will be the contacts for the time being. Mr Yousaf will be the contact with the Scottish Government / Transport Scotland for the time being.
- Funding of £30,000 is agreed with the initial plan being £10,000 each from the Council and HIE, with the Scottish Government to consider the remaining balance once the Council and HIE confirm.
- All parties agreed that the economic impact study needs to be more robust than the current scoping document outlines and that the majority of the funds should be allocated to this more robust effort. The Council and HIE agreed to review the current scoping document and to make recommendations on the additional content / actions they would like to see. These recommendations to be sent to David McKenzie within 3 or 4 days in order that the project might be progressed with the Fraser of Allander Institute.
- The Fixed Link Working Group will be constituted as a formal body on the lines of the Borders Railway Campaign, with the members of the current Working Group and the current Stakeholder Group being candidates for the initial Board. Cllr Parker from the Borders Railway project will provide guidance.
- It is understood that the Cowal Fixed Link will be considered as candidate project by Transport Scotland as part of the strategic plan for rail links for Scotland currently under development. The

COWAL FIXED LINK WORKING GROUP

output from the economic impact study will be factored in to this study by Transport Scotland and will be an influence in arriving at which projects are prioritised.

As soon as I have the comments from the Council and HIE on the scoping document for the economic impact study, I will schedule a meeting with Fraser of Allander Institute and distribute the revised more robust proposal.

Regards

David McKenzie

FRASER OF ALLANDER INSTITUTE



The Economic Impact of the Cowal Fixed Link

A scoping note prepared for the Cowal Fixed Link Working Group

September 2016

COWAL FIXED LINK WORKING GROUP

Introduction

Following discussions with the Cowal Fixed Link Working Group (CFLWG), the Fraser of Allander (FAI) has prepared this scoping note, which indicates how an Institute such as the FAI could investigate the potential economic impact resulting from the construction of the proposed Cowal Fixed Link (CFL).

It aims to provide an illustration of the potential options to model economic impacts and the estimated costs and timescales associated with such a research project.

Study scope

The key rationale that should underpin any evaluation of the construction of the proposed CFL is how well it could integrate the Cowal area with the wider local economy, particularly with nearby towns such as Paisley, Greenock and especially Glasgow, and the economic costs and benefits of doing so.

A typical value for money analysis at a national level will only provide an aggregate assessment. It will therefore likely to lead to the conclusion that the project was unaffordable. However, this would ignore important wider objectives around inclusive economic growth and ensuring that all parts of the country, particularly remote and vulnerable communities, have the opportunity to become economically and financially sustainable.

Since 2007, the Scottish Government has been clear about their ambition that the benefits of economic growth should be enjoyed across the whole of Scotland. Differences in income, participation and growth between different parts of Scotland can act as a drag on the nation's collective economic performance and potential. A key objective of the Scottish Government is therefore to boost economic activity and employment in the weakest economic regions.

Indeed the Scottish Government's Economic Strategy – page 24 and 25 – makes clear that “Ensuring that all regions and communities can prosper is important for both overall economic performance and ensuring that all areas have the opportunity to fulfil their potential.” It also notes that one of the key drivers of regional inequalities in Scotland is that communities in rural areas can face challenges from accessibility and connectivity.

A CFL could be expected to have a number of advantages.

Linking Cowal with nearby conurbations could make it easier for firms based in Cowal to export and increase turnover and employment. In addition, widening the supply base could create greater access to suppliers, increasing the efficiency of companies by making it easier and cheaper to access inputs. The CFL will both boost the competitive position of existing local companies and make it easier to attract new companies to locate in Cowal. The ability to attract new firms creates opportunities to diversify the existing business base and attract more high-value added companies, resulting in higher wages for those living locally.

For employees, a CFL will significantly reduce travelling time to nearby conurbations. This could benefit existing commuters based in Cowal and could enable Cowal residents to take up job opportunities in other areas. More significantly, the CFL could make it much more practicable to live in Cowal and commute to other local areas, thereby encouraging long-term population growth.

The CFL could also present local decision makers with an opportunity to market the areas existing attractions and could considerably increase the number of tourists visiting Cowal.

These potential benefits would need to be compared with the financial cost of the initiative. Without a full assessment of the economic benefits however, only the cost side is presented.

Required Investment Support

Recent experience of other major new transport links in Scotland suggests that making a success of CFL depends upon additional supplementary investments to maximise the CFL's local impact. This can include initiatives to boost investment, improve local travel links, attract more tourists and secure greater employment opportunities.

The new Borders Railway (BR) is an excellent example. The building of the BR was accompanied by an economic strategy explicitly intended to integrate the Borders and Midlothian into the Edinburgh City Region. This involved;

- Constructing a new Central Borders Business Park - on completion this will create

COWAL FIXED LINK WORKING GROUP

6,300 square metres of new office and industrial accommodation

- A PR and marketing campaign designed to promote the area to new and expanding businesses and housing developers as a place to invest
- A Borders Railway Investment Fund designed to help businesses find new markets and innovate
- New housing - 4,000 new homes will be built along the route
- Skills investment in order to help locals move into better paid jobs

Study Methods

The CFL is in its early stages and analysis of its potential benefits to Cowal would require the FAI to construct and evaluate impact scenarios. These would be based on the analysis outlined above under Study scope, i.e.

- The impact – on turnover and employment – on the existing business base in Cowal
- The potential impact resulting from attracting new industry to Cowal, including any projected increase due to diversifying into new high-value added companies
- The possible increase in employment and wages for existing local residents
- The number of new residents likely to be attracted to live in the Cowal area
- The economic impact of additional tourists attracted to Cowal
- The short-term impacts of new construction activities, including building new industrial facilities and new housebuilding.

Costs

We estimate – based on our past experience – that the costs for the study would be £10,000, excluding VAT.

Timescale

We expect that the study would take 2 months to complete.

APPENDIX 3

Comments on Scoping Note from Argyll & Bute Council – e-mail dated 12 July 2017

I've included below comments made from an officer perspective with respect to the scope of the economic feasibility study. As you are aware committee approval would be required before any funding could be committed and it is possible that elected members may have further comments on the scope assuming they agreed to go forward.

