



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry

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17 May 2018

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 24 MAY 2018** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 5 - 10)
Policy and Resources Committee held on 15 February 2018
- * 4. **FINANCIAL MONITORING REPORT** (Pages 11 - 112)
Report by Head of Strategic Finance
5. **REVENUE BUDGET OUTLOOK 2019-20 TO 2021-22** (Pages 113 - 130)
Report by Head of Strategic Finance
6. **HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2017-18**
(Pages 131 - 140)
Report by Head of Strategic Finance
- * 7. **RISK MANAGEMENT MANUAL** (Pages 141 - 156)
Report by Head of Strategic Finance
8. **PERFORMANCE REPORT - FQ3 & FQ4 2017-18** (Pages 157 - 176)
Report by Executive Director – Customer Services

- * **9. SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS - REPORT ON SPEND TO DATE AND FUTURE PROPOSALS** (Pages 177 - 182)
Report by Executive Director – Customer Services
 - * **10. ANTI-POVERTY STRATEGY 2018 - 2022** (Pages 183 - 228)
Report by Executive Director – Customer Services
 - * **11. PUBLIC ROOM BOOKING IN HELENSBURGH AND LOMOND CIVIC CENTRE** (Pages 229 - 236)
Report by Executive Director – Customer Services
 - * **12. REVIEW OF STRATEGIC EVENTS AND FESTIVALS GRANT PROCESS** (Pages 237 - 244)
Report by Executive Director – Development and Infrastructure Services
 - 13. PROGRESS OF RURAL RESETTLEMENT FUND** (Pages 245 - 252)
Report by Executive Director - Development and Infrastructure Services
 - 14. LORN ARC UPDATE** (Pages 253 - 270)
Report by Executive Director – Development and Infrastructure Services
 - 15. RURAL GROWTH DEAL** (Pages 271 - 296)
Report by Executive Director – Development and Infrastructure Services
 - 16. REVIEW OF ADVICE SERVICES**
Report by Executive Director of Development and Infrastructure Services (to follow)
 - 17. TARBERT AND LOCHGILPHEAD REGENERATION FUND**
 - (a) Recommendation from Mid Argyll, Kintyre and the Islands Area Committee held on 7 March 2018 and report by Senior Planning Development Officer (Pages 297 - 304)
 - E1 (b) Appendix (Pages 305 - 312)
 - 18. CHORD - DUNOON - QUEENS HALL - PROGRESS AND COMMERCIAL UPDATE**
 - (a) Report by Executive Director - Development and Infrastructure Services and Appendix 1 (Pages 313 - 326)
 - E2 (b) Appendix 2 (Pages 327 - 334)
- REPORTS FOR NOTING**
- 19. UNACCEPTABLE ACTIONS BY CUSTOMERS PROCEDURE** (Pages 335 - 342)
Report by Executive Director – Customer Services
 - 20. POLICY AND RESOURCES COMMITTEE WORK PLAN** (Pages 343 - 344)

EXEMPT REPORTS FOR DECISION

E2 21. NEW SCHOOLS REDEVELOPMENT PROJECT UPDATE FOR DUNOON PRIMARY SCHOOL (Pages 345 - 350)

Report by Executive Director – Customer Services

E1 22. REQUEST FOR CASH FLOW LOAN BY MULL AND IONA COMMUNITY TRUST (Pages 351 - 358)

Report by Executive Director – Development and Infrastructure Services

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

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 paragraph is:-

E1 Paragraph 6 Information relating to the financial or business affairs of any particular person (other than the authority).

E2 Paragraph 8 The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

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

Policy and Resources Committee

Councillor Rory Colville
Councillor Kieron Green
Councillor Yvonne McNeilly
Councillor Ellen Morton
Councillor Douglas Philand
Councillor Elaine Robertson
Councillor Sandy Taylor
Councillor Lorna Douglas

Councillor Robin Currie
Councillor Roderick McCuish
Councillor Aileen Morton (Chair)
Councillor Gary Mulvaney (Vice-Chair)
Councillor Alan Reid
Councillor Len Scoullar
Councillor Richard Trail
Councillor Audrey Forrest

Contact: Hazel MacInnes Tel: 01546 604269

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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 15 FEBRUARY 2018**

Present: Councillor Aileen Morton (Chair)

Councillor John Armour	Councillor Gary Mulvaney
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
Councillor Ellen Morton	

Attending: Cleland Sneddon, Chief Executive
Douglas Hendry, Executive Director of Customer Services
Ann Marie Knowles, Acting Executive Director of Community Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Kirsty Flanagan, Head of Strategic Finance
Patricia O'Neill, Central Governance Manager
Jane Fowler, Head of Improvement and HR
Jane Jarvie, Communications Manager

The Chair advised that there was an appendix containing exempt information included under item 5 of the agenda (Budgeting Pack 2018/19) and if Members wished to discuss this substantively then she would require to exclude the press and public from the meeting.

1. APOLOGIES FOR ABSENCE

There were none intimated.

2. DECLARATIONS OF INTEREST

There were none intimated.

3. NOTICE OF MOTION UNDER STANDING ORDER 14

The Central Governance Manager advised that in terms of Standing Order 14 the following Notice of Motion by Councillor Kieron Green, seconded by Councillor Robin Currie, had been received for consideration as a matter of urgency at this meeting –

This Committee;

Recognises the vital role that GPs have in delivering a wide range of health services in our area.

Acknowledges concerns made by rural GPs, including in Argyll and Bute, about the future sustainability of services as a result of the proposed GP contract negotiated between the British Medical Association (BMA) and the Scottish Government.

Calls for the BMA and Scottish Government to reconsider this proposed contract in order to ensure that the local delivery of services in rural areas will not be adversely impacted by its implementation.

Requests that council officers use any appropriate opportunity to raise this issue.

The Chair ruled and the Committee agreed that the Motion was urgent by reason that the proposed GP contract was due to be implemented on 1 April 2018 which therefore restricted the time that officers could raise the issue. The Chair advised that the Motion would be dealt with after item 9 of the Agenda.

4. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 8 December 2017 were approved as a correct record.

* **5. FINANCIAL REPORT MONITORING PACK - DECEMBER 2017**

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

Decision

The Policy and Resources Committee –

1. Noted the Revenue Budget Monitoring Report as at 31 December 2017.
2. Agreed to recommend to the Council that the 2017-18 Live Argyll management fee is increased from £1.728m to £1.776m in line with the analysis carried out by Strategic Finance.
3. Agreed to recommend to Council, providing that there is no impact on the Council's bottom line position, delegation is given to the Head of Strategic Finance to vary the management fee to reflect any accounting adjustments required at year end.
4. Agreed to recommend to Council that the payment to the Health and Social Care Partnership in 2017-18 is increased by £0.044m to transfer over the budget required for auto enrolment.
5. Noted the progress of the Service Choices Policy Saving Options as at 31 December 2017.
6. Noted the current assessment of the Council's financial risks.
7. Noted the Capital Plan Monitoring Report as at 31 December 2017 and approved the over project cost changes, the project slippages and accelerations noted within Appendix 7 of the Capital Plan Monitoring Report.
8. Noted the Treasury Monitoring Report as at 31 December 2017.
9. Noted the Reserves and Balances Report as at 31 December 2017.

(Reference: Report by Head of Strategic Finance dated 16 February 2018, submitted)

* **6. BUDGETING PACK 2018/2019**

Consideration was given to the full package of papers included in the budget pack in relation to the revenue and capital budgets for 2018/19.

The Head of Strategic Finance advised that amendments to the Budgeting Pack 2018/19 would be issued later that day in relation to the future years funding estimates.

Decision

The Committee agreed to refer this item, without recommendation, for consideration by the Council at their meeting on 22 February 2018.

(Reference: Report by Head of Strategic Finance dated 2 February 2018, Revenue Budget Pack and Capital Budget Pack 2018/19)

* **7. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY**

The Committee gave consideration to a report which sought approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy which set out the Council's Strategy for borrowing and investment for the forthcoming year. The report also set out the policy for the repayment of loans fund advances for 2018-19.

Decision

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

1. Approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within.
2. Approve the use of Option 1 (statutory method) for the repayment of loan fund advances in respect of existing capital expenditure and new advances up to 31 March 2021 at an interest rate of 4.423%, with the exception of spend to save schemes where Option 4 (funding/income profile method) will be used.
3. Approve the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Head of Strategic Finance dated 2 February 2018, submitted)

* **8. ONE COUNCIL PROPERTY APPROACH**

The Policy and Resources Committee gave consideration to a report which set out proposals for a change in approach to the management of the Council's land and buildings from a static or reactive position to a proactive property development service. The change would mean that all heritable property owned by the Council would be held corporately and not by individual departments enabling the Council to

take a more consistent and strategic corporate view across all heritable property it owns.

Decision

The Policy and Resources Committee agreed to recommend to the Council at their budget meeting on 22 February 2018 that –

1. The “One Council” approach be adopted.
2. Provision of £130k be made in financial years 2018/19 and 2019/20 to resource the taking forward of the new approach, as per paragraph 4.7.4.3 of the submitted report.
3. The Executive Director of Customer Services bring forward further reports to the Policy and Resources Committee as required in relation to –
 - a) Any procedural issues which arise from implementing this proposal, and;
 - b) Progress implementing change and delivering benefits therefrom.

(Reference: Report by Executive Director – Customer Services dated February 2018, submitted)

* **9. CORPORATE PLAN 2018 - 2022**

A report which presented the Committee with the new Corporate Plan 2018-2022 was given consideration. The Corporate Plan sets out the strategic context for the Service Plans and the Council Budget.

Decision

The Policy and Resources Committee agreed the Corporate Plan 2018-2022; and agreed to recommend its approval to the Council.

(Reference: Report by Executive Director – Customer Services dated 24 January 2018, submitted)

10. LOCATION OF SCREEN MACHINE IN INVERARAY

The Policy and Resources Committee gave consideration to a recommendation from the Mid Argyll, Kintyre and Islands Area Committee held on 6 December 2018 in relation to the siting of the Screen Machine in Inveraray.

Motion

The Policy and Resources Committee –

1. Notes the recommendation from the Mid Argyll, Kintyre and Islands Area Committee meeting of 6th December 2017;
2. Notes the substantial safety concerns Roads Officers have regarding the use of Fisher Row for the Screen Machine; including encroachment onto the public road and pedestrian safety;

3. Agrees that the screen machine be located at either the hardstanding area near Inveraray Shinty Pitch or at Inveraray Castle Car Park, with the agreement of the site owner and on the basis that the use of these sites does not impact on local car parking availability, or present safety concerns;
4. Notes that if new information is made available by Screen Machine this decision could be revisited by either the Area Committee or Policy and Resources Committee.

Moved Councillor Robin Currie, seconded Councillor Roddy McCuish.

Amendment

To refer the decision to the Council for deliberation.

Moved Councillor Douglas Philand, seconded Sandy Taylor.

Decision

Following a show of hands vote the Motion was carried by 11 votes to 5 and the Policy and Resources Committee resolved accordingly.

(Reference: Extract of the Minute of the Mid Argyll, Kintyre and the Islands Area Committee held on 6 December 2017 and report by Traffic and Development Manager dated November 2017, submitted)

11. NOTICE OF MOTION UNDER STANDING ORDER 14

In terms of Standing Order 14 the following Notice of Motion was before the Committee for consideration –

This Committee;

Recognises the vital role that GPs have in delivering a wide range of health services in our area.

Acknowledges concerns made by rural GPs, including in Argyll and Bute, about the future sustainability of services as a result of the proposed GP contract negotiated between the British Medical Association (BMA) and the Scottish Government.

Calls for the BMA and Scottish Government to reconsider this proposed contract in order to ensure that the local delivery of services in rural areas will not be adversely impacted by its implementation.

Requests that council officers use any appropriate opportunity to raise this issue.

Moved Councillor Kieron Green, seconded Councillor Robin Currie.

Decision

The Committee unanimously agreed the terms of the Motion.

(Reference: Notice of Motion by Councillor Kieron Green, seconded by Councillor Robin Currie)

12. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT FEBRUARY 2018

The Policy and Resources Committee Work Plan as at February 2018 was before the Committee for information.

Decision

The Policy and Resources Committee noted the content of the Work Plan as at February 2018.

(Reference: Policy and Resources Committee Workplan dated February 2018, 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 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

13. SIX MONTHLY REPORT ON CASH FLOW SUPPORT LOANS - 1 SEPTEMBER 2017 TO 31 DECEMBER 2017

A report which set out a summary of cash flow support loans over the period 1 September 2017 to 31 December 2017 was before the Committee for information.

Decision

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

(Reference: Report by Head of Strategic Finance dated 16 January 2018, submitted)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****24 MAY 2018**

EXECUTIVE SUMMARY**FINANCIAL UPDATE – FEBRUARY 2018**

1. INTRODUCTION

1.1 This report provides a financial update as at the end of February 2018. The reports attached to this update are:

- Revenue Budget Monitoring Report as at 28 February 2018
- Capital Plan Monitoring Report as at 28 February 2018
- Treasury Monitoring Report as at 28 February 2018
- Reserves and Balances as at 28 February 2018

The web link to the detailed reports is as follows:

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

1.2 As we are one month from the end of the financial year, the financial risks report hasn't been included as any areas where a financial risk has materialised will now be built into the estimated outturn position with the exception of the overspend on the Health and Social Care Partnership which is the subject of a separate report on the agenda. A summary of the progress with implementation of service choices savings agreed in February 2016 is included in paragraph 2.5.

1.3 The fees and charges for 2018-19 were approved at the Council meeting on 22 February 2018. There are a couple of minor adjustments to the fees and charges schedule as noted in paragraph 2.6.

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 £1.299m as at the end of February 2018. The underspend is in respect of the following:

- Underspend within NPDO (utilities and deductions) as a result of enhanced contract management £0.098m.
- Over recovery of vacancy savings within Customer Services and Development and Infrastructure of £0.483m.
- Grant income in Development and Infrastructure relating to expenditure

in the previous year £0.097m.

- Underspend in fleet of £0.132m relating to a delay in replacing vehicles over 5 years old.
- Over-recovery of income within regulatory services (fish export certifications, private landlord registration and appraisal of water supplies, shellfish programme) amounting to £0.101m.
- Over recovering of income within piers and harbours as a result of RET £0.200m.
- Underspend of £0.095m in relation to Housing related services.
- £0.079m over recovery of commercial waste income.
- £0.050m relating to other small underspends in D&I.
- 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.
- Estimated £0.395m underspend within utilities across the Council.
- Over recovery of Council Tax income amounting to £0.600m.
- Overspend of £0.177m in relation to dangerous buildings.
- Increased demand within ASN support and residential schools placement estimated overspend of £0.199m.
- Under recovery of planning fee income estimated to be £0.240m.
- Overspend of £0.100m in ferries due to ASP payment.
- Estimated winter maintenance overspend of £0.650m. This was the figure calculated as at the end of December, however, due to the snow in January, this overspend is likely to increase and a further estimate will be calculated.