- The scope should cover the Clyde link plus links into mid Argyll and others highlighted in the HIE Connectivity Report.
- Impact on wider Argyll (positive and negative)
- Economic inclusivity to include
 - Impact on cost of services
 - Impact on value for money of existing services through growing population
 - Impact on continued availability/sustainability of services
- Agree it should consider how the CFL and further links into mid Argyll could help remote and vulnerable communities, have the opportunity to become economically and financially sustainable
- What potential is there for job creation in Cowal as a direct result of the CFL and what is the net change likely to be? Would any other development/regeneration be required to realise potential benefits. For example, build out of the sandbank Industrial estate, Ardyne aquaculture hub, mountain bike center, Castle Toward.
- What is the potential for population change by building this link positive and negative?
- What is the potential for GVA expansion by creating the CFL? Focus on our main sectors, public services, construction, tourism, forestry, digital services, food and drink including aquaculture.
- What are the relative benefits of the CFL compared to other improvements highlighted in the HIE connectivity report and Argyll and Bute Council Single Investment Plan.

In terms of funding we are still concerned as to whether £30k in total would be enough to undertake a study.

We discussed at the meeting the need for this to be considered a national infrastructure project and I would also add that my advice to our elected members would be to seek assurance from Transport Scotland that they would be committing funding to the project. Bearing in mind the need for any study to feed into STAG work and be relied upon by Transport Scotland should the project proceed I would also be suggesting to members that they consider encouraging Transport Scotland to lead on the commissioning of the study.

I hope these comments are useful and I'm happy to provide further clarification if required.

Best regards

Pippa

COWAL FIXED LINK WORKING GROUP

APPENDIX 4

Comments on Scoping Note from HIE – e-mail dated 14 July 2017

I have reviewed Pippa's comments and agree with these. Without wishing to gild the lily the following are specific questions that I think the scoping document needs to consider

- Will the provision of a fixed link make Argyll and Bute a more attractive place for inward investors to choose to locate and stimulate indigenous private sector development?
- The development of the digital economy is changing the way people work – is the need for a fixed link being made redundant by new ways of working or would it produce synergic benefits?
- Would the CFL support the objectives of the Glasgow Region City Deal and Ayrshire Growth Deal?
- What would be the impact on population growth and the demographic profile of the population?

Hope these are of some interest.

Please call me at any time if you would like to discuss further

Yours

David Smart

Head of Special Projects

This page is intentionally left blank

COWAL FIXED LINK – FUNDING / CONSTITUTION PROCESS

To ensure integrity of the funds requested, the firm of Macdonald Henderson, Solicitors, Glasgow have agreed to hold the funds until all the individual components have been received. They will supervise the process which will follow these steps:

1. Each funder (HIE, Argyll & Bute Council, Transport Scotland) to transfer £3,000 to the following client account held by Macdonald Henderson.

Macdonald Henderson Clients Account
The Royal Bank of Scotland PLC
Glasgow City Branch
10 Gordon Street
Glasgow G1 3PL

Sort Code: 83-07-06
Account: 10306933

Macdonald Henderson will ensure that no funds are disbursed until the full amount of £9,000 is deposited.

2. Once the full amount is deposited, Macdonald Henderson will craft the constitution of the formal Cowal Fixed Link Campaign Group, modelled on the constitution of the Borders Railway Campaign. This will be distributed to key stakeholders for comment and approval.
3. Once approved, a meeting of the key stakeholders will be held to formally approve and sign the constitution and to agree the key next step i.e. appointing Fraser of Allander Institute as professional advisors and agreeing terms of reference, schedule and budget.
4. Prior to this meeting, the only funds to be disbursed will be the professional fees due to Macdonald Henderson relating to the setting up of the constitution – these are expected to be in the region of £1,000 plus VAT and outlays.
5. If, for any reason, this part of the project does not complete, unspent funds (less the foregoing professional costs) will be returned pro-rata to the original funders.

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES
COMMITTEE****DEVELOPMENT &
INFRASTRUCTURE SERVICES****8 DECEMBER 2017**

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT
2 NOVEMBER 2017**

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 **2 November 2017**
- 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; the Rothesay and Campbeltown Townscape Heritage Initiatives; the Oban Phase 2 Public Realm and Transit Berthing Facility have all been completed. The Rothesay Pavilion main works contract has commenced on site, and the Dunoon Queens Hall refurbishment and public realm improvements are 70% complete. The Helensburgh Waterfront development project has now moved on to the Developed Design Stage, with the appointment of the Multi-disciplinary Engineering and Cost Management consultants.
- 1.4 Since the last report in December 2016 there has been movement on the reported timescales for the Dunoon Queens Hall, Rothesay Pavilion and Helensburgh Waterfront Development projects.
- 1.5 Budget: Following the Policy and Resources Committee meeting on Thursday 29 June the Council agreed to provide additional underwriting for the Rothesay Pavilion project, this potentially increased the Council's total underwriting to £3.6m, and could have increased its overall investment pledge to nearly £6.7m. The provision of additional funds was to enable the project to progress whilst officers continued 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

8 DECEMBER 2017

**MAJOR CAPITAL REGENERATION PROJECTS – UPDATE REPORT AS AT
2 NOVEMBER 2017**

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** – there has been movement on the timescales for the Dunoon Queens Hall, Rothesay Pavilion and Helensburgh Waterfront Development projects against the August 2016 reported timescales.

- 4.1.1 **Campbeltown** – the Campbeltown CHORD projects have all been completed. At a meeting of the MAKI Area Committee on 1 February it was agreed to transfer £122,626 to the HES CARS initiative that will be managed by the Transformation Project and Regenerations Team within EDST. Subsequently following the Policy & Resources Committee on 29 June, it was agreed to: contribute £40,000, from the CHORD Surplus Funds, towards the capital costs of the restoration of Campbeltown Picture House; and, subject to Kintyre Seaports: providing evidence that the remainder of the funding is in place to complete the Full Business Case; and that it has carried out a competitive tendering process to appoint external consultants to preparing it, to contribute £20,000 to the costs of its preparation.

- 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 nine 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.
- 4.1.3 **CHORD – Helensburgh, Surplus Funds works** – the original CHORD works were delivered under budget and, following the Helensburgh & Lomond Area Committee on 13 December 2016, it was agreed to progress with the delivery of further investment in the town centre, primarily focussed on footway and road surface improvements in the areas adjacent to the original CHORD works. These works will be practically complete by the end of this calendar year.
- 4.1.4 **Helensburgh Waterfront Development (HWD)** – Following agreement on the creation of a new, in-house cross-Directorate, Project Team, officers commenced two procurement exercises in March 2017: (1) Multi-disciplinary Design Team Consultant; and (2) Cost Consultant. In August we awarded the Cost Consultant Support contract to Robinson Low Francis (RLF) and in September the contract for the Design services was awarded to the architectural practice of Darnton 3B. The full project team is now actively engaged in the development of: the Stage 3 Developed Design; detailed Project Programme to completion; application packs for the various statutory consents e.g. planning, marine construction licence etc.; and informal stakeholder engagement prior to the formal Pre-Application Process (planning). We are working to a programme which will see the new leisure centre and its swimming pool opening in July 2021, with the old facility being demolished by the end of December that same year.
- 4.1.3 **Oban - Oban Bay Public Realm works** - Phase I completion date June 2015. Outstanding defects are replacement of stained glass, with replacement of stained glass being supplied by subcontractor insurance company. Outstanding Compensation Events negotiations to be completed December 2017. Although Officers continued to pursue, contractor did not submit Compensation Events back up data until July 2017. On completion of these negotiations, final account can be issued. Phase II Contractor entered Administration July 2017. Several meetings have taken place with Administrator representative to find a way forward to finish the works, and rectify defective works. Council leverage is financial retention, delay charges and Bank Performance Bond to finish the Works. Council legal kept informed to progress. The two phases of 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.
- 4.1.4 **Oban - North Pier Maritime Quarter – Transit Berthing Facility (TBF)** – A partial completion agreement has allowed the TBF to be operational since the 30th July 2017. The partial and not full completion is due to the mains electricity connection taking 12-16 weeks for the delivery and installation of the sub-station. The due date was confirmed by SSE on the 3rd October 2017 as the 3rd November 2017. The generators that have been supplying the power to the facility will then be disconnected. Snagging and minor works are ongoing and there is no risk associated with these items. The design and defects period will

end 365 days after the full contract completion is agreed. The maintenance works to the North Face of the North Pier are ongoing and do not form part of this project. These works do not affect the pontoons or any operational capacity. In terms of the Operational Management of the new facility, Marine Operations have staffed the facility since the 30th July 2017 with additional staff drawn down through an agreement with Bid4Oban, using the 'Welcome Host' based contracts as required. The Operator tender will go out in November 2017 to secure an operational license in time for March 2018. Initial uptake at the facility has been positive and well received both by users and the local community: In August 2017 there were 472, boats with 1,930 visitors (excluding cruise passengers); and in September 2017 there were 225 boats, with 4,709 visitors.

4.1.5 Oban - North Pier Maritime Quarter - Maritime Visitor Facility (MVF) - The internal 'first fix' is complete, remaining fit-out is progressing and on programme. External loading of roof mounted plant and external cladding completed in early October. The remainder of October saw the roof detailing completed, cladding detailing complete, utilities connected, internal walls boarded, and lighting/ICT installed. November will see completion of internal fitting and painting completed. The programme had slipped by 2 weeks due to wet weather and is due to complete 30th November 2017 inclusive of the delay. The main contractor and all sub-contractors are all Argyll based companies. The ground floor commercial area was advertised from the 3rd August online, and in the Oban Times from the 7-25 September, where notes of interest were invited. Two notes were received and are progressing through assessment. The use of this commercial space will be on a license to occupy basis and the building will be managed by council property services. On the first floor there will be a meeting room available to book through the council room booking facility.

4.1.6 Rothesay – THI all projects supported by CHORD funding have been successfully completed.

Rothesay Pavilion – The FBC was approved in April 2015, total cost £9,057,873. The project comprises the comprehensive refurbishment of the grade A listed Pavilion, noted as being 'one of the most significant buildings of the style in the country', and which was recently voted as being in the top 10 of the top 100 Scottish buildings of the last 100 years. Four tenders were returned for the main works contract on 24th March 2017. Following the technical and commercial evaluations, all tenders were above budget and none could be taken forward. A rigorous Value Engineering exercise was immediately initiated and potentially significant cost savings were identified and agreed with our major funders and the Rothesay Pavilion Charity (RPC). In June of this year the Council agreed to approve an additional financial underwriting of the project costs by a maximum of £1M, which would bring the maximum contribution that the Council would be asked to make to the project to £5.689M. This was to provide time for officers to secure additional funds from the key stakeholders, including: Heritage Lottery Fund (an additional **£856k**), Historic Environment Scotland (an additional **£150k**) and European Regional Development Fund (an additional **£83k**). As at the date of writing we have a total confirmed funding package of £13.944M against an anticipated final cost for the project of £13.944M. The main works contract is due to be awarded at the beginning of

November, subject to us having received the formal 'Permission To Start' from the Heritage Lottery Fund. Works are expected to commence on site beginning of December for a period of 85 weeks, taking us through to building handover in July 2019.

4.1.5 **Dunoon - Queens Hall** – the main contractor, McLaughlin & Harvey (MCLH), commenced works on site on 16 January 2017 and, were scheduled to complete these some 60weeks later on 12 March 2018. The project had an approved budget at Contract Award of £11,006M. Subsequent to works commencing on site the true scale of a number of risk items was discovered to be significantly worse than had been forecast. This included, for example: (1) the condition of the structural concrete in the areas of the building being retained and refurbished; the location and condition of underground utilities, which in a number of cases were in direct conflict with the redevelopment proposals and therefore required them to be diverted; and the condition of key utility infrastructure e.g. surface water drainage on the affected local roads network. As a consequence of these issues we have been required, in accordance with the Terms & Conditions of the Contract, to grant MCLH an 8-week extension to the Contract End Date, which means that the building will not now be handed over until 7 May 2018. This also has the potential to increase project costs, over and above the approved budget, by up to £25k for each week of the extension, or a potential cost overrun of £141,716.86 (as per Cost Report Nos 8).