2.1.3 The estimated overspend for winter maintenance was calculated at the end February, however, due to continued bad weather, it is likely that this figure will rise to over £800k and the outturn is currently being worked on. It should be noted that Scottish Government have allocated an additional £10m in 2018-19 in recognition of the significant, additional financial pressure on winter maintenance budgets and subsequent repairs required as a result of the severe winter weather. Following discussions between the Scottish Government and COSLA it has been agreed that the £10m be distributed between all 32 local authorities on a composite basis of each local authority's share of 2017-18 Winter Maintenance Grant Aided Expenditure (GAE) assessment and the Roads Maintenance GAE, our share is £0.333m.

2.1.4 There is a year to date deficit of £1.459m against the year to date budgeted expenditure of £191.182m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The majority of this variance relates to the timing of income and expenditure and any variances that give rise to a forecast variance have been accounted for.

2.2 Capital Plan Monitoring Report

2.2.1 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.

- 2.2.2 Actual net expenditure to date is £28.678m compared to a budget for the year to date of £27.841m giving rise to an overspend for the year to date of £0.864m (3.1%). The forecast outturn for the year is a forecasted underspend of £10.071m (20.4%).
- 2.2.3 The £0.864m year to date overspend relates to a number of projects where the year to date spend is ahead of the profile, including CHORD Oban, TIF Lorn/Kirk Road and Helensburgh Waterfront.
- 2.2.4 The £10.071m forecast underspend relates to a number of underspends where the expenditure has slipped and it is requested that the budget is slipped through to either 2018-19 or 2019-20. There is £9.944m of slippages and accelerations noted on Appendix 7 of the capital monitoring report, which includes the following:
- Dunoon Primary £2.289m
 - Asset Management Investment Fund £2.000m.
 - Replacement of Oban High £0.923m
 - Helensburgh Office Rationalisation £0.406m.
 - Kirn Primary School £0.369m
 - Legionella Control Works £0.250m.
 - Campbeltown Schools Redevelopment £0.220m.
 - Dunoon Office Rationalisation £0.220m.
- 2.2.5 The forecast total net projects costs on the capital plan are £219.350m compared to a total budget for all projects of £218.757m giving rise to a forecast overspend for the overall capital plan of £0.593m (0.27%).
- 2.2.6 In respect of total project performance, there are 197 projects within the capital plan, 165 are complete or on target and 32 are off target and recoverable.

2.3 Treasury Monitoring Report

- 2.3.1 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.
- 2.3.2 The external borrowing of the Council decreased by £3.832m during the period, due to the repayment of Public Works Loans Board borrowing of £3.872m offset by new borrowing of £0.040m.
- 2.3.3 Borrowing is below the Capital Financing Requirement for the period to 28 February 2018. 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.
- 2.3.4 The levels of investments were £67.9m at 28 February 2018. The rate of

return achieved was 0.561% which compares favourably with the target of 7 day LIBID which was 0.360%.

2.4 Reserves and Balances

2.4.1 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.

2.4.2 The Council has a total of £93.115m unusable reserves that are not backed with resources. They are required purely for accounting purposes.

2.4.3 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.

2.4.4 Of the earmarked balance of £41.519m:

- £24.610m is invested or committed for major initiatives
- £4.359m has already been drawn down as at the end of February, with a further £2.003m drawn down during March.
- £0.626m is still to be drawn down in 2017-18
- £9.486m is planned to spend in future years and
- £0.435m can be released back to the General Fund.

2.4.5 The balance that can be released back to the General Fund relates to employability. In order to meet the Employability Team's ongoing contractual obligations until the end of 2017-18 the Council approved an earmarking of £0.456m in November 2015. Some of the earmarking was drawn down during 2016-17, however, the year-end position for 2017-18 is forecast to be a surplus of £0.114m. This will result in a forecast balance within earmarking of £0.435m which is no longer required and can be released back to the General Fund. This figure will be finalised at the conclusion of 2017-18.

2.4.6 The General Fund contingency is set at 2% of net expenditure for 2017-18 and also for 2018-19. There is an estimated unallocated General Fund balance of £1.107m as at the end of financial year 2017-18.

2.5 Monitoring of Service Choices Savings

2.5.1 Members agreed 125 service choices savings options as part of the budget in February 2016 to be delivered over three years 2016-17, 2017-18 and 2018-19.

2.5.2 Of the 125 savings options, 116 have already been delivered, 6 are on track to be delivered as per their original timescale and 4 have a shortfall. Overall the delivery of service choices savings has been successful.

2.5.3 The 4 savings options that have a shortfall are noted below.

1. ASN Efficiencies - 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. The shortfall in 2017-18 is estimated at £0.150m and this is reported in the revenue budget monitoring report. The shortfall in 2018-19 is £0.134m and this has been built into the budget as a cost pressure.
2. Residential Schools – 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 shortfall in 2017-18 is £0.049m in 2017-18, however, it is hoped that the service can contain expenditure within budget in 2018-19.
3. Music Instruction Fees - After the 50% rise in fees the saving has not been met in full as take-up of the service has reduced. The full year saving was £0.044m and it is estimated that only £0.009m of the savings will be achieved in 2017-18, however, the saving has been absorbed within existing budget. An in depth analysis of pupil numbers and patterns is being undertaken at present. Individual conversations with instructors regarding pupil numbers are ongoing with a view to increase the numbers of pupils who pay for tuition.
4. Catering and Cleaning – The savings for the longer term redesign of catering and cleaning in 2018-19 were budgeted at £0.331m and it is anticipated that will be a shortfall of £0.083. The two workstreams that are not likely to deliver their anticipated savings are:
 - Development of a Catering Distribution Hub – shortfall of £48k. Following detailed investigation, this option is not likely to deliver the anticipated savings, due to the higher than anticipated costs associated with the construction and payback necessary to deliver this project as well as higher than estimated operational costs.
 - Review Drinks Provision – shortfall of £35k. The Catering and Cleaning Innovations Working Group and the Transformation Board agreed to implement a 10p change for milk for all pupils in 2018-19 as a step approach to recovering some of the costs associated with the provision of milk to Primary pupils. The charge rate was less than originally recommended, and so a shortfall of approximately £35k will arise in 2018-19. The charge rate for milk will be reviewed as part of the project work during the coming year and a higher charge may be recommended for 2019-20.

2.6 Update to Fees and Charges 2018-19

- 2.6.1 The fees and charges for synthetic all weather pitches were subject of a report to Council on 12 February 2015 to standardise the fees across all pitches on a phased in basis between 2015-16 and 2018-19. The fees and

charges schedule wasn't updated correctly to reflect the previously agreed Council decision and has now been amended to reflect the standardised rates.

- 2.6.2 As part of applying that standard inflation increase of 3% to fees and charges for 2018-19, the cremation charges for adults aged 16 and over, has increased from £647 to £666. It's unfortunate that the 3% inflation has meant the charge is £666, which could be upsetting for some people. Members are asked to agree the charge is amended to £665 in 2018-19.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 28 February 2018.
- b) Consider the capital plan monitoring report as at 28 February 2018 and approve the project cost changes, the project slippages and accelerations noted within Appendix 7 of the capital plan monitoring report.
- c) Note the treasury monitoring report as at 28 February 2018.
- d) Consider the reserves and balances report as at 28 February 2018.
- e) Note the progress of the service choices policy saving options as at 28 February 2018.
- f) Recommend to Council that the cremation charges for adults aged 16 and over, is amended to £665 for 2018-19.

4. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2017-18 as at 28 February 2018. |
| 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
30 April 2018

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

Overall Position:

- There is a forecast underspend of £1,299k as at the end of February 2018. This underspend consists of the following variances: underspend of £100k within NPDO utilities and deductions, over recovery of vacancy savings within Customer Services and DIS £483k, grant income in DIS relating to previous years £97k, £132k due to a delay in replacing fleet vehicles over 5years, £101k within regulatory services income, £200k increased income from RET, £95k in relation to Housing, £79k over recovery of commercial waste income, £50k other small underspends in D&I, underspend of £245k relating to superannuation budget no longer required, £90k from apprenticeship levy, £395k relating to underspend in utilities and an estimated £600k over recovery of Council Tax Income. These variances are offset by an overspend in respect of dangerous buildings of £177k, an estimated overspend of £199k within Community Services which is mainly due to increased demand within ASN support and Residential School placements, an under recovery of planning fees amounting to £240k, an overspend in ferries of £100 due to payment to ASP and an estimated overspend in winter maintenance of £650k.
- The estimated overspend for winter maintenance was calculated at the end February, however, due to continued bad weather, it is likely that this figure will rise to over £800k and the outturn is currently being worked on. It should be noted that Scottish Government have allocated an additional £10m in 2018-19 in recognition of the significant, additional financial pressure on winter maintenance budgets and subsequent repairs required as a result of the severe winter weather – our share is £0.333m.
- Where the forecast outturn position is recurring in nature, this has already been accounted for as part of the budget outlook position.
- There is a year to date deficit of £1,459k against the year to date budgeted expenditure of £191,182k. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The majority of this variance relates to the timing of income and expenditure and any variances that give rise to a forecast variance have been accounted for.

Key Highlights as at February 2018:

- The estimated forecast underspend has increased from £1,000k as at the end of December to £1,299k at the end of December.
- Development and Infrastructure are currently forecasting an overspend of £47k, however, this includes an estimated overspend of £650k of winter maintenance and therefore the department are at the moment containing the majority of this estimated overspend within current resources. However, the winter maintenance figure could rise and is currently being finalised for year end.

Key Financial Successes:

Controllable departmental expenditure for 2016-17 was under budget with an underspend of £1,038k. This was mainly a result of an over recovery of vacancy savings through the management of resources and forward planning of the savings targets for 2017-18 within Customer Services and Development and Infrastructure. In addition to this, NPDO cost were lower than expected due to insurance and utility costs savings arising as a result of annual renegotiation of insurance costs, part of the contract management arrangements which are in place, and lower than expected energy prices. The General Fund increased by £1,072k in 2016-17, which was broadly in line with the forecast position.

Key Financial Challenges:

Maintaining favourable year-end balanced position and achieving savings targets in light of council wide risks to expenditure.

Proposed Actions to address Financial Challenges:

Robust monitoring of the financial position to ensure that any budget issues are fed back into the budget monitoring process.

Identifying further savings and delivering services more efficiently with less resources.	Continually refine/develop systems to accurately calculate forecast outturns and the future budget outlook.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention to these areas.
Ongoing requirement to fund unavoidable increases in employee costs, particularly in relation to pay awards, holiday pay entitlements, disturbance payments and changes in rules around pension and national insurance contributions.	Ongoing work with HR to ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

There is a forecast underspend of £1,299k as at the end of February 2018. This underspend consists of the following variances: underspend of £100k within NPDO utilities and deductions, over recovery of vacancy savings within Customer Services and DIS £483k, grant income in DIS relating to previous years £97k, £132k due to a delay in replacing fleet vehicles over 5years, £101k within regulatory services income, £200k increased income from RET, £95k in relation to Housing, £79k over recovery of commercial waste income, £50k other small underspends in D&I, underspend of £245k relating to superannuation budget no longer required, £90k from apprenticeship levy, £395k relating to underspend in utilities and an estimated £600k over recovery of Council Tax Income. These variances are offset by an overspend in respect of dangerous buildings of £177k, an estimated overspend of £199k within Community Services which is mainly due to increased demand within ASN support and Residential School placements, an under recovery of planning fees amounting to £240k, an overspend in ferries of £100 due to payment to ASP and an estimated overspend in winter maintenance of £650k.

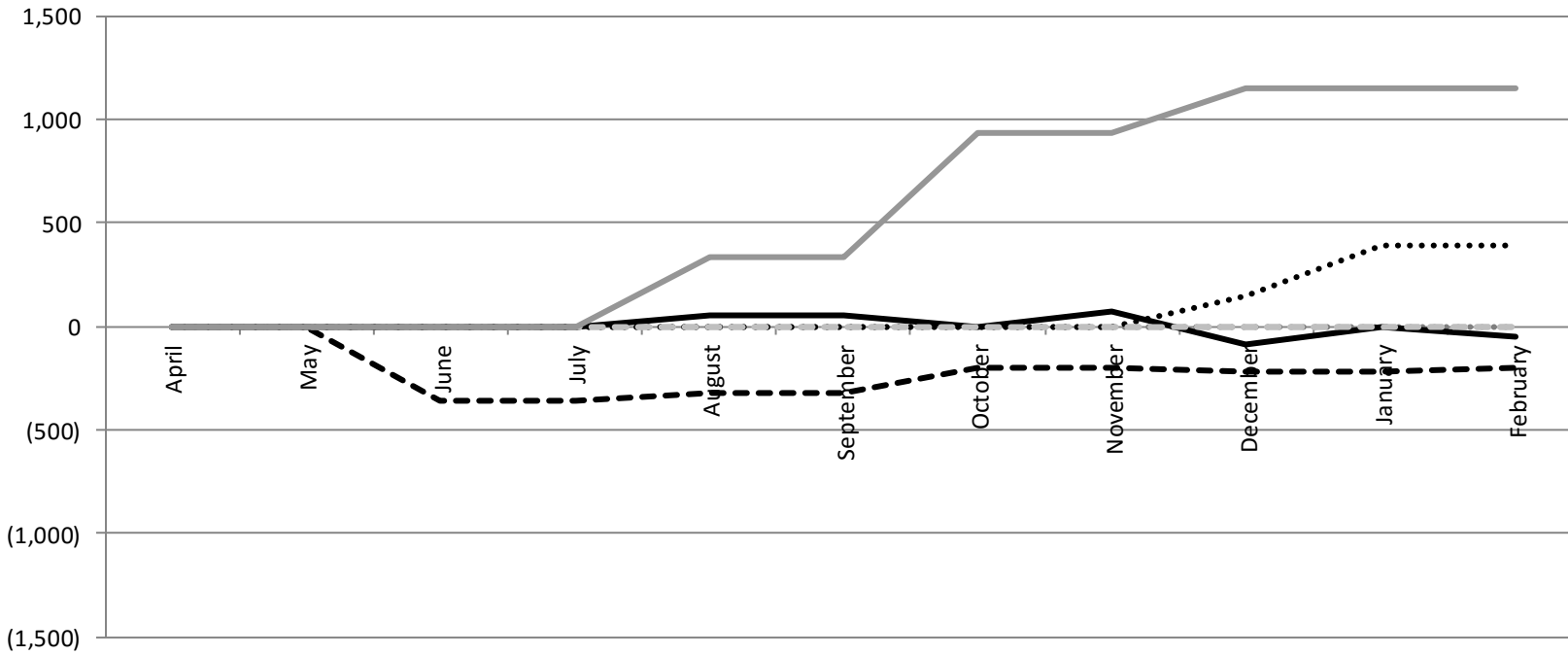
Current Forecast Outturn Variance with change from previous month

Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,504	2,504	0	0	0	Community Services are forecasting an overspend of £199k. This relates to increased demand within ASN support (£150k) and Residential School placements (£49k). The Service are actively monitoring demand levels and looking to mitigate this overspend utilising other resources.
Community Services	74,536	74,735	(199)	(213)	14	Customer Services are forecasting an underspend of £392k. £100k relates to better than expected outturn within NPDO mainly due to insurance savings and timing of billing for water within the NPDO contract. Vacancy savings that have been over achieved account for the other £294k forecast underspend.
Customer Services	40,512	40,120	392	148	244	Development and Infrastructure are forecasting an overspend of £47k. The net vacancy savings are exceeding the target set at the beginning of the year by £189k, £97k of grant income has been received which relates to expenditure in 2016-17, £132k due to a delay in replacing fleet vehicles over 5 years, £101k within regulatory services due to over recovery of fees, £95k in relation to Housing, £79k anticipated over recovery of commercial waste income, £50k other small underspends and there is £200k of increased income from RET. These underspends are offset by a forecast under recovery of income from planning applications of £240k, a forecast winter maintenance overspend of £650k and forecast overspend in ferries of £100k due to payment to ASP.
Development and Infrastructure Services	33,911	33,958	(47)	(88)	41	
Leisure and Libraries Trust - Council	4,260	4,260	0	0	0	The overspend within Other budgets relates to a superannuation provision created in 2015-16 relating to pensionable pay that is no longer required £245k, a forecast underspend of £90k for apprenticeship levy, an additional £600k over budget in respect of Council Tax collection and an underspend in utilities costs Council wide of £395k, offset by an overspend of £177k in relation to dangerous buildings.
Other Corporate Budgets	85,742	84,589	1,153	1,153	0	
Total	241,465	240,166	1,299	1,000	299	

Movement in the forecast outturn position for each Department from the start of the financial year

Underspend

£ 000



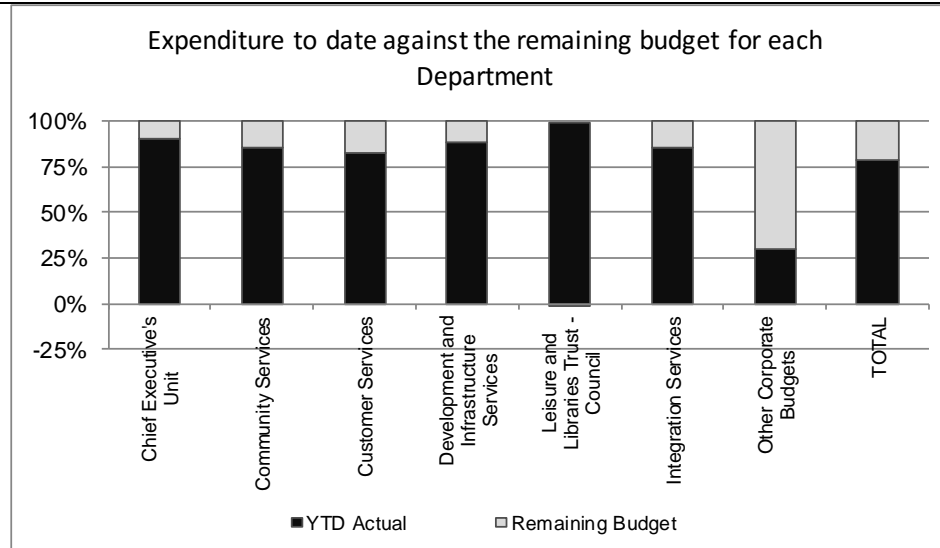
Overspend

- Chief Executive's Unit
- Customer Services
- - - Leisure and Libraries Trust - Council
- - - Community Services
- Development and Infrastructure
- Other Budgets

Year to Date Position

The year to date position as at the end of February is a deficit of £1,459k and the main variances are noted below.

The current year to date variance position for each Department:				
Department	YTD Budget £'000	YTD Actual Spend £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	2,284	2,266	18	Small variance.
Community Services	64,355	64,086	269	The year to date variance is mainly within Primary and Secondary Education and under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no corresponding forecast variance has been processed in relation to this.
Customer Services	34,721	33,429	1,292	There are a number of variances due to profiling/timing of the income and expenditure versus budget - within NPDO, Housing Benefits and ICT.
Development and Infrastructure Services	29,303	30,025	(722)	There are various contributing factors to this variance but one of the main areas is in relation to Strategic Housing earmarked reserve, around £1m, was not drawn down until March.
Leisure and Libraries Trust - Council	3,675	4,281	(606)	This line has been created temporarily while the financial entries are being refined in respect of the Leisure Trust with the creation of the management fee and a new company within our ledger system.
Integration Services	48,859	48,296	563	The year to date underspend mainly reflects delays in receipt/processing of invoices from care providers but is also impacted by a combination of lower than expected demand for services in children's services, slippage resulting from a delay in implementing new overnight staffing schedules in the HSCP's three Children's' Houses, higher than expected income from charges for services, increased income from charging order settlements and the recovery of surplus direct payment funds.
Other Corporate Budgets	9,444	8,799	645	Half of this variance relates to timing of expenditure and income in relation to the Refugees Resettlement scheme as well as an underspend in relation to utilities that has been reported via the forecast variance.
Total Net Expenditure	192,641	191,182	1,459	



Further information on the departmental year to date variances is included within the attached appendices.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 28 FEBRUARY 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget	YTD Actual	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executives	2,284	2,266	18	0.79%	2,504	2,504		0.00%
Community Services	64,355	64,086	269	0.42%	74,536	74,735	(199)	(0.27%)
Customer Services	34,721	33,429	1,292	3.72%	40,512	40,120	392	0.97%
Development and Infrastructure Services	29,303	30,025	(722)	(2.46%)	33,911	33,958	(47)	(0.14%)
Leisure & Libraries Trust - Council	3,675	4,281	(606)	(16.49%)	4,260	4,260		0.00%
Total Departmental Budgets	134,338	134,087	251	0.19%	155,723	155,577	146	0.09%
<u>Non-Departmental Budgets</u>								
Integration Services	48,859	48,296	563	1.15%	56,380	56,380		0.00%
Other Operating Income and Expenditure	3,195	2,805	390	12.21%	4,032	3,479	553	13.72%
Joint Boards	1,259	1,352	(93)	(7.39%)	1,374	1,374		0.00%
Non-Controllable Costs	4,990	4,642	348	6.97%	23,956	23,956		0.00%
Total Non-Departmental Budgets	58,303	57,095	1,208	2.07%	85,742	85,189	553	0.64%
TOTAL NET EXPENDITURE	192,641	191,182	1,459	0.76%	241,465	240,766	699	0.29%
<u>Financed By</u>								
Aggregate External Finance	(146,689)	(146,689)	0	0.00%	(191,700)	(191,700)		0.00%
Local Tax Requirement	(47,343)	(47,343)	0	0.00%	(45,476)	(46,076)	600	(1.32%)
Contributions to General Fund	0	0	0	0.00%	70	70		0.00%
Supplementary Estimates	0	0	0	0.00%	0	0		0.00%
Earmarked Reserves	0	0	0	0.00%	(4,359)	(4,359)		0.00%
Total Funding	(194,032)	(194,032)	0	0.00%	(241,465)	(242,065)	600	(0.25%)
Deficit/(Surplus) for Period	(1,391)	(2,850)	1,459		0	(1,299)	1,299	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 28 FEBRUARY 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	122,210	121,762	448	0.37%	140,280	139,288	992	0.71%
Premises Related Expenditure	12,769	12,370	399	3.12%	15,341	14,946	395	2.57%
Supplies and Services	17,189	17,518	(329)	(1.92%)	18,362	18,438	(76)	(0.41%)
Transport Related Expenditure	10,331	10,987	(656)	(6.35%)	17,430	17,297	132	0.76%
Third Party Payments	117,928	118,598	(670)	(0.57%)	136,770	137,677	(907)	(0.66%)
Capital Financing	614	(102)	716	116.65%	18,475	18,475	0	0.00%
TOTAL EXPENDITURE	281,041	281,133	(92)	(0.03%)	346,657	346,121	536	0.15%
Income	282,432	283,983	(1,551)	(0.55%)	346,657	347,419	(762)	(0.22%)
Deficit/(Surplus) for Period	(1,391)	(2,850)	1,459		0	(1,299)	1,299	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

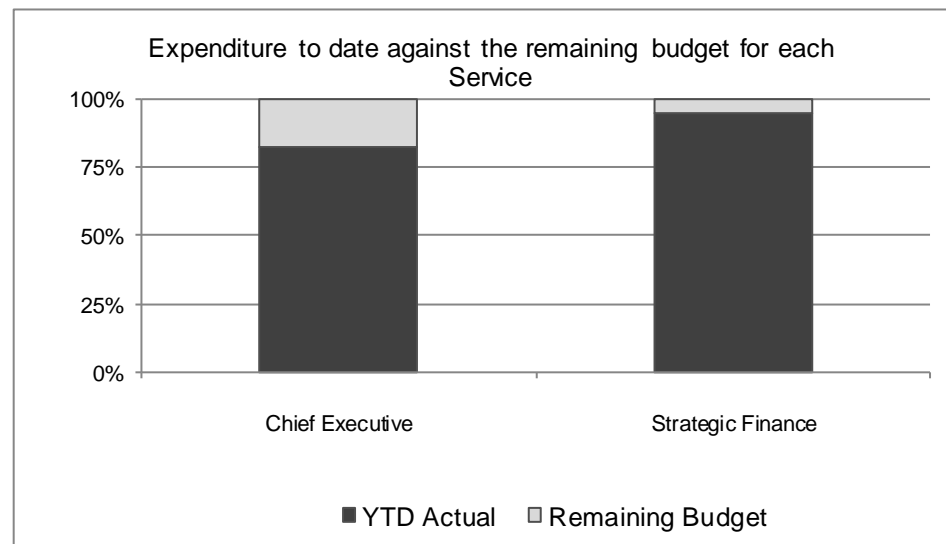
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – FEBRUARY 2018

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date underspend of £18k (0.79%).

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	824	824	0	0	0
Strategic Finance	1,680	1,680	0	0	0
Totals	2,504	2,504	0	0	0

Year to Date Position



Key Financial Successes:

The Service Choice savings option for 2017-18 has been delivered.

The department are forecasting that their spend in 2017-18 will be contained within approved resources.

The 2016-17 year-end outturn position was broadly in line with budget due to effective management and monitoring of the budget position.

Key Financial Challenges:

The department delivers support services, the main assets and costs of this support service are the employees. The continued requirement to meet savings means that the only area where budget can be cut is from employee costs. This service faces losing posts with no reduction in demand for support from client departments.

Proposed Actions to address Financial Challenges:

Ongoing robust monitoring to ensure financial issues are promptly highlighted to the service management team. Continually refine/develop staffing structures and systems. Strategic Finance are currently reviewing different areas of business to ensure work is prioritised in line with Council priorities and that tasks are carried out in the most efficient way.

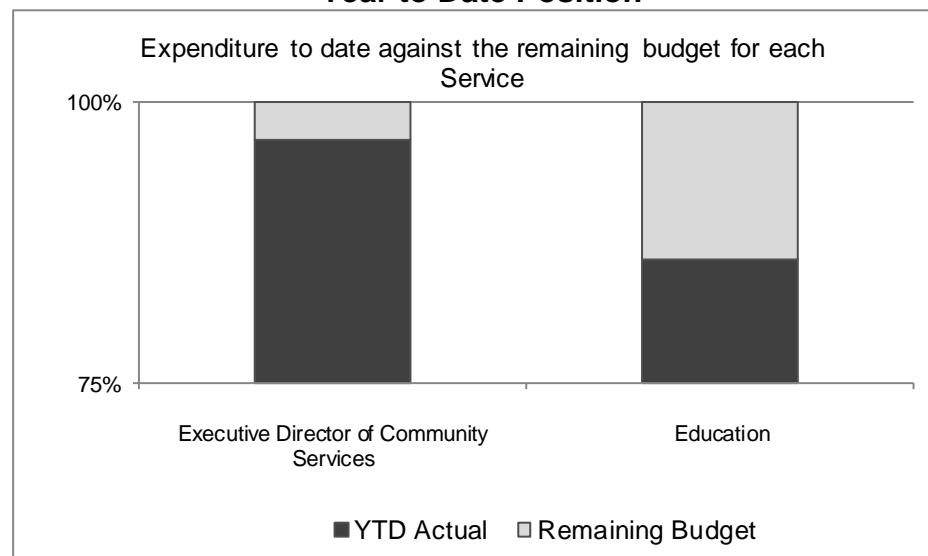
COMMUNITY SERVICES HIGHLIGHTS – FEBRUARY 2018

- The department is currently forecasting an overspend of £199k which is mainly due to an increased demand within ASN support and Residential School placements.
- The department has a year to date underspend of £269k (0.42%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Community Services	273	273	0	0	0
Education	74,263	74,462	(199)	(213)	14
Totals	74,536	74,734	(199)	(213)	14

Year to Date Position



Key Financial Successes:

The department have delivered all their service choices savings, with the exception of demand led services in relation to ASN support and residential schools placement and the music tuition saving as the take-up of music instruction after the introduction of increased charges has reduced.

The 2016-17 year-end outturn position was an underspend of £16k (0.02% of budget), this was due to the effective management and monitoring of the budget position.

Key Financial Challenges:

Ensuring the Education service can continue to contribute to Council saving programmes whilst adhering to Scottish Government national

Proposed Actions to address Financial Challenges:

Ongoing robust financial monitoring and forecasting with the provision of supporting management information to ensure deliverable saving options are presented.

initiatives (i.e. maintaining Pupil Teacher ratio across the Education service).	
Evaluating and managing the financial impact of new legislation (i.e. Children and Young People Act, Education (Scotland) Bill).	Full participation in consultation process to assist in the identification of potential cost pressures as early as possible.
Impact of the Education Governance Review, particularly in relation to the Fair Funding consultation, and how this informs potential changes to funding arrangements for the Education Service.	Respond to Fair Funding consultation, engage with SG through COSLA and ensure implications for resources and financial management arrangements are clearly identified.