4.2 **Budget:** Following the August revision to the Capital Plan additional capital underwriting allocation, £1million, was made for the Rothesay Pavilion this is currently low to medium risk of being delivered within the reported budget. The provision of additional funds was to enable the project to progress whilst officers continued 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 completed, works on the Queens Hall redevelopment have passed their mid-point, and the Contract for the Rothesay Pavilion works is due for ward in early November. Inflation in the construction industry along with the extension to the Dunoon Queens Hall programme, 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: Cllr Gary Mulvaney

2 November 2017

For further information - please contact John Gordon, CHORD Programme Manager,
Development and Infrastructure Services
Economic Development and Strategic Transportation.
Tel: 01369 708457 Mobile: 07901 516 106

APPENDICES

Appendix A – CHORD Programme Highlight Report 30 October 2017
Appendix B – Programme Plan

APPENDIX A REGENERATION PROGRAMME HIGHLIGHT REPORT

NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH(S) 8, 9 OF SCHEDULE 7A OF THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973.

APPENDIX A REGENERATION PROGRAMME HIGHLIGHT REPORT

NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH(S) 8, 9 OF SCHEDULE 7A OF THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973.

RAG Status Oct 2017

Risk <5 **Green** (low); Risk 5-<15 **Amber** (medium) and Risk 15-25 **Red** (High)

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|-----------------------------|-----------------|-----------------|---|--|--|-----------------|
| Campbeltown -THI | COMPLETE | COMPLETE | THI has been very well received by community, programme making positive impact on town. | Financial settlement agreed within project budget. | To bring derelict buildings back into economic use and to safeguard the future of other buildings thus preserving Campbeltown's townscape heritage. From 2007 to April 2016 total amount of spend on THI/CARS £7M total amount of grants £1.6M; 40 building fabrics enhanced; 17 shopfronts refurbished; number of delegates receiving training 300. | COMPLETE |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--------------------------------------|---|---|--|---|--|-----------------|
| Campbeltown Berthing Facility | COMPLETE | COMPLETE | | Budget £1,792,250 (includes £120k from HIE) Spend £ 1,479,127 Balance £ 313,123. Retention due to be paid out – 06/11/2016 - £36,222.99 Project delivered under Budget. Overall the Campbeltown CHORD projects have been delivered under budget, surplus remaining against original allocation is £182,626. | Increased the number of berths available and provided a more attractive facility for recreational sailing. Transferred the facility from the Loch Bay Berthing Company Tendered the contract for the operation of the facility | COMPLETE |
| Helensburgh Public Realm | Final Account approved. Post evaluation of the economic impact of project will be undertaken in house summer 2017. | COMPLETE Contract Award for rectification of electrical defects will be issued w/c 12-Jun-17 | Quality of work is good and public feedback is very positive. Project has been shortlisted for 9 awards and received 3, the Scottish Design Award, the RIAS Award for Public Realm works and Saltire Award for Art in Public Spaces | Budget £7,230,000 Spend £6,576,881 Balance £0 | To increase the footfall in the town centre, through enhancing the town's public realm and attractiveness to local residents, visitors and investors thus increasing the economic performance of the town. Post evaluation economic impact assessment will be undertaken in summer 2017. | COMPLETE |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--|---|---|---------|--|---|---|
| Helensburgh – Surplus Funds works | <p>H&L AC13-Dec-16 agreed upon the 12 Options taken forward utilising the surplus funds of £653,119. Majority of Options will be delivered by the Council's Roads Department. Any cost savings under £5k will be transferred to Helensburgh Arts Strategy Fund and over £5k will be referred back to H&LAC for decision. . Progress update paper to 21st Sept H&L AC</p> <p>Esplanade Footpath (Between William Street and Kidston Park) – The surfacing scope was reduced due to health and safety concerns with respect to personnel working along the edge of the area of the esplanade that is without the seawall edge restraint. Currently we have completed the section from Kidston Park to Sutherland St, and we will subsequently undertake localised repairs to the section without the seawall edge restraint. Maitland Street footways (Incl Bin Stores) – Kerbing and surfacing 80% completed, however we have been unable to progress the section adjacent to the building on the corner of Clyde St due to the stability issues. East Clyde Street footways (Charlotte Street to Sinclair</p> | <p>Physical works will be delivered within FY17/18.</p> <p>The Arts Strategy Fund will operate over a number of years to provide funding support for the expansion of the Outdoor Museum. This element is being managed by the Economic Development Officer</p> | | <p>Budget: £653,119 Spend: £ Balance: £</p> | <p>To increase the footfall in the town centre, through enhancing the town's public realm and attractiveness to local residents, visitors and investors thus increasing the economic performance of the town.</p> | <p>The majority of the physical works will be delivered by the Council's Roads and Amenities Service.</p> |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|---------|--|------|---------|------|--------------------|-------|
| | <p>Street) – Kerbing and surfacing 85% completed, however we have been unable to progress the sections adjacent to the building at Maitland St and the newly discovered unstable culvert at Millig Burn (Opposite Farm Foods Store on East Clyde Street).</p> <p>Maitland Street (Carriageway and carpark works) – delayed until full access is available.</p> <p>West Princes Street (Footway and Carriageway) – Re-programmed for Sept/Oct (Aug/Sept in original programme) following on from planned Roads Capital surfacing works.</p> <p>James Street (Granite Footway) – works will be delivered by a specialist external contractor and make use of the surplus granite materials held at Blackhill depot. The Invitation To Tender (ITT) will issue in Mid-September and the works are programmed to commence on site in late October for a period of 7 weeks. WSP appointed as CDM – A for the James Street (Granite Footways) works.</p> <p>James Street (Carriageway) –</p> | | | | | |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--|--|---|---|--|--|---|
| | <p>in sequence with the above, assuming external contractor has completed the footway works. If required these works will be postponed till after Christmas Period.</p> <p>West Clyde Street, Flood Risk Assessment - Draft report received, and officers are currently working with the report author's to better understand issues in respect of buildability and affordability of the proposed solutions</p> <p>John Street (Footway and Carriageway) the current plan is to deliver these works following the implementation of the preferred West Clyde Street drainage solution, subject to agreement on an affordable and deliverable solution.</p> | | | | | |
| Oban Maritime Quarter – Phase 1 – Maritime Visitor Facility (CHORD) | <p>Contract let to TSL and onsite works commenced 20 March 07.08.17</p> <p>Marketing schedule for commercial space uploaded to pontoon website 30 July and estates boards attached to hoardings</p> <p>2 enquiries to date, one serious.</p> | <p>12/09/17</p> <p>All on programme and budget. Slight 4 day delay due to weather that will be corrected in 2nd fit.</p> | <p>Planning permission granted on the 12th July 2016</p> <p>15/05/2017</p> <p>Piling complete and ground slab being poured.</p> <p>Building warrant issued June 2017</p> | <p>Budget £1,600,000</p> <p>An amount of £160K has been allocated from the piers and harbours budget to add to the £1.6m</p> <p>This is for changes requested for the harbour master office windows, ICT ducting requirements incl CCTV, sink, and internal</p> | <p>Creation of a marine tourism facility providing for a variety of visitor needs (cruise passengers/leisure sailors, tourists using the local tour and charter boats)</p> <p>Facility will demonstrate Oban's objective to become</p> | <p>TSL are already in engagement with the festival of the sea and the local schools for a mural to be placed on the site hoardings</p> <p>They are currently engaged with local colleges to create work</p> |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--------------------------|--|---|---|---|---|---|
| | <p>PM will facilitate to heads of terms and revert to estates once occupier secured. Foyer and first floor meeting space will be marketed separately from October, PM will add to website once operational agreements in place. PM will source operational agreements</p> <p>12/9/17 2 viewings complete Notice in the Oban Times denoting closing date for notes of interest by the 25 September 2017 when a paper will go to DMT</p> | | <p>12/07/2017 Steel and timber frames in place. Slight weather delays for steel frame painting but no effect on critical timeline. Ground slab complete in and 2nd floor rigs in situ.</p> <p>Block walls to gable end done,</p> <p>07/08/17 Blockwork complete. Roof delayed due to weather but no effect to timeline. Windows due this month.</p> <p>12/9/17 First internal fit nearing completion. Cladding due 27/9/17</p> | <p>walls and meeting room.</p> <p>12/9/17 Spend £1,076,000 Balance £524,000</p> | <p>a more welcoming destination for the marine tourism market.</p> | <p>placements.</p> <p>TSL in a situation where the community benefits clause will not be met. Ongoing discussions with PM to rectify and connect with sports clubs in Oban 07/08/17 – Ongoing</p> <p>Please see website for marketing schedule www.northpierpontoons.com</p> |
| Oban Public Realm | <p>Phase 1 Stafford St- open to the public 22 July 2015.</p> <p>Phase 2 - Contract Awarded to Land Engineering.</p> <p>Snagging works and additional instructed works, now being</p> | <p>Majority of works were substantially complete by end of August 2016.</p> | <p>Overall positive feedback on design from consultation.</p> | <p>Budget £3.714.m (including £300k from Transport Scotland)</p> <p>Spend £2,586m</p> <p>Committed £375k</p> <p>Balance £753k (TBD).</p> | <p>To increase the footfall in the town centre, through enhancing the town's public realm and attractiveness to local residents, visitors and investors</p> | <p>To date, Phase 1 Contractor unresponsive to e-mails for an update on the outstanding Compensation Events.</p> |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--|---|---|--|---|---|---|
| | taken forward by David Gunn and John MacCormick. Official opening held on 5 th November to coincide with BIDS4Oban Fireworks display. | | | <p>It is anticipated that surplus funds will be available from the public realm budget allocation, details will be reported to members in due course.</p> <p>Meeting with Land Engineering took place 17 Jan to go over Compensation Events. Extension of Time CE documentation due 31 Jan and final Compensation Event negotiation to take place 7 Feb in Glasgow.</p> | thus increasing the economic performance of the town. | In June it was discovered that Land Engineering, the Phase II Contractor went into Administration. ABC legal updated to situation. 19 June, a letter from the Administrators received and the intent is to meet to discuss remaining financial and works. The Performance Bond holder Lloyds has also been contacted. |
| Oban South Pier – EEF Application – CLOSED | April 2015 OLI AC and May 2015 P&R approved recommendation that the £167k is transferred to PR2 and project removed from CHORD | | | | | Closed |