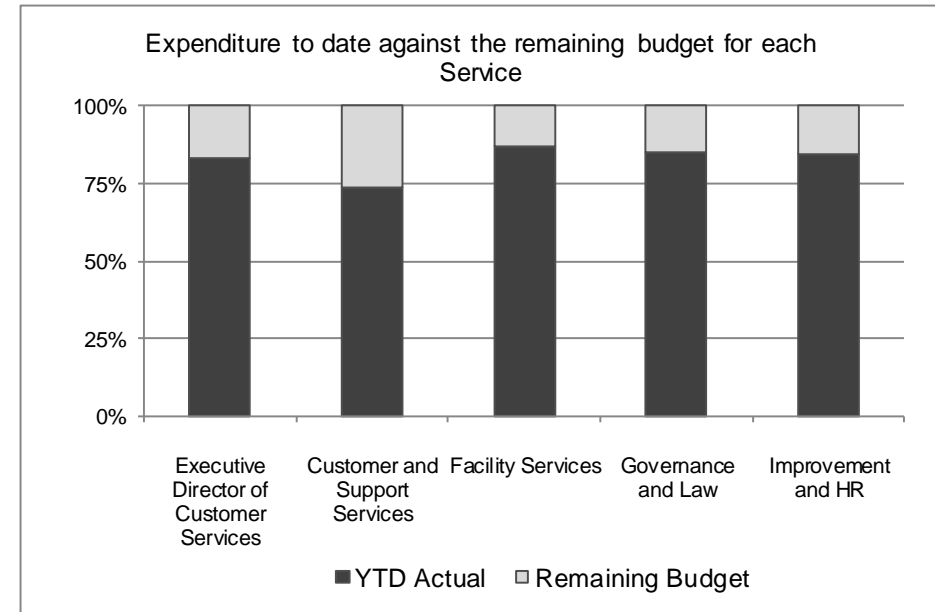
CUSTOMER SERVICES HIGHLIGHTS – FEBRUARY 2018

- The department is currently forecasting an underspend of £392k. .
- The department has a year to date underspend of £1,292k (3.72%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Customer Services	14,658	14,264	394	150	244
Customer and Support Services	8,579	8,581	-2	(2)	0
Facility Services	12,029	12,029	0	0	0
Governance and Law	2,075	2,075	0	0	0
Improvement and HR	3,170	3,170	0	0	0
Totals	40,512	40,120	392	148	244

Year to Date Position



Key Financial Successes:

The department are forecasting an underspend of £148k due to exceeding the vacancy savings target and delivering savings on the NPDO contract – these savings have been achieved due to decisions within the department.

All Service Choices savings have been delivered or are on track to be delivered.

Department delivered services within budget during 2016-17 with a year-end outturn underspend of £866k. This was mainly as a result of an over recovery of vacancy savings through the management of resources and forward planning of the savings targets for 2017-18. In addition to this, NPDO cost were lower than expected due to insurance and utility costs savings arising as a result of annual renegotiation of insurance costs, part of the contract management arrangements which are in place, and lower than expected energy prices.

Key Financial Challenges:

Impact of Welfare reforms.

Delivering on the requirements for savings as part of the Service Choices Programme, both in terms of delivering the savings required from Customer Services but also in supporting other services.

Proposed Actions to address Financial Challenges:

Input ongoing to multi agency working group to ensure robust arrangements are put in place.

Engagement with Service Choices process for Customer Services but also picking up on any implications of the direction of travel for service delivery for other Council services.

Delivering the proposed Facility Services budget reductions identified in the Transformation programme.	Provide the Transformation Board with robust information upon which decisions can be made and develop any savings proposals as necessary.
Impact of numbers/uptake in demand led service areas like transport, benefits and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB, requirement to register all property in land register by 2019, new education arrangements knock on impact for all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.

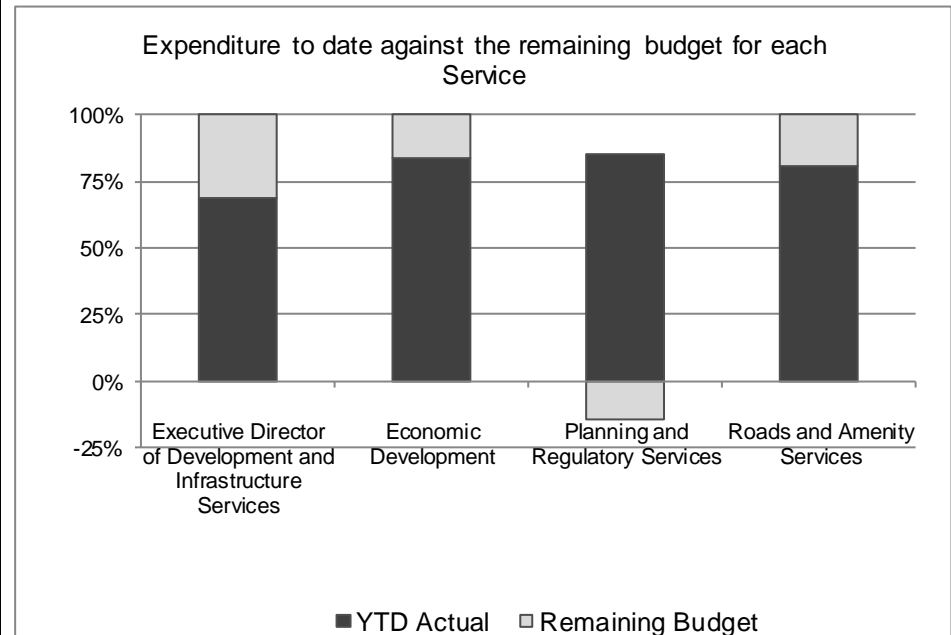
DEVELOPMENT AND INFRASTRUCTURE SERVICES HIGHLIGHTS – FEBRUARY 2018

- The department is currently forecasting an overspend of £47k, which includes an estimated overspend of £650k in relation to winter maintenance.
- The department has a year to date overspend of £722k (2.46%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Development and Infrastructure Services	1,671	1,297	374	102	272
Economic Development	4,477	4,379	98	98	(0)
Planning and Regulatory Services	6,867	6,893	(26)	(170)	144
Roads and Amenity Services	20,896	21,389	(493)	(118)	(375)
Totals	33,911	33,959	(47)	(88)	41

Year to Date Position



Key Financial Successes:

Although the department are currently forecasting an overspend of £88k this includes an estimated overspend of £450k of winter maintenance and therefore the department are hoping to contain the majority of the winter maintenance overspend within current resources.

All Service Choices savings have been delivered or are on track to be delivered.

In order to meet the Employability Team's ongoing contractual obligations until the end of 2017-18 the Council approved an earmarking of £456k in November 2015. Some of the earmarking was drawn down during 2016-17, however, the year-end position for 2017-18 is forecast to be a surplus of £113k. This will result in a forecast balance within earmarking of £435k which is no longer required and can be released back to the General Fund. This figure will be finalised at the conclusion of 2017-18.

The Department's outturn for 2016-17 was an underspend of £135k and this was due an over-recovery of vacancy savings through the management of resources and forward planning of the savings targets for 2017-18.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trend / expenditure levels / service configuration and the Service Choices process.
Potential shortfall in income within building standards, planning, Car Parking, Planning and Decriminalised Parking Enforcement (DPE).	Closely monitoring of income levels, regular performance management reviews and reporting of the financial implications through budget monitoring process.
Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.	Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> • Island haulage costs • Uncertainty with recycling income/ gate fee costs due to the volatility of the market • Increased landfill costs due to rise in landfill tonnage 	To closely monitor all service components of Waste Management and review Waste Strategy in conjunction with our contractual partner Shanks.
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	<p>Closely monitoring of Winter Maintenance and reporting of the financial implications through budget monitoring process.</p> <p>The Council agreed the winter policy, setting out the intervention level and locations to be treated. The numbers of treatments are determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and metrological service which is collaboratively procured by West of Scotland local authorities.</p>

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Business Outcome	Service Area	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	Central/Management Costs	£257,744	£260,211	(£2,466)	(0.96%)	£293,179	£293,179	£0	0.00%	Outwith reporting criteria.
BO15 - Argyll and Bute is open for business	Community Planning	£94,640	£92,756	£1,884	1.99%	£123,376	£123,376	£0	0.00%	Outwith reporting criteria.
BO33 - Information and support are available for our communities	Community Development and Grants to Third Sector	£339,316	£324,439	£14,877	4.38%	£407,071	£407,071	£0	0.00%	Outwith reporting criteria.
Chief Executive Total		£691,701	£677,406	£14,295	2.07%	£823,626	£823,626	£0	0.00%	
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Departmental Support, Corporate Accounting, Treasury & Internal Audit	£1,592,330	£1,588,708	£3,621	0.23%	£1,679,917	£1,679,917	£0	0.00%	Outwith reporting criteria.
Head of Strategic Finance Total		£1,592,330	£1,588,708	£3,621	0.23%	£1,679,917	£1,679,917	£0	0.00%	
Grand Total		£2,284,030	£2,266,114	£17,916	0.78%	£2,503,543	£2,503,543	£0	0.00%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£2,047,586	£1,998,699	£48,888	2.39%	£2,346,235	£2,346,235	£0	0.00%	Outwith reporting criteria.
Premises	£319	£213	£106	33.26%	£350	£350	£0	0.00%	Small variance.
Supplies & Services	£48,732	£60,328	(£11,597)	(23.80%)	£56,906	£56,906	£0	0.00%	Small overspend within Finance on Professional and Technical Publications and Computer Software - this will be covered by underspends elsewhere.
Transport	£32,060	£24,587	£7,473	23.31%	£30,678	£30,678	£0	0.00%	Small underspend due to increased use of lync and the pool cars - this underspend will be used to offset part of the overspend within supplies and services.
Third Party	£205,377	£241,831	(£36,454)	(17.75%)	£238,087	£238,087	£0	0.00%	This variance arises due to an overspend on consultants who were contracted to provide support in changing the financial ledger for LiveArgyll - this overspend will be met from underspends elsewhere.
Income	(£50,044)	(£59,544)	£9,500	(18.98%)	(£168,714)	(£168,714)	£0	0.00%	This variances is mainly as a result of a number of third sector grants that have been returned due to being unspent.
Totals	£2,284,030	£2,266,114	£17,916	0.78%	£2,503,543	£2,503,543	£0	0.00%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – RED VARIANCES

A red variance is a forecast variance which is greater than +/- £50,000.

THERE ARE CURRENTLY NO RED VARIANCES FOR THE DEPARTMENT.

COMMUNITY SERVICES – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Business Outcome	Service Area	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	Central/Management Costs	£267,109	£263,398	£3,711	1.39%	£272,844	£272,844	£0	0.00%	Outwith reporting criteria.
Executive Director of Community Services Total		£267,109	£263,398	£3,711	1.39%	£272,844	£272,844	£0	0.00%	
BO16 - We wholly embrace our Corporate Parenting responsibilities	Additional Support Needs (ASN)	£7,536,651	£7,539,222	(£2,571)	(0.03%)	£8,506,599	£8,705,505	(£198,906)	(2.34%)	The YTD variance within Primary and Secondary Education is due to a reduction in costs relating to school meals which continues to be investigated and monitored with any adjusting journals to be processed at year end. School carry forwards and an underspend in relation to school staffing also contribute to this variance. Under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this. The YTD variance within BO31 is due to an overspend within advertising costs which will be covered by underspends elsewhere within the Service plus a number of smaller overspends which will be reduced via reprofiling of budgets at the year end and is not an indication of the final 2017/18 outturn position. Due to delays by the Scottish Government in relation to the 1140 hours implementation programme this has had a knock on effect on the phasing in process undertaken by the Service. The impact of this in terms of the budget has become apparent recently and we currently project that approximately £100k of expenditure anticipated to take place in 2017/18 will now occur in 2018/19. This figure continues to be monitored and the amount of unspent budget required to be carried forward to continue to implement the programme in 2018/19 will be finalised during the year end processes and submitted for consideration by Council.
BO17 - The support needs of children and their families are met	Early Years	£5,094,234	£5,072,805	£21,430	0.42%	£6,291,157	£6,291,157	£0	0.00%	
BO19 - All children and young people are supported to realise their potential	Primary & Secondary Education	£47,228,457	£46,728,365	£500,092	1.06%	£53,522,180	£53,522,180	£0	0.00%	
BO21 - Our young people participate in post-16 learning, training or work	Youth Services	£574,588	£585,629	(£11,041)	(1.92%)	£696,584	£696,584	£0	0.00%	
BO22 - Adults are supported to realise their potential	Adult Learning	£474,695	£473,046	£1,649	0.35%	£587,854	£587,854	£0	0.00%	
BO30 - We engage with our customers, staff and partners	Support for Parents	£20,437	£20,546	(£109)	(0.53%)	£20,860	£20,860	£0	0.00%	
BO31 - We have a culture of continuous improvement	Edducation Initiatives (GIRFEC, SEEMIS, Languages 1+2, Music) Education Support Team, Quality Improvement Team, Schools Development Team	£3,134,787	£3,378,817	(£244,031)	(7.78%)	£4,620,120	£4,620,120	£0	0.00%	
BO32 - Our workforce is supported to realise its potential	Leadership & Professional Learning	£23,866	£24,054	(£188)	(0.79%)	£17,364	£17,364	£0	0.00%	
Head of Education Total		£64,087,715	£63,822,484	£265,231	0.41%	£74,262,718	£74,461,624	(£198,906)	(0.27%)	
Grand Total		£64,354,824	£64,085,882	£268,942	0.42%	£74,535,562	£74,734,468	(£198,906)	(0.27%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

COMMUNITY SERVICES – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£53,719,544	£53,498,715	£220,829	0.41%	£60,438,623	£60,588,623	(£150,000)	(0.25%)	The year-to-date underspend relates mainly to school vacancy savings. Under the scheme of devolved school management (DSM) schools are permitted flexibility at the year-end, within agreed limits, therefore no forecast variance is required to be processed. The forecast overspend relates to an increased demand for ASN support.
Premises	£2,731,921	£2,747,871	(£15,950)	(0.58%)	£3,210,101	£3,210,101	£0	0.00%	Outwith reporting criteria.
Supplies & Services	£6,091,726	£6,159,088	(£67,362)	(1.11%)	£7,664,323	£7,664,323	£0	0.00%	The variance is largely due to repair costs which will be covered by underspends elsewhere within the Service and adjusted for as part of the year end processes.
Transport	£257,333	£309,734	(£52,400)	(20.36%)	£335,096	£335,096	£0	0.00%	This variance is budget profile related and therefore no overspend is expected at year end.
Third Party	£6,600,892	£6,519,161	£81,730	1.24%	£8,166,234	£8,215,140	(£48,906)	(0.60%)	Underspend due to phasing of partner provider budget. This will be dealt with as part of the year end processes.
Income	(£5,046,592)	(£5,148,687)	£102,095	2.02%	(£5,278,816)	(£5,278,816)	£0	0.00%	The year to date variance is due to numerous smaller variances across the Service including school meal income and donations received. These will be monitored on an ongoing basis.
Totals	£64,354,824	£64,085,882	£268,942	0.42%	£74,535,562	£74,734,468	(£198,906)	(0.27%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

COMMUNITY SERVICES – RED VARIANCES

Business Outcome	Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
BO16 - We wholly embrace our Corporate Parenting responsibilities.	Additional Support Needs (ASN)	8,506,599	8,705,505	(198,906)	(2.34%)	The Education Service have forecasted an overspend due to increased demand within ASN support (£150k) and Residential School placements (£49k). The Service are actively monitoring demand levels and looking to mitigate this overspend utilising other resources.
Totals		8,506,599	8,705,505	(198,906)	(2.34%)	

A red variance is a forecast variance which is greater than +/- £50,000 or 10%.