| Oban – Maritime Quarter – Phase 2 – Transit Berthing Facility (CHORD) | <p>Contract let to Gaelforce Engineering Ltd 31st January within approved budget of £2.5m.</p> <p>12/07/2017 07/08/2017 Facility partially handed over</p> | Transit Marina scheduled to be in place by summer 2017. | <p>Full planning permission granted 13 August 2016</p> <p>Full planning conditions have been discharged.</p> | <p>Budget £2,500,000</p> <p>Spend £2,136,000</p> <p>Committed £2,104K (contract value)</p> <p>Balance £364,000</p> <p>The contract will not be</p> | To create a transit berthing facility on the North Pier during the summer months as an integral part of the LORN ARC proposal for the extension of the North Pier and the | PM regularly updating North Pier maritime user groups The Oban Welcome Committee, Community Council, |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|---------|---|---|---|---|--|--|
| | <p>on the 30th July 2017 and fully operational. ABC pier staff are running it with an additional draw down facility for hosts from Bid4Oban.</p> <p>12/09/17 Civic Opening held on the 30 August and well attended.</p> <p>Ongoing snagging and adjustments will be ongoing</p> <p>One complaint about noise from the generator. PM replied informing that we are due the connection in October.</p> | <p>12/9/17 Monitoring will continue for a minimum of 3 months to calculate any movement. This will be done twice a month to determine a timeline.</p> | <p>As at 15/5/2017</p> <p>12/07/2017 Construction license conditions are in the process of being discharged. The wall situation could delay this.</p> <p>07/08/2017 Marine Scotland exemption applied for and secured for emergency works</p> | <p>complete until the mains electricity connection is finalised in October. Prolongation costs covered by delay damages clause.</p> <p>This does not affect operational requirements.</p> <p>12/9/17 Budget £2.5m Spend £2,180K Balance £320K</p> | <p>development of the Oban Maritime Quarter</p> <p>Moorings works complete</p> <p>Gaelforce as part of the community benefits clause in the construction contract are working with UHI and Argyll College at addressing the skills gap theme of outputs and are working with TSL to co-ordinate the work experience and school talks as part of their offering.</p> <p>PM met with Tobermory Harbour Authority to discuss closer working and agreed to meet with The Crown Estate together for an update on the wider area marine development</p> <p>Gaelforce still in discussions with school but not getting much help from them and as time is running out, PM is going to agree</p> | <p>BID4OBAN, and OBM on progress. PM also starting business development and marketing strategy for the Oban Maritime Quarter.</p> <p>07/08/2015 Partial handover complete and facility operational and income generating. See www.northpierpontoons.com</p> <p>Good feedback from users and snagging ongoing.</p> |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--------------------------|---|---|--|---|---|---|
| | | | | | <p>alternative community benefits that will fit the programme so that the opportunity is not lost.</p> <p>07/08/2017 Ongoing</p> <p>12/9/17 Ongoing</p> | |
| Rothesay THI | Rothesay THI has concluded and is in the process of drawing down remaining funds from Historic Environment Scotland. | COMPLETE | THI has been very well received by community, programme making positive impact on town | <p>Budget £2,653,997</p> <p>Spend £2,652,704</p> <p>Balance £1,293</p> | <p>-4 tenements comprehensively repaired</p> <p>-8 further smaller scale repairs to tenement properties</p> <p>-10 shopfront replacement/refurbishment</p> <p>-50 local contractors upskilled</p> <p>-2000+ active participants in an events programme</p> <p>-4 construction jobs created as a direct result</p> | <p>COMPLETE</p> <p>Economic Impact Assessment will be undertaken.</p> |
| Rothesay Pavilion | Following the recent retendering exercise the preferred tender has been reduced to £10,688,023. This results in an Anticipated Final Cost of £13,991,536. The tender evaluation process has been completed and preferred bidder status awarded to successful tenderer. Recent | Full funding now in place allowing a site start in November (date to be confirmed) with a completion in July 2019 on an 86 week contract. | Following some recent changes – notably the change of use of the rear caretaker’s house to attract ERDF funds – an amendment to building warrant | <p>Capital Projected building work budget at FBC £9,057,873 (April 15)</p> <p>Budget (reported to P&R and full Council June 2017) is £14,088,435. This has subsequently reduced slightly to £13,991,536.</p> | Restore the external and internal fabric sympathetically to the original post-modernist and Art Deco style. Bring about the imaginative regeneration of the Pavilion through a | . |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|-----------------------------|---|---|--|--|---|-------|
| | <p>applications for additional funding have been successful as follows;</p> <p>HES have approved an additional £750K which takes the HES total award to £750K</p> <p>Scottish Govt has formally approved additional ERDF of £83,330 taking full ERDF award to £1,055,602</p> <p>HLF have approved an additional £856,900 Scottish Landfill Communities Fund have approved £20,000.</p> <p>In addition, Rothesay Pavilion charity has agreed a further fund raising target of £400K and are awaiting the outcome of two applications to arts based trusts for a total of £200K. The Council however has agreed to underwrite this figure so that progress with HLF is not delayed.</p> <p>ALL FUNDS ARE NOW IN PLACE AND IT IS HOPED TO AWARD THE CONSTRUCTION CONTRACT IN NOVEMBER AND TO MAKE A SITE START DURING THE SAME MONTH</p> | | <p>application has been made along with a fresh application for planning and listed building consent. The building warrant application has been approved and an amended warrant issued.</p> <p>I am informed that planning and listed building consent are being finalised and will be issued within the next two weeks or so.</p> | <p>Capital spend to date;</p> <p>14/15 £ 28,600.00 15/16 £ 631,036.32 16/17 £1,079,949.42 17/18 £ 179,701.60</p> <p>Total £1,919,287.34</p> <p>Funded by; RCGF £625,000.00 CCF £600,000.00 ABC £694,287.34</p> | <p>package of new and flexible uses. Provide more usable and variable sized spaces. Bring the former caretakers house back into useable space. Provide a range of community engagement and conservation skills training opportunities. Upgrade the building to current fire and electrical standards. RPC will create around 25 new jobs which will be a major boost to the island's economy.</p> | |
| Dunoon – Queens Hall | Capital Plan as approved by full Council on 16-Aug-16 | 1. 68 week construction programme starting | Planning Approval and Building Warrants | Revenue Budget £625,00 | To redevelop the Queen's Hall to | |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|---------|---|--|------------------|--|--|-------|
| | <p>included QH budget of £11,521,000. However the Project is working to an Approved Budget of £11,010,965.19</p> <p>M&H took formal occupation of the site on 16-Jan-17 to commence strip-out / demolition works.</p> <p>18-Sept-17</p> <p>Zone 1 - 3-</p> <ul style="list-style-type: none"> • M&E 1st Fix progressing • Plant Room installation progressing • Metal stud walls being erected and boarded • Cladding and roofing progressing • Scaffolding removed from western elevation • . <p>Zone 4</p> <ul style="list-style-type: none"> • M&E 1st Fix progressing • Electrical wiring started • Windows/Curtain Wall installation progressing • Cladding progressing • Metal stud walls being erected and boarded <p>Zone 5</p> <ul style="list-style-type: none"> • M&E 1st Fix progressing • Electrical wiring started • Metal stud walls being erected and boarded • Cladding complete • Timber ramps complete • Internal screeding progressing <p>Public Realm</p> <ul style="list-style-type: none"> • Works progressing on Section 2 – | <p>on 16 January 2017 and running through to 7 May 2018</p> | <p>in place.</p> | <p>Spend £628,725</p> <p>Overspend £3,725. Likely to be funded from transfer of capital funds, subject to finance approval.</p> <p>Capital</p> <p>Budget: £11,010,965.19</p> <p>Spend: £5,497,131.28</p> <p>Committed £5,655,550.77</p> <p>Forecast Overspend £141,716.86</p> | <p>provide a venue that supports learning, skills development and wellbeing.</p> | |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|--|--|---|---|--|---|--|
| | <p>immediately in front of QH</p> <ul style="list-style-type: none"> Ground works started on western elevation, gabion walls etc. <p>We are currently reporting 8 weeks behind programme (Handover on 7 May 18)</p> <p>We are currently forecasting £142k budget overspend (£11,152,682.05).</p> | | | | | |
| <p>Dunoon Wooden Pier –</p> <p>NB This is not a CHORD funded project.</p> | <p>RCGF funding approved (£350k). PH1A and PH1B works complete. Final Accounts agreed, project delivered slightly under budget.</p> | Complete. | Works to both the pier and buildings of a high quality. | <p>Budget £2,830,000 Spend £2,817,591.73 Committed £ 10,374.12 Balance £2,034.15</p> | To bring pier and buildings back into economic use. Phase 1 works will bring 2 of the three buildings into use with access to part of the pier. | <p>COMPLETE</p> <p>Next stage of the pier's redevelopment on hold until such time as development budget has been identified.</p> |
| <p>Helensburgh Waterfront Development (Pierhead redevelopment - Leisure Facility)</p> <p>NB This is not a CHORD funded project</p> | <p>Consultants appointed to undertake Flood Risk Assessment, and Environmental Impact Assessment Screening. On-site traffic surveys carried out 10-Jun & 13-Jun. Gardiner & Theobald have been appointed to undertake the role of CDM – Co-ordinator, Aspect Surveys appointed to undertake Bathymetric and topographical surveys, which they have completed.</p> <p>Cost Management contract awarded to Robinson Low Francis (RLF).</p> | Anticipated site start spring/summer 2019, completion summer 2021 | Not applicable at this stage | <p>Budget £18,387m Spend £ 261,000 Balance £18,126m</p> <p>Project Costs and Budget currently the subject of a review following the appointment of the support services consultants</p> | New Swimming Pool and Leisure facility with enhanced town centre parking and additional public realm space. | The programme milestones are indicative. There will be a detailed programme review once we have the results from the various surveys e.g. bathymetric, topographical, utilities, transport assessment, EIA Screening assessment etc. and the Cost Management |