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Service	Business Outcome	Service Area	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Executive Director of Customer Services	Central/Management Costs	Central/Management Costs, NPDO, Special Projects & Estates	12,797,105	12,229,524	567,581	4.44%	14,657,830	14,263,830	394,000	2.69%	YTD underspend of £706k within NPDO mainly due to insurance savings and timing of billing for water within NPDO contract. These will be used to offset inflation costs not already budgeted for and are forecasting a yearend outturn position of £100k underspend. YTD overspend £160k on Sports Development due to profile of budget. Vacancy savings that have been over achieved account for the other £294k forecast underspend. Directorate costs year to date are underspent £20k at this time due to timing of expenditure.
Executive Director of Customer Services Total	Executive Director of Customer Services Total		12,797,105	12,229,524	567,581	4.44%	14,657,830	14,263,830	394,000	2.69%	
Head of Customer and Support Services	Central/Management Costs	Central/Management Costs	290,271	292,217	-1,946	(0.67%)	331,293	331,293	0	0.00%	Outwith reporting criteria
Head of Customer and Support Services	BO04 - Benefits are paid promptly and accurately	Benefits, SWF & Welfare Reform	1,223,420	1,094,340	129,080	10.55%	1,641,169	1,641,169	0	0.00%	BO04 - Benefits Administration £108k mainly additional grant income. £19k relates to the timing of payment on Scottish Welfare Fund
Head of Customer and Support Services	BO23 - Economic Growth is supported	NDR Disc Relief, Creditors & Procurement	773,908	824,772	-50,864	(6.57%)	1,061,147	1,061,147	0	0.00%	BO23 - YTD overspend of £73.5k due to timing of income received within Commissioning for performance improvement officer posts Integrated Care Fund, offset by small underspends. £10k underspend on training in procurement
Head of Customer and Support Services	BO27 - Infrastructure and assets are fit for purpose	ICT Applications & Infrastructure	2,397,366	2,193,108	204,258	8.52%	3,503,568	3,503,568	0	0.00%	BO27 - IT infrastructure - £81k income in excess of budget in relation to the disposal of IT equipment. £55k PFN. Forecast additional income £77k offset by additional forecast costs in software development £77k. £60k Print and Mail Room - postages and franking and leasing costs timing of expenditure and reduction in income from printing. £10k IT Topslice - purchase of computer hardware underspend YTD
Head of Customer and Support Services	BO28 - Our processes and business procedures are efficient, cost effective and compliant	Local Tax, Debtors, Debt Recovery, Customer Service Centres & Registrars	2,020,007	1,904,477	115,530	5.72%	2,042,287	2,044,287	(2,000)	(0.10%)	BO28 - YTD Underspend in customer service centres (staffing, supplies and income) £65k and revenues and benefits £43k.
Head of Customer and Support Services Total	Head of Customer and Support Services Total		6,704,972	6,308,915	396,058	5.91%	8,579,464	8,581,464	(2,000)	(0.02%)	
Head of Facility Services	BO09 - Our assets are safe, efficient and fit for purpose	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	10,535,954	10,178,241	357,713	3.40%	11,392,697	11,392,697	0	0.00%	BO09 - Property underspend £144k, Public Transport £177k underspend, Catering and Cleaning £38k, Dalriada £24k, Shared Offices £29k, Pool Cars £16k. Offset by overspend in pupil transport £71k year to date
Head of Facility Services	BO18 - Improved lifestyle choices are available	School Meals	37,697	58,568	-20,871	(55.36%)	357,394	357,394	0	0.00%	BO18 - Catering vacant posts £32k underspend and offset by underrecovery of variable income due to timing of processing £64k and other small underspends in supplies and services
Head of Facility Services	Central/Management Costs	Central/Management Costs	234,829	205,853	28,976	12.34%	278,967	278,967	0	0.00%	Central - Property Admin vacancy £20k, £9k timing of expenditure re ordinance survey
Head of Facility Services Total	Head of Facility Services Total		10,808,481	10,442,662	365,819	3.38%	12,029,057	12,029,057	0	0.00%	

Head of Governance and Law	BO10 - Quality of life is improved by managing risk	Civil Contingencies & Anti Social Behaviour	105,864	112,662	-6,798	(6.42%)	127,599	127,599	0	0.00%	Outwith reporting criteria
Head of Governance and Law	BO17 - The support needs of children and their families are met	Childrens Panel	20,337	18,928	1,409	6.93%	33,698	33,698	0	0.00%	Outwith reporting criteria
Head of Governance and Law	BO23 - Economic Growth is supported	Licensing	-150,712	-149,114	-1,599	1.06%	(136,244)	(136,244)	0	0.00%	Outwith reporting criteria
Head of Governance and Law	BO28 - Our processes and business procedures are efficient, cost effective and compliant	Democratic Serives, Governance & Legal Services	1,572,005	1,589,005	-17,000	(1.08%)	1,823,596	1,823,596	0	0.00%	Outwith reporting criteria
Head of Governance and Law	Central/Management Costs	Central/Management Costs	182,807	192,949	-10,142	(5.55%)	226,543	226,543	0	0.00%	Outwith reporting criteria
Head of Governance and Law Total	Head of Governance and Law Total		1,730,301	1,764,431	-34,130	(1.97%)	2,075,193	2,075,193	0	0.00%	
Head of Improvement and HR	BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Gaelic Language Plan	18,328	18,364	-36	(0.19%)	26,328	26,328	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	BO28 - Our processes and business procedures are efficient, cost effective and compliant	HR Services	878,420	872,862	5,558	0.63%	1,028,374	1,028,374	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	BO29 - Health and safety is managed effectively	Health & Safety	244,181	246,863	-2,682	(1.10%)	290,539	290,539	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	BO30 - We engage with our customers, staff and partners	Communications	179,662	179,368	294	0.16%	226,592	226,592	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	BO31 - We have a culture of continuous improvement	Service Improvements	609,303	611,706	-2,404	(0.39%)	736,310	736,310	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	BO32 - Our workforce is supported to realise its potential	Learning & Development	639,482	639,787	-304	(0.05%)	733,854	733,854	0	0.00%	Outwith reporting criteria
Head of Improvement and HR	Central/Management Costs	Central/Management Costs	111,009	114,946	-3,937	(3.55%)	128,238	128,238	0	0.00%	Outwith reporting criteria
Head of Improvement and HR Total	Head of Improvement and HR Total		2,680,385	2,683,896	-3,511	(0.13%)	3,170,235	3,170,235	0	0.00%	
Grand Total	Grand Total		34,721,244	33,429,427	1,291,817	3.72%	40,511,780	40,119,780	392,000	0.97%	

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£17,352,360	£17,342,805	£9,556	0.06%	£20,402,019	£20,113,019	£289,000	1.42%	Outwith reporting criteria. Forecast overachievement of vacancy savings of £294k. Further £10k underspend on employee costs within IT services which is offset by £10k overspend in third party payments where contractors have been used to fill the gap while pending recruitment.
Premises	£1,260,691	£1,138,763	£121,928	9.67%	£1,573,866	£1,573,866	£0	0.00%	Surplus properties - property costs has an underspend £69k and Central Repairs account underspend £39k due to timing of expenditure on these properties. Asbestos £12k recharges due at end of financial year and budget phased across year.
Supplies & Services	£3,274,916	£2,987,999	£286,917	8.76%	£5,088,772	£5,177,772	(£89,000)	(1.75%)	Year to date underspend due to £84k maintenance development computer software, PFN recharge £55k, catering purchases £54k, equipment leasing £39k, postages £28k and subscriptions £21k. Offset by smaller overspends. Forecast overspend anticipated of £77k on maintenance and development of computer software, £10k on tribunals and £2k on machinery.
Transport	£1,122,233	£1,032,530	£89,702	7.99%	£6,445,056	£6,445,056	£0	0.00%	Year to date underspend due to £37k staff travel, £19k education transport parents, £11k internal hire, £10k within tranman fuel and £9k on fares and tolls
Third Party	£42,900,214	£42,361,591	£538,623	1.26%	£48,023,480	£47,933,480	£90,000	0.19%	Underspend on payments to other bodies £706k NPDO, overspend in payments to voluntary organisation £160k. Overspend in benefits afforded £106k which is balanced by income received within the same cost centre. Underspend on public transport operators £139k due to timing of expenditure and overspend on consultants year to date £37k. Forecast outturn position £100k underspend on payments to other bodies relating to NPDO and £10k overspend on private contractors for IT cover due to vacancies
Income	(£31,189,170)	(£31,434,261)	£245,091	0.79%	(£41,021,413)	(£41,123,413)	£102,000	0.25%	£81k more income than budgeted for disposal of IT equipment. £95k more grant income against benefits administration. Variance in housing benefits £220k which is balanced by expenditure within the same cost centre. Offset by benefits overpayments £108k Balance made up of smaller variances. Forecast outturn £77k additional income from disposal of IT equipment and £25k for Oban/Fort William service income from Highland Public Transport
Totals	£34,721,244	£33,429,427	£1,291,817	3.72%	£40,511,780	£40,119,780	£392,000	0.97%	

CUSTOMER SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs, NPDO, Special Projects & Estates	14,657,830	14,263,830	394,000	2.69%	Forecast underspend of £100k within NPDO mainly due to insurance savings and timing of billing for water within the NPDO contract. Vacancy savings that have been over achieved account for the other £294k forecast underspend.
			0		
			0		

A red variance is a forecast variance which is greater than +/- £50,000.

THERE ARE CURRENTLY NO RED VARIANCES FOR THE DEPARTMENT.

DEVELOPMENT AND INFRASTRUCTURE SERVICES – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Business Outcome	Service Area	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	Central/Management Costs	£1,132,128	£1,148,442	(£16,314)	(1.44%)	£1,671,476	£1,297,261	£374,215	22.39%	The forecast variance mainly relates to vacancy savings that have surpassed the target set at the start of the year due to conscious non filling of posts for future savings. In addition, there has also been some difficulty recruiting to certain skilled posts which increases the time a post is vacant. Additional expenditure of £172k has been offset against these vacancy savings and is shown under the Head of RAMS below. The YTD variance is as a result of severance paid to an employee.
Executive Director of Development and Infrastructure Services Total		£1,132,128	£1,148,442	(£16,314)	(1.44%)	£1,671,476	£1,297,261	£374,215	22.39%	
BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Events and Festivals	£187,247	£159,778	£27,468	14.67%	£220,966	£220,966	£0	0.00%	BO06 - The YTD underspend relates to unspent budget for Rothesay Pavillion which is currently being refurbished. This unspent budget will be carried forward at year end to cover future commitments.
BO07 - Our Communities Benefit from the Development of Renewables	Renewables	£25,000	£26,391	(£1,391)	(5.56%)	£30,000	£30,000	£0	0.00%	BO15 - Both the YTD and forecast variance is mainly due to the timing difference of grant income being received and when the expenditure is incurred which will be offset against the relevant grant.
BO15 - Argyll and Bute is open for business	Airports & Strategic Transportation	£1,772,352	£1,665,400	£106,952	6.03%	£1,983,360	£1,885,757	£97,603	4.92%	
BO22 - Adults are supported to realise their potential	Business Gateway	£348,465	£270,570	£77,895	22.35%	£319,341	£319,341	£0	0.00%	BO22 - Income has been recieved ahead of profile.
BO23 - Economic growth is supported	Projects, TIF & European Team	£1,328,290	£1,330,067	(£1,778)	(0.13%)	£1,543,967	£1,543,967	£0	0.00%	
BO27 - Infrastructure and assets are fit for purpose	Economic Development Intelligence	£86,256	£84,595	£1,661	1.93%	£108,070	£108,070	£0	0.00%	
Central/Management Costs	Central/Management Costs	£211,548	£209,023	£2,525	1.19%	£270,958	£270,958	£0	0.00%	
Economic Development Total		£3,959,157	£3,745,825	£213,333	5.39%	£4,476,661	£4,379,058	£97,603	2.18%	

BO01 - The health of our people is protected through effective partnership working	Private Water Supplies	£99,089	£105,812	(£6,723)	(6.78%)	£555	£555	£0	0.00%	<p>BO03 - The YTD & Forecast variance relate to a projected underspend on Temporary Accommodation as a result of the delay in Universal Credit being implemented in Argyll & Bute.</p> <p>BO12 - There is a YTD and forecast variance within Environmental Health relating to additional income for Fish Exports and Private Water Supplies.</p> <p>BO13 - There is an increase in Private Landlord Registration Income plus an underspend in the Tobacco Sales enforcement budget. Forecast variances in respect of Private Landlord Registration for £37k and the Shellfish Program £10k have been processed.</p> <p>BO23 - Planning fee income behind profile (£371k YTD) which is being closely monitored on a monthly basis. A forecast variance of £240k has been processed taking into account likely applications to the year end. The profile is based on the pattern over the last 4 years but July & August 2017 have been significantly lower than previous years.</p> <p>BO26 - There is a lag between expenditure and the HEEPS grant being received.</p>
BO03 - Prevention and support reduces homelessness	Homelessness and Housing Support Services	£1,841,846	£1,758,483	£83,363	4.53%	£2,083,697	£1,988,697	£95,000	4.56%	
BO05 - Information and support are available for everyone	Trading Standards	£484,479	£486,841	(£2,362)	(0.49%)	£541,790	£541,790	£0	0.00%	
BO12 - High standards of Public health and health protection are promoted	Environmental Health	£1,023,985	£988,955	£35,030	3.42%	£1,163,259	£1,109,259	£54,000	4.64%	
BO13 - Our built environment is safe and improved	Building Standards & Environmental Safety	£60,871	£4,894	£55,976	91.96%	£92,106	£45,106	£47,000	51.03%	
BO15 - Argyll and Bute is open for business	Development Policy	£349,220	£359,855	(£10,635)	(3.05%)	£417,475	£417,475	£0	0.00%	
BO23 - Economic growth is supported	Development Management	£181,172	£518,913	(£337,742)	(186.42%)	£267,228	£507,228	(£240,000)	(89.81%)	
BO25 - Access to and enjoyment of the natural and built environments is improved	Corepath Plan	£48,282	£46,984	£1,298	2.69%	£55,215	£55,215	£0	0.00%	
BO26 - People have a choice of suitable housing options	Housing	£1,690,227	£1,722,398	(£32,171)	(1.90%)	£826,878	£808,878	£18,000	2.18%	
BO27 - Infrastructure and assets are fit for purpose	Marine & Coastal	£77,561	£78,705	(£1,144)	(1.48%)	£88,844	£88,844	£0	0.00%	
BO31 - We have a culture of continuous improvement	Strategic Housing Fund	£1,039,596	£1,944,821	(£905,225)	(87.07%)	£1,039,596	£1,039,596	£0	0.00%	
Central/Management Costs	Central/Management Costs	£268,615	£265,028	£3,587	1.34%	£290,251	£290,251	£0	0.00%	
Planning and Regulatory Services Total		£7,164,943	£8,281,690	(£1,116,747)	(15.59%)	£6,866,894	£6,892,894	(£26,000)	(0.38%)	

BO14 - Our transport infrastructure is safe and fit for purpose	Road & Lighting, Roads Design, Network & Environment & Marine Services	£5,010,364	£5,511,830	(£501,467)	(10.01%)	£6,663,027	£7,306,027	(£643,000)	(9.65%)	BO14 - The main contributing factor to the YTD variance is the Roads & Lighting Operational Holding Account which relates to budget profiling due to its unpredictable nature caused by many factors e.g. weather, reactive v planned works, timing of capital works and timing of contractors invoices. Maintenance costs on Piers and harbours are behind profile and it is anticipated that an earmarked reserve will be requested to carry forward the underspend for projects in early 2018/19. It is also projected that there will be a £200k over recovery of income from Piers and Harbours as a result of RET. The payment to ASP re ferries is projected to be £100k above budget.
BO15 - Argyll and Bute is open for business	Marine Management	£142,546	£149,906	(£7,360)	(5.16%)	£163,055	£163,055	£0	0.00%	BO14 - a forecast variance of £650k has been entered for Winter Maintenance which is based on spend to date plus a mid-range average over the previous 3 years. This is expected to rise to £800k by the end of the financial year.
BO24 - Waste is disposed of sustainably	Waste Management	£9,540,095	£9,552,067	(£11,972)	(0.13%)	£11,647,424	£11,436,047	£211,377	1.81%	BO24 - there is a forecast variance of £211k which relates to the retained budget for vehicles caused by delays in replacing vehicles over 5 years old plus an over recovery of Commercial refuse collection charges against budget.
BO25 - Access to and enjoyment of the natural and built environments is improved	Amenity Services	£3,190,361	£2,951,691	£238,670	7.48%	£3,801,973	£3,801,973	£0	0.00%	BO25 - The YTD underspend relates to the purchase order for new machinery across amenities being delayed, spend should start to be incurred during January and February. Over-recovery of crematorium income not reported at this stage, proposal to use to fund crematorium alterations.
BO27 - Infrastructure and assets are fit for purpose	Fleet	(£1,729,084)	(£1,861,487)	£132,403	(7.66%)	(£1,916,904)	(£1,916,904)	£0	0.00%	
Central/Management Costs	Central/Management Costs	£892,413	£545,196	£347,217	38.91%	£537,675	£599,255	(£61,580)	(11.45%)	The variance in Central Management costs is caused partly by the recharge from depots covering some uncontrollable costs which are excluded from the departmental budget monitoring and also from additional costs re management cover and transformational staff both of which are being met by additional vacancy savings (see above).
Roads and Amenity Services Total		£17,046,694	£16,849,203	£197,490	1.16%	£20,896,251	£21,389,454	(£493,203)	(2.36%)	
Grand Total		£29,302,922	£30,025,159	(£722,238)	(2.46%)	£33,911,282	£33,958,667	(£47,385)	(0.14%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

DEVELOPMENT AND INFRASTRUCTURE SERVICES – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£21,945,705	£20,729,288	£1,216,417	5.54%	£25,486,689	£24,968,630	£518,059	2.03%	The YTD variance relates to Roads Operational holding account £645k, Infrastructure Design £191k and an accrual made at the end of 2016-17 in respect of a backdated claim for standby payments. There is also an underspend in the amenity service which will be used to fund the purchase of equipment to avoid a cost pressure in 2018/19. The forecast variance relates to a departmental forecast variance of £361k for vacancy savings which are partially offset by additional costs elsewhere plus vacancy savings in the Infrastructure Design Team which will be offset by reduction in income as noted below.
Premises	£2,570,092	£2,376,497	£193,595	7.53%	£3,108,758	£3,108,758	£0	0.00%	Reduction in Street Lighting electricity costs which will be offset by additional cost of prudential borrowing for LED project plus underspends in depot costs.
Supplies & Services	£5,149,523	£5,386,484	(£236,960)	(4.60%)	£5,619,544	£5,606,544	£13,000	0.23%	Supplies and services within the Roads operations holding account are ahead of budget mainly due to salt purchases which are reflected in the Winter maintenance overspend. £66k Amenity Services in Oban which will be recovered a part of an insurance claim. The forecast variance relates to underspends in printing and postages within business support.
Transport	£8,220,356	£8,587,788	(£367,432)	(4.47%)	£9,619,370	£9,486,993	£132,377	1.38%	The YTD variance relates to the Roads & Lighting operational holding account £397k ahead of budget but this is offset by additional income. The forecast variance of £132k which relates to the retained budget for vehicles caused by delays in replacing vehicles over 5 years old.

Third Party	£25,398,289	£26,656,440	(£1,258,150)	(4.95%)	£29,819,703	£30,590,830	(£771,127)	(2.59%)	Strategic Housing £1.005m relates to the earmarked reserve which was not drawn down until March £1.005m , Winter Maintenance - with a forecast variance of £650k which is expected to rise to £800k by end of financial year.
Income	(£33,981,044)	(£33,711,337)	(£269,707)	(0.79%)	(£39,742,782)	(£39,803,088)	£60,306	0.15%	There is a YTD adverse variance in Planning income of £321k which is partially reflected in an adverse forecast variance of £240k. It is anticipated that planning applications will pick up in the next two months. The forecast outturn variance also includes £200k over recovery of income from Piers and Harbours as a result of RET and an over recovery of commercial refuse collection income of £79k. This is offset by a reduction in Infrastructure Design Income of £180k which is also reflected in lower expenditure in this area. Budget profiling of the Operational Holding Account is difficult due to its unpredictable nature caused by many factors e.g. weather, reactive v planned works, timing of capital works and timing of contractors invoices. The underspends in expenditure budgets above are offset by a reduction in income.
Totals	£29,302,922	£30,025,159	(£722,238)	(2.46%)	£33,911,282	£33,958,667	(£47,385)	(0.14%)	

DEVELOPMENT AND INFRASTRUCTURE SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Vacancy Savings	249,576	611,097	(361,521)	(144.85%)	Vacancy savings have surpassed the target set at the start of the year due to conscious non filling of posts for future savings. In addition, there has also been some difficulty recruiting to certain skilled posts which increases the time a post is vacant. These are being used to fund some additional costs elsewhere e.g. street lighting consultants.
Planning Fee Income	(1,151,000)	(911,000)	(240,000)	20.85%	Planning fee income is behind profile (£255k YTD) which will be closely monitored over the coming months. A forecast variance of £240k has been processed at this time. The profile is based on the pattern over the last 4 years but July & August 2017 have been significantly lower than previous years.
Rothesay THI	0	(97,603)	97,603		Income received in 2017-18 which relates to expenditure incurred in previous years.
Winter Maintenance	1,636,828	2,286,828	(650,000)	(39.71%)	Projection based on YTD spend plus mid-range estimate of average spend over past 3 years.
Piers & Harbours	(2,629,562)	(2,829,562)	200,000	(7.61%)	Projection based on YTD income as a result of RET.
Waste Vehicle Retained Budget	142,004	9,627	132,377	93.22%	Relates to the retained budget for vehicles caused by delays in replacing vehicles over 5 years old.
Commercial Refuse Collection	-1,872,954	-1,951,954	79,000	(4.22%)	Additional income from commercial refuse collection.
Street Lighting Consultant	0	93,000	(93,000)		Additional costs as a result of hiring a Street Lighting Consultant in the absence of a Street Lighting Technical Officer. These costs are being covered from the over recovery of vacancy savings above.
Total	-3,625,108	-2,789,567	(835,541)	23.05%	

A red variance is a forecast variance which is greater than +/- £50,000.

CAPITAL BUDGET MONITORING REPORT – 28 February 2018

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 28 February 2018. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £28,678k compared to a budget for the year to date of £27,814k giving rise to an overspend for the year to date of £864k (3.1%).
- **Forecast Outturn for 2017-18** – forecast net expenditure for the full financial year is £39,359k compared to an annual budget of £49,430k giving rise to a forecast underspend for the year of £10,071k (20.4%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £219,350k compared to a total budget for all projects of £218,757k giving rise to a forecast overspend for the overall capital plan of £593k (0.27%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 133 projects there are 120 projects (90%) on track and 13 projects (10%) off track but recoverable.
- **Service Development** - Out of 29 projects there are 21 projects (72%) on track and 8 projects (28%) off track but recoverable.
- **Strategic Change** – Out of 35 projects there are 24 projects (69%) on track, 11 projects (31%) off track but recoverable

1.4 The Council has received £3,268k of capital receipts up to 28 February 2018 against a budget of £6,340k (52%).

1.5 The actual capital receipts across the capital programme are now going to be less than budget due to the conclusion of one large sale for less than originally anticipated. The shortfall of £2.668m has been considered as part of the Council's budget process for 2018-19.

CAPITAL BUDGET MONITORING REPORT – 28 February 2018

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 28 February 2018. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

2.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £28,678k compared to a budget for the year to date of £27,814k giving rise to an overspend for the year to date of £864k (3.1%).
- **Forecast Outturn for 2017-18** – forecast net expenditure for the full financial year is £39,359k compared to an annual budget of £49,430k giving rise to a forecast underspend for the year of £10,071k (20.4%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £219,350k compared to a total budget for all projects of £218,757k giving rise to a forecast overspend for the overall capital plan of £593k (0.27%).

2.3 Project Delivery:

- **Asset Sustainability** – Out of 133 projects there are 120 projects (90%) on track and 13 projects (10%) off track but recoverable.
- **Service Development** - Out of 29 projects there are 21 projects (72%) on track and 8 projects (28%) off track but recoverable.
- **Strategic Change** – Out of 35 projects there are 24 projects (69%) on track, 11 projects (31%) off track but recoverable

2.4 The Council has received £3,268k of capital receipts up to 28 February 2018 against a budget of £6,340k (52%).

2.5 The actual capital receipts across the capital programme are now going to be less than budget due to the conclusion of one large sale for less than originally anticipated. The shortfall of £2.668m has been considered as part of the Council's budget process for 2018-19.

3 RECOMMENDATIONS

3.1 Note the contents of this financial summary, specifically noting or approving the following:

- Overall Project Cost Changes, noted in Appendix 7
- Project Slippages and Accelerations, noted in Appendix 7
- Update to 2017-18 Capital Plan to reflect above changes, included in Appendix 10.

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £28,678k compared to a budget for the year to date of £27,814k giving rise to an overspend for the year to date of £864k (3.1%).

4.2 Project/Department Position

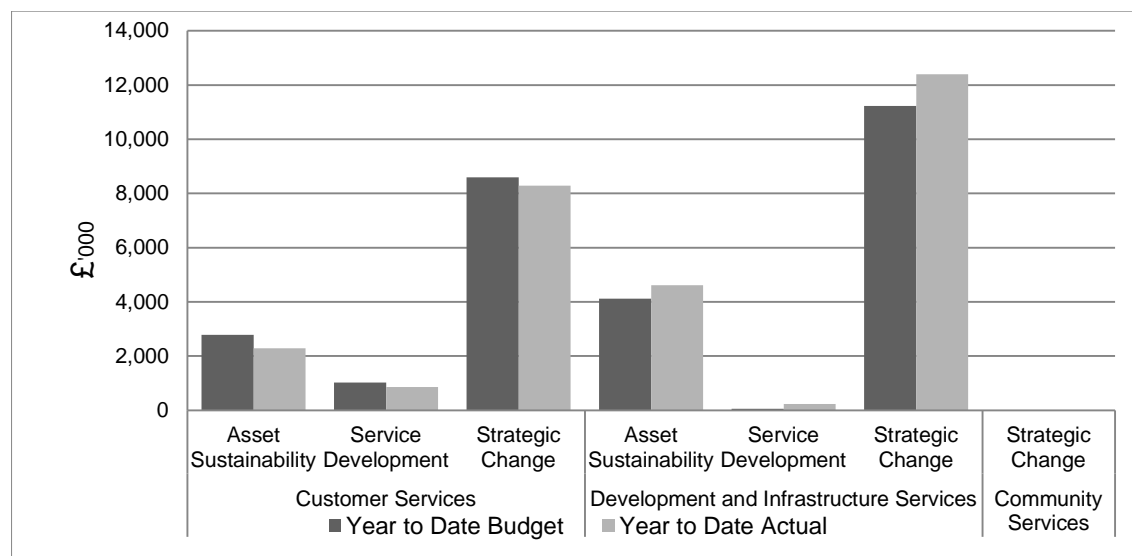
The table below shows the year to date net expenditure against the year to date budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	6,904	6,908	(4)
Service Development	1,087	1,087	0
Strategic Change	19,823	20,683	(860)
Total	27,814	28,678	(864)
Department:			
Customer Services	12,407	11,439	968
Development and Infrastructure Services	15,407	17,239	(1,832)
Community Services	0	0	0
Total	27,814	28,678	(864)

Material variances are explained in Appendix 1 and there are a number of small variances contributing to the year to date overspend.