| Project | Overall | Time | Quality | Cost | Outcomes/Benefits. | Notes |
|---------|---|------|---------|------|--------------------|--|
| | <p>Multi-Disciplinary Design support services contract awarded to Darnton B3 Architects, in partnership with Patrick Parsons (Civil, Structural and Geotechnical engineering), and Hirst landscape Architects on the 5 September, 2017.</p> <p>Transport Assessment Contract awarded to Aecom Ltd.</p> <p>CDM – Advisor to assist us in discharging our statutory obligations. Gardiner & Theobald have been awarded the contract to provide, this service.</p> <p>Marine Construction Licences - We have begun informal discussions with Marine Scotland in respect of the licences that we will require for the project. This is especially pertinent as the site lies within the area of a Site of Special Scientific Interest (SSI) and a Specially Protected Area (SPA), both of which could have programme implications in terms of when and what works we can carry out on the site.</p> | | | | | <p>and Design Support services are in place.</p> |

Policy and Resources Committee Work Plan 2017-18

| December 2017 - This is an outline plan to facilitate forward planning of reports to the P&R Committee. | | | | | |
|--|--|-------------------------------------|-------------------|-----------------|--|
| 8 December 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 | | |
| | Revenue Budget Outlook 2018-19 to 2020-21 Update | Strategic Finance | | | |
| | Performance Report FQ2 July to September 2017 | Customer Services/Strategic Finance | Quarterly | | |
| | Review of DSUK Business Case | Development and Infrastructure | | | |
| | Tarbert and Lochgilphead Regeneration Project – Gleaner Phase 1 Full Business Case | Development and Infrastructure | | | Recommendation from MAKI 6 December 2017 |
| | Argyll and Bute Employability Team – Update on Financial Position and Service Provision | Development and Infrastructure | | | |
| | Cowal Fixed Link Funding Request | Development and Infrastructure | | | |
| | Major Capital Regeneration Projects – Update Report | Development and Infrastructure | | | |
| | Kilmartin Museum Redevelopment – Further Assessment of External | Development and Infrastructure | | | |

Policy and Resources Committee Work Plan 2017-18

| | Financial Request | | | | |
|------------------|--|-------------------|---------------|----------|----------|
| 15 February 2018 | 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 | | |
| | Budgeting Pack | Strategic Finance | Annual | | |
| | Treasury Management Strategy Statement and Annual Investment Strategy | Strategic Finance | Annual | | |
| 17 May 2018 | 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 | | |
| | Performance Report FQ3 October to | Customer | Quarterly | | |

Policy and Resources Committee Work Plan 2017-18

| | | | | | |
|---|---|--------------------------------|-------------|--|--|
| | December 2017 | Services/Strategic Finance | | | |
| Future Items – date to be determined | | | | | |
| | SOA Delivery Plan Review | Community Services | | | |
| | IHR Policies: <ul style="list-style-type: none"> • Attendance Management Policy • Secondment Policy | Improvement and HR | As required | | <ul style="list-style-type: none"> • To come in 2017/18 • To come in 2017/18 |
| | Argyll, Lomond and the Isles Regeneration Initiative | Development and Infrastructure | | | |

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Development and Infrastructure****8th December 2017**

REVIEW OF THE DISCOVER SPACE UK BUSINESS CASE

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to highlight the main findings of Capital Ambassadors Ltd (CapAm) as detailed in the presentation entitled “CapAm Deliverables for DSUK, October 2017”, produced on behalf of Discover Space UK (DSUK).
- 1.2 A report presented to the Policy and Resources Committee on 16th March 2017 noted that Campbeltown Spaceport (DSUK) has the potential to be a transformational project for both the Argyll and Scottish economies, and requires an initial investment to take it to the next stage of development.
- 1.3 This paper also proposed that the next phase of activity, to be carried out by CapAm, would provide information to inform a business case which intended to determine the direction that DSUK would take in developing a space-based business plan. In support of these activities Argyll and Bute Council contributed £40,000 towards the £120,000 total cost of this new period of enhanced activity, with Highlands and Islands Enterprise and Machrihanish Airbase Community Company (MACC) also contributing circa £40,000 each.
- 1.4 The recommendations are that DSUK continue to investigate a joint venture with the Benbecula launch site in the Western Isles to accommodate future opportunities at both sites.
- 1.5 Members are asked to
 - 1.5.1 Approve the council’s continued involvement with DSUK including an investigation of a possible joint venture with the Benbecula launch site to accommodate the possible development of facilities at Machrihanish.
 - 1.5.2 Consider the content of the presentation to be given at this meeting by CapAm.