4.3 Chart of YTD Variances

The graph below compares the year to date actual net expenditure against the year to date budget for departments by project type (Asset Sustainability, Service Development and Strategic Change):



5 FORECAST OUTTURN 2017-18

5.1 Overall Position

Forecast net expenditure for the full financial year is £39,359k compared to an annual budget of £49,430k giving rise to a forecast underspend for the year of £10,071k (20.4%).

5.2 Project/Department Position

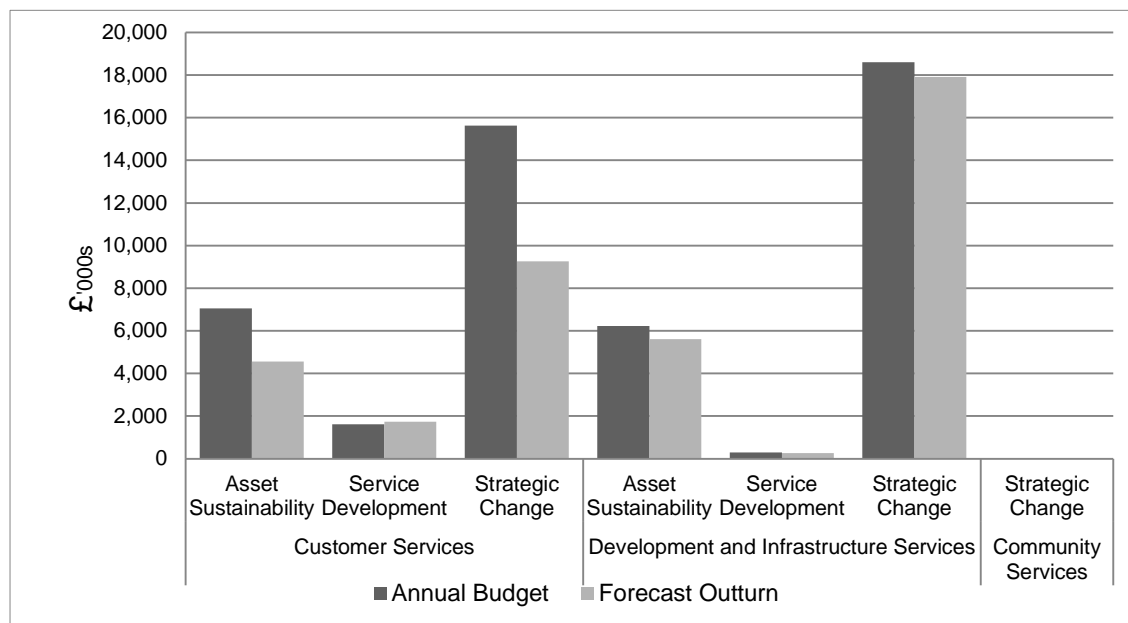
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	13,285	10,175	3,110
Service Development	1,919	2,011	(92)
Strategic Change	34,226	27,173	7,053
Total	49,430	39,359	10,071
Department:			
Customer Services	24,304	15,562	8,742
Development and Infrastructure Services	25,126	23,797	1,329
Community Services	0	0	0
Total	49,430	39,359	10,071

Material variances are explained in Appendix 2 and there are a number of smaller variances contributing to the forecast underspend.

5.3 Chart of Forecast Outturn

The graph below shows the net forecast outturn position against the full year budget for departments by project type:



6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total net project cost on the total capital plan is £219,350k compared to a total budget for all projects of £218,757k giving rise to a forecast overspend for the overall capital plan of £593 (0.27%).

6.2 Project/Department Position

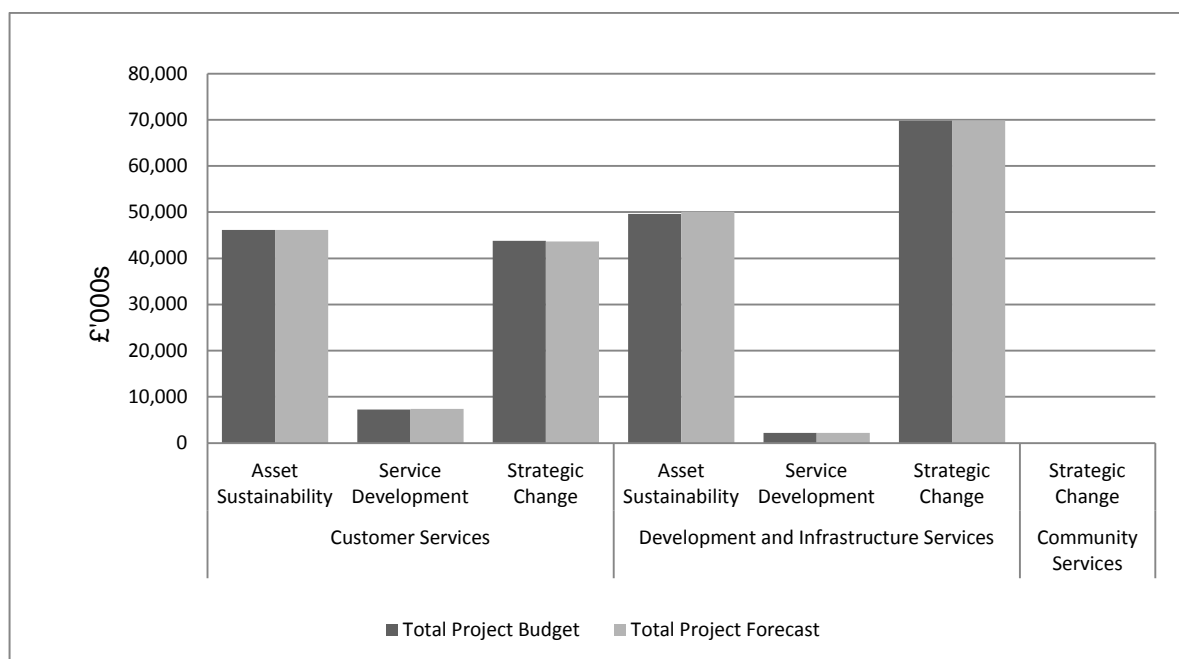
This table shows the net forecast total project cost and the budget for total project costs by project type and department:

	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Project Type:			
Asset Sustainability	95,766	96,259	(493)
Service Development	9,408	9,564	(156)
Strategic Change	113,583	113,527	56
Total	218,757	219,350	(593)
Department:			
Customer Services	97,189	97,166	23
Development and Infrastructure Services	121,568	122,184	(616)
Community Services	0	0	0
Total	218,757	219,350	(593)

Material variances are explained in Appendix 3 and there are a number of smaller variances leading to the forecast overspend.

6.3 Chart of Total Project Costs

The graph below shows the total net forecast position against full project budget for Departments by project type:



7 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 197 projects within the Capital Plan, 165 are Complete or On Target, 32 are Off Target and Recoverable.

7.2 Project Position

The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	120	13	0	133
Service Development	21	8	0	29
Strategic Change	24	11	0	35
Total	165	32	0	197

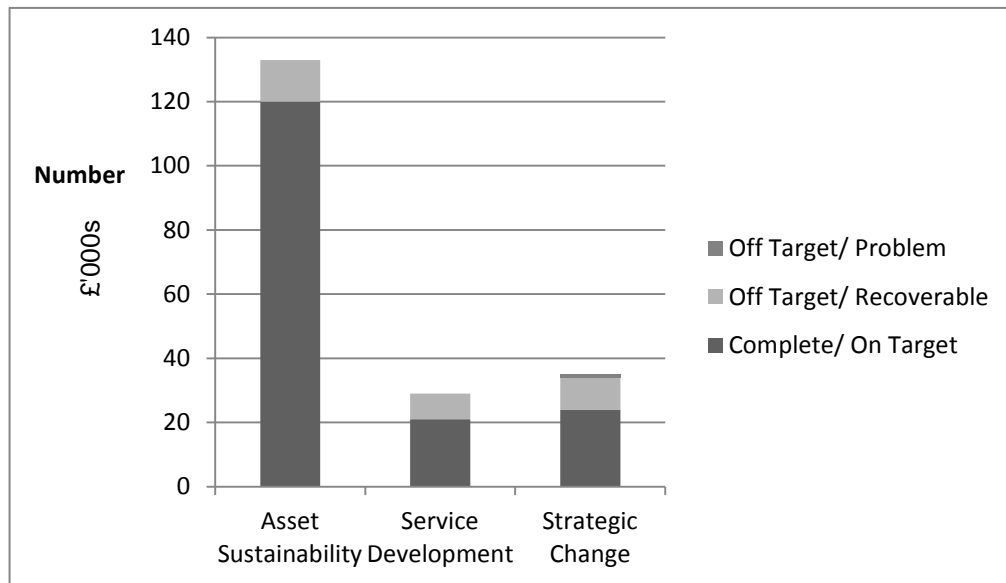
Department:

Customer Services	132	20	0	152
Development and Infrastructure Services	33	12	0	45
Total	165	32	0	197

Appendices 4, 5 and 6 show the Performance Status of the projects in further detail. Appendix 9 provides further information in relation to Strategic Change Projects.

7.3 **Chart of Performance Status**

The graph provides a view of the Performance Status of the Projects included in the Capital Plan:



8 OFF TRACK PROJECTS

8.1 There are no projects off track.

9 CHANGES TO CAPITAL PLAN

- 9.1 The table below shows proposed changes to the Capital Plan at summary level. Explanations relating to the specific projects involved can be seen in Appendix 7.

Department	2017-18	2018-19	2019-20	Future Years	Total Capital Plan	Explanation
	£'000	£'000	£'000	£'000	£'000	
Asset Sustainability	58	-58			0	£35K Slippage 17/18 to 18/19. £93K Acceleration from 18/19 Block allocation to 17/18.
Service Development					0	
Customer & Support Services	58	-58	0	0	0	
Asset Sustainability	-855	837	1		-17	£6K Acceleration 18/19 to 17/18. £843K Slippages 17/18 to 18/19. £1K Slippage 17/18 to 19/20.
Service Development	-20	20			0	£20K Slippages 17/18 to 18/19.
Strategic Change	-3801	2512	1289		0	Slippages to 18/19 and 19/20.
Facility - Education	-4676	3369	1290	0	-17	
Asset Sustainability	-980	975			-5	£975K Slippages 17/18 to 18/19
Service Development	123				123	
Strategic Change					0	
Facility – Community Services	-857	975	0	0	118	
Asset Sustainability	-765	540	225		0	£540K Slippages 17/18 to 18/19. £225K Slippages 17/18 to 19/20.
Service Development					0	
Strategic Change	-2477	2406			-71	£2406K Slippages 17/18 to 18/19.
Facility – Shared Offices	-3242	2946	225	0	-71	
Asset Sustainability	-1092	654	438		0	£656K Slippages 17/18 to 18/19. £418K Slippages 17/18 to 19/20.
Service Development	-135	135			0	£135 Slippages 17/18 to 18/19.
Strategic Change					0	
Roads and Amenity Services	-1227	789	438	0	0	
Service Development					0	
Strategic Change					0	
Economic Development	0	0	0	0	0	
TOTAL	-9,944	8,021	1,953	0	30	

10 STRATEGIC CHANGE PROJECTS

- 10.1 Appendix 9 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of the project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and if these are not green gives an explanation of the problem.

11 CAPITAL RECEIPTS

- 11.1 The Council has received £3,268k of capital receipts up to 28 February 2018 against a budget of £6,340k (52%).
- 11.2 The actual capital receipts across the capital programme are now going to be less than budget due to the conclusion of one large sale for less than originally anticipated. The shortfall of £2.668m has been considered as part of the Council's budget process for 2018-19.

12 APPENDICES

- **Appendix 1** - Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Project Performance - Asset Sustainability
- **Appendix 5** - Project Performance - Service Development
- **Appendix 6** - Project Performance - Strategic Change
- **Appendix 7** - Changes to Capital Plan and Financial Impact
- **Appendix 8** - Financial Summary – Overall
Financial Summary – DIS
Financial Summary – Customer Services
- **Appendix 9** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 10** - Updated/Revised Capital Plan - Overall
 - Updated/Revised Capital Plan – Community Services
 - Updated/Revised Capital Plan – Customer Services
 - Updated/Revised Capital Plan – DIS

Kirsty Flanagan
Head of Strategic Finance

18th April 2018

Councillor Gary Mulvaney, Depute Council Leader – Policy Lead Strategic Finance and Capital Regeneration Projects

APPENDIX 1 – Year to Date Finance Variance Explanations

Listed below are the projects where the variance is +/- £50k.

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
Fleet	35	484	(449)	Actual spend ahead of profile
Safe Streets, Walking and Cycling	0	113	(113)	Actual spend ahead of profile
SPfT	0	77	(77)	Actual spend ahead of profile
CHORD Dunoon	6,963	6,470	493	Actual spend behind profile
CHORD Oban	2,429	3,248	(819)	Actual spend ahead of profile
CHORD Rothesay	44	123	(79)	Actual spend ahead of profile
Helensburgh Waterfront Development	17	395	(378)	Actual spend ahead of profile
TIF – Lorn/Kirk Road	126	561	(435)	Actual spend ahead of profile
TIF – Oban Airport Business Park	163	19	144	Actual spend behind profile
Education	1,507	1,343	164	Actual spend behind profile
Community and Culture	207	91	116	Actual spend behind profile
Adult Care	231	132	99	Actual spend behind profile
Facility Services	294	124	170	Actual spend behind profile
Customer and Support Services	513	593	(80)	Actual spend ahead of profile
Clyde Cottage – 600 hour provision	375	437	(62)	Actual spend ahead of profile
Early Learning and Childcare	382	189	193	Actual spend behind profile
NPDO Schools Solar PV Panel Installations	150	38	112	Actual spend behind profile
Carbon Management – Group Heating Conversion Project	415	353	62	Actual spend behind profile
Variances Less than £50k			75	Total value of non-material variances less than +/-£50k
Total			864	

APPENDIX 2 – Forecast Outturn Variance Explanations

Listed below are the projects where the variance is +/- £50k.

Project	Annual Budget £'000	Forecast Outturn £'000	(Over)/Under Forecast Variance £'000	Explanation
Bridge Strengthening	561	480	81	Main expenditure in 17-18 is on design and works at B8035 Knock Bridge and U22 Kilbridemore Bridge. Additional schemes for design/construction in 2018 are A814 East Clyde Street and Cliad bridge on Coll. Due to delays with Scottish Power alterations for the A814 bridge, the works are now expected to start in April. Works phase for Cliad remains in 18-19.
Fleet	35	454	(419)	Several vehicles still to be sold before year end.
Footpath Improvements	500	370	130	Helensburgh section now programmed for 18-19.
Environmental	453	221	232	Property Services have been instructed to replace turnstiles at Oban North Pier. (A5 to inc Tarbert/Lochgilphead/Inveraray) sent Nov 17. PS advised this project will be awarded before FY end. At present spend assumed in 18-19 and £66k moved to 18-19 accordingly. To be advised if this changes.
Waste	152	46	106	Expenditure is now expected to be incurred in early 18-19
Recreation and Sport	782	291	491	Expenditure now expected in 2018-19
Kintyre Renewables Hub	434	119	315	Project projected to come in under budget. Until final grant/audit position is clear, any apparently (at this time) surplus budget should not be reallocated. Forecast expenditure in 2017-18 has been calculated to show the same net project expenditure as net budget (ie expenditure less income). Still awaiting close off of contractual obligations with BAM Nuttall.
Street Lighting LED Replacement	2,700	2,300	400	Funded by Prudential Borrowing. Current project expected to end in May 2018.
Education	3,037	2,252	785	Please see Appendix 7 for slippages/accelerations/variations in individual projects.
Community and Culture	1,129	422	707	Please see Appendix 7 for slippages/accelerations/variations in individual projects.
Adult Care	534	354	180	Please see Appendix 7 for slippages/accelerations/variations in individual projects.
Children and Families	136	49	87	Please see Appendix 7 for slippages/accelerations/variations in individual

				projects.
Facility Services	1,555	796	759	Please see Appendix 7 for slippages/accelerations/variations in individual projects.
Customer and Support Services	623	690	(67)	Please see Appendix 7 for slippages/accelerations/variations in individual projects.
Applications Projects	212	154	58	Credit as a result of an uncashed cheque from Saffron (to be reissued). Delay in several service development projects - Exception report available Feb 18. Virement of 5k approved Feb 18 for transfer to Property Management System
Sandbank Gaelic Pre-Five Unit	361	451	(90)	Awaiting additional grant funding.
Dunclutha Children's Home	245	323	(78)	Works complete on site. Final account still to be agreed, but it is anticipated that there may be a requirement for additional budget, due to unforeseen road and services issues. Forecast has been increased to current anticipated requirement.
Campbeltown Schools Redevelopment	435	215	220	Balance slipped to 18/19 to cover planned works.
Dunoon Primary	4,789	2,500	2,289	Balance slipped to 18/19 and 19/20 to cover planned works.
Replacement of Oban High	1,163	240	923	Balance slipped to 18/19 to cover planned works.
Kirn Primary School	5,894	5,525	369	Forecast slipped to 18/19 to reflect anticipated spend across the financial years. Balance slipped to 18/19 to cover planned works.
NPDO Schools Solar PV Panel Installations	221	150	71	Site works complete - all projects. Final accounts to be agreed and retentions to be paid. Savings against global budget are currently being evaluated. Some forecasted savings initially reflected as project delivered within budget.
Helensburgh Office Rationalisation	474	68	406	Final costs still to be established - expenditure now anticipated 18/19.
Asset Management Fund	2,000	0	2,000	Options for use of this fund are still being considered.
Other Variances			116	Total value of non-material variances less than +/-£50k
Total			10,071	

APPENDIX 3 – Total Project Finance Variances

Listed below are the projects where the variance is +/- £50k.

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Fleet	5,869	6,288	(419)	There has been more expenditure than planned but this will be reviewed over the coming months.
Kintyre Renewables Hub	8,317	8,385	(68)	Additional costs to be funded from Prudential Borrowing.
Education	27,606	27,679	(73)	Please see Appendix 7 for Variations on individual projects
Applications Projects	1,173	1,115	58	Credit as a result of an uncashed cheque from Saffron (to be reissued). Delay in several service development projects - Exception report available Feb 18. Virement of 5k approved Feb 18 for transfer to Property Management System
Sandbank Gaelic Pre-Five Unit	361	452	(91)	Awaiting additional grant funding.
Dunclutha Children's Home	1,222	1,300	(78)	Works complete on site. Final account still to be agreed, but it is anticipated that there may be a requirement for additional budget, due to unforeseen road and services issues. Forecast has been increased to current anticipated requirement.
NPDO Schools Solar PV Panel Installations	944	873	71	Site works complete - all projects. Final accounts to be agreed and retentions to be paid. Savings against global budget are currently being evaluated. Some forecasted savings initially reflected as project delivered within budget.
Other Variances			7	Total value of non-material variances less than +/-£50k
Total			(593)	

APPENDIX 4 – Asset Sustainability Project Performance

There are 133 Projects recognised as Asset Sustainability Projects, 120 are Complete or On Target and 13 are Off Target and Recoverable.

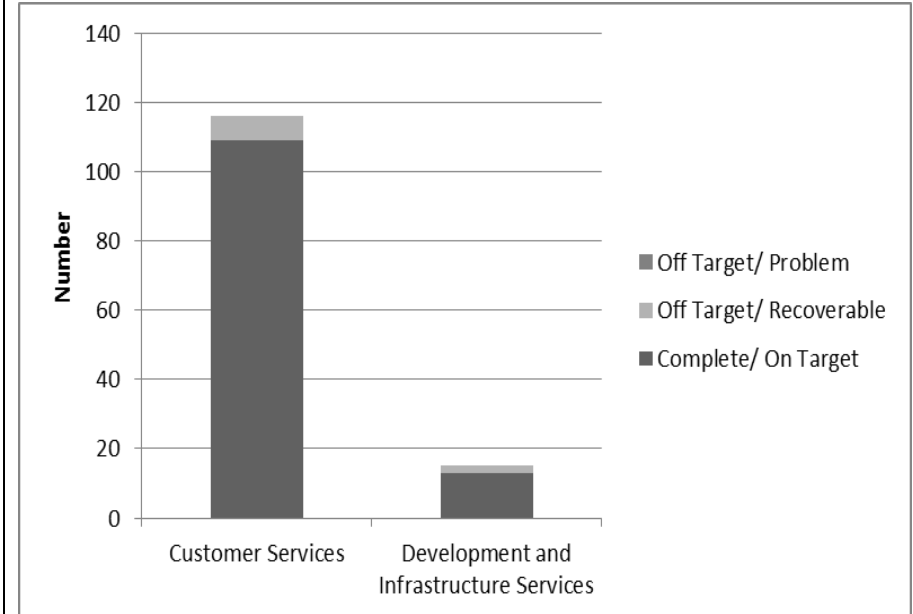
Department Position:

The table below shows the Performance Status of the Asset Sustainability Projects.

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	107	11	0	118
Development and Infrastructure Services	13	2	0	15
Total	120	13	0	133

Chart of Asset Sustainability Performance Status

The graph provides a view of the Performance Status of the Asset Sustainability Projects:



APPENDIX 5 – Service Development Project Performance

There are 29 Projects recognised as Service Development Projects, 21 are Complete or On Target and 8 are Off Target and Recoverable.

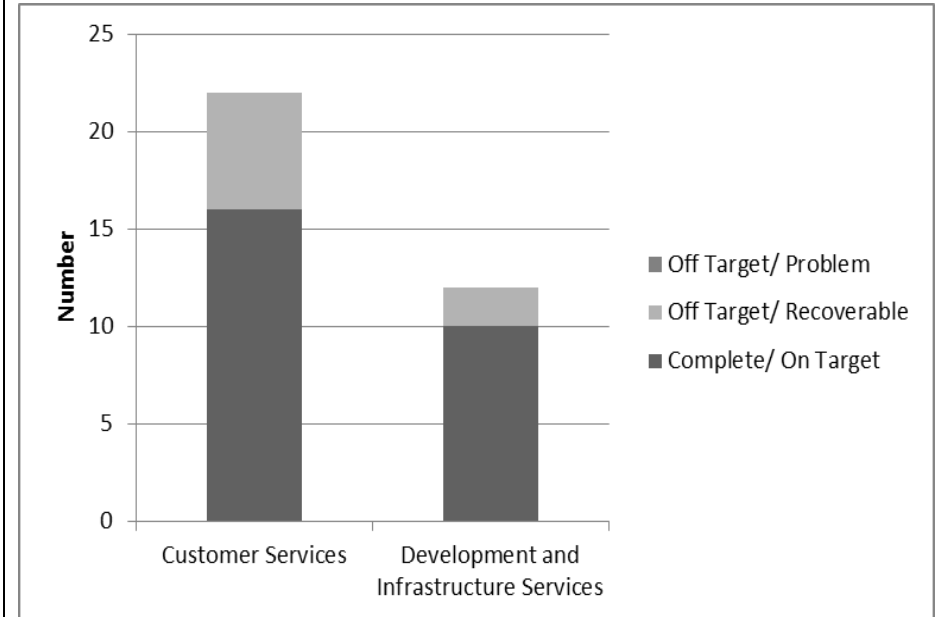
Department Position:

The table below shows the Performance Status of the Service Development Projects.

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	11	6	0	17
Development and Infrastructure Services	10	2	0	12
Total	21	8	0	29

Chart of Service Development Performance Status

The graph provides a view of the Performance Status of the Service Development Projects:



There are 35 Projects recognised as Strategic Change Projects. 24 are Complete or On Target and 11 are Off Target and Recoverable.

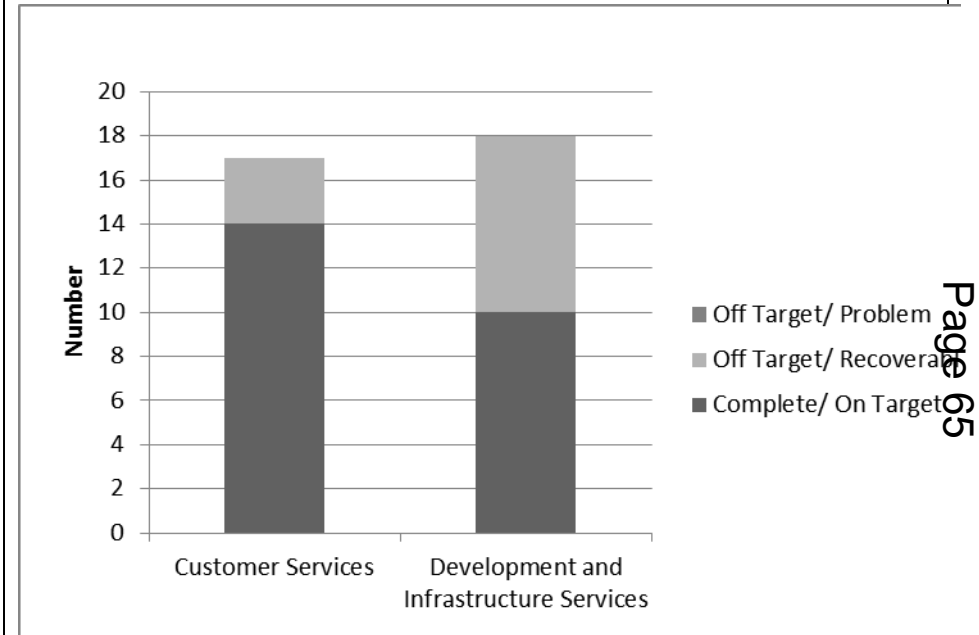
Department Position:

The table below shows the Performance Status of the Strategic Change Projects.

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	14	3	0	17
Development and Infrastructure Services	10	8	0	18
Total	24	11	0	35

Chart of Strategic Change Performance Status

The graph provides a view of the Performance Status of the Strategic Change Projects:



OVERALL COST CHANGES							
Project	2017-18 £'000	2018-19 £'000	2019-20 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Campbeltown Grammar	(7)					Reduce Budget by £7K	New school opening imminent - no further expenditure expected. Forecast reduced by £7k
Kirn Primary School	(10)					Reduce Budget by £10K	H & S budget for old building, not now required
Riverside Leisure Centre Refurbishment	45					Vire £45 additional cost from other Live Argyll Projects.	Anticipated final costs indicate requirement for £45k additional budget. Potential virements from other Live Argyll projects - dependant on tender return results.
Dunclutha Childrens Home	78					Increase 17-18 budget by £78K	It is anticipated that there may be a requirement for additional budget, due to unforeseen road and services issues. Forecast has been increased to current anticipated requirement.
NPDO Schools Solar PV Panel Installations	(71)						Final accounts to be agreed and retentions to be paid. Savings against global budget are currently being evaluated. Some forecasted savings initially reflected as project delivered within budget.
Legionella Control Works	(5)					Vire £5k from 17-18 to Main Legionella budget line.	Virement approval to main Legionella budget line to be agreed.
Total Cost Changes					30		

SLIPPAGES AND ACCELERATIONS							
Project	2017-18 £'000	2018-19 £'000	2019-20 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Server Sustainability	11					Accelerate £11K from 18-19 Block Allocation	Overspend of 11k 17/18 to be met from forward spend of block allocation 18/19. Virement to be finalised.
PC Replacement	34					Accelerate £34K from 18-19 Block Allocation	Spend behind profile but all budget committed - additional orders placed for 17/18 PC replacement (34k) - to be vired from forward spend from Block Allocation 18/19
Telecomms Network	43					Accelerate £43K from 18-19 Block Allocation	Additional forward spend for red risk assets (43k) - to be vired from Block Allocation 18/19
Computer Network Security	5					Accelerate £5K from 18-19 Block Allocation	5k forward spend from 18/19 from block allocation (for virement Feb 18).
MS Exchange & Doc Sharing	(35)	35				Slip £35K from 17-18 to 18-19	Underspend 17/18 arising from project delay - to be carried forward to 18/19
Corporate GIS Portal Rollout	7	(7)				Accelerate £7K from 18-19 to 17-18	Forward spend of 7k 2018/19 new wide format printer and GIS Upgrade.
Block Allocation		(93)				Accelerate £93K from 18-19 Block Allocation, vire to projects as listed above.	Virements required Feb 18 from 18-19 Block Allocation - 11k Server sustainability, 34k PC replacement, 43k Telecomms Network, 5k Comp Network Security.
Property Management System	5					Vire £5K from Applications Projects 17-18	Overspend for additional FMS integration offset by virement of 5k approved Feb 18
Applications projects	(5)					Vire £5K to Property Management System 17-18	Virement of 5k approved Feb 18 for transfer to Property Management System