REVIEW OF THE DISCOVER SPACE UK BUSINESS CASE

2.0 INTRODUCTION

- 2.1 In March 2017 Capital Ambassadors Ltd (CapAm) was contracted by DSUK to deliver information resulting from a series of 14 activities, defined by DSUK aimed at providing information on nine deliverables. These activities resulted in the presentation entitled “CapAm Deliverables for DSUK, October 2017” and which forms the basis for the presentation.
- 2.2 These activities were intended to form a space-based business plan. Argyll and Bute Council contributed £40,000 towards the £120,000 total cost of this new period of enhanced activity, with Highlands and Islands Enterprise and Machrihanish Airbase Community Company (MACC) also contributing circa £40,000 each.
- 2.3 The information contained in the presentation highlights a period of enhanced activity, resulting in nine deliverables, of which eight are key. **Table 1** of this report details the aforementioned 14 activities and 9 deliverables.
- 2.4 In addition to noting the findings of CapAm’s work to date, this report seeks Member’s approval for the Council to continue to work with DSUK in order to investigate a joint venture with the Benbecula launch site to accommodate the development of facilities in both sites.

3.0 RECOMMENDATIONS

- 3.1. Members are asked to
- 3.1.1. Approve the council’s continued involvement with DSUK including an investigation of a possible joint venture with the Benbecula launch site to accommodate the possible development of facilities at Machrihanish.
 - 3.1.2. Consider the content of the presentation to be given at this meeting by CapAm

4.0 DETAIL

4.1 **Table 1** details the activities and deliverables associated with the work of CapAm on behalf of DSUK.

Table 1. CapAm activities and deliverables

| Activity | Deliverable |
|---|--|
| 1. Prepare data for Business Case and investment campaign | 1. Preparation of key data for business case/investment campaign |
| 2. Further detail and validate operating model design including proposals for formation of legal entity | 2. Validation and detailing of operational model including SWOT |
| 3. Further develop relationships with partners | 3. Gathering of initial requirements |
| 4. Define SWOT analysis for each collaborator | 4. Identification of critical projects |
| 5. Identify and prioritise obstacles and challenges | 5. High level scoping of critical projects |
| 6. Finalise market analysis | 6. Preliminary governance framework |
| 7. Identify quick wins | 7. High principles of business case |
| 8. Define critical projects | 8. UKSA grant funding submission |
| 9. Define high level resource for critical projects | 9. Political/public capture plan |
| 10. Define business benefits | |
| 11. Produce materials to support activities | |
| 12. Outline pros and cons of approaches | |
| 13. Attend meetings as required | |
| 14. Develop public/political capture plan | |

4.2 The information provided by CapAm provides the background to the significant amount of collaboration and partnership working that has been undertaken by DSUK and by CapAm on the behalf of DSUK. During the process of collaboration and partnership working several non-disclosure agreements were signed with a number of high level international space industry companies.

4.3 Options for vertical and horizontal launch models were investigated. This led to DSUK focusing on a horizontal launch model as this better suits the location and facilities currently available at Machrihanish.

4.4 An application for funding was made to the UK Space Agency (UKSA) during its call for grant proposals in June 2017, the result of which has not yet been made public. This application process developed a clear operating model and considerably enhanced the exposure of DSUK as a partner and Machrihanish as a site with tremendous opportunities.

4.5 Recently, discussions have been held with a rocket manufacturing

company, interested in collaborating with both DSUK at Machrihanish and the Benbecula launch site. The aim is to assemble the rockets at Machrihanish and ship the completed sections to the Benbecula launch site. Although still in the early stages of discussion, this project illustrates the possibilities revealed by the work of DSUK and CapAm.

- 4.6 The economic impact of siting a UK Spaceport at Machrihanish are considerable. **Table 2** provides a conservative estimate on the employment and financial gains of such a venture.

Table 2. Economic impact of a UK Spaceport at Machrihanish

| Economic effects of a UK Spaceport at MACC | |
|---|-------|
| Gross impact | |
| FTE employment impact | 992 |
| Turnover impact (£m) | 329.9 |
| GVA impact (£m) | 61.4 |
| Income impacts (£m) | 23.5 |
| Net direct impact | |
| FTE employment impact | 784 |
| Turnover impact (£m) | 238.5 |
| GVA impact (£m) | 46.2 |
| Income impacts (£m) | 18.3 |
| Net direct, indirect and induced impacts | |
| FTE employment impact | 1,221 |
| Turnover impact (£m) | 309.7 |
| GVA impact (£m) | 59.7 |
| Income impacts (£m) | 23.4 |

- 4.7 The work of CapAm and DSUK has led to the following outcomes and opportunities:
- A considerable number of international companies are now aware of the possibilities of the MACC site and are in discussions with DSUK and DSUK
 - Non-Disclosure Agreements have been signed with several national and international organisations and companies
 - Although the MACC site is limited to horizontal launch, analysis suggests that combining with a vertical launch site/operator would reduce business risk and increase revenue potential
 - There is potential for the development of a hydrogen economy at MACC
 - A number of specialist sub-groups have been organized and allocated projects
 - A public relations strategy has been developed. DSUK, however, wishes this to remain passive until notified of the result of funding applications
 - DSUK has been approached by companies seeking to develop launch and/or manufacturing opportunities
 - Application to a UK grant funding process to the value of £9.5m

5.0 CONCLUSION

- 5.1 The distance travelled by DSUK since its inception is significant in terms of reputation and number of collaborators. The presentation by CapAm provides significant proof of this and gives a clear operating model for future growth.
- 5.2 It is important that the current impetus is continued to allow for DSUK to be prominent in the market and to avail itself of any future opportunities within the space industry. The council's continued involvement with DSUK, will ensure that the maximum benefit to residents is realised. This includes an investigation of a possible joint venture with the Benbecula launch site to accommodate future developments.

6.0 IMPLICATIONS

- | | |
|----------------------|--|
| 6.1 Policy | This work supports the key aims of the Local Outcome Improvement Plan including aims 1, 2 and 3 together with the Economic Development Action Plan. |
| 6.2 Financial | None arising from this report. |
| 6.3 Legal | None |
| 6.4 HR | None |
| 6.5 Equalities | None |
| 6.6 Risk | There is no guarantee that the £40k invested in this project by Argyll and Bute Council will result in the project progressing to becoming a part of the space industry. |
| 6.7 Customer Service | None |

Executive Director of Development and Infrastructure, Pippa Milne
Policy Lead, Aileen Morton
24/10/2017

For further information contact: James Paterson, Senior Economic Growth Officer

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 4
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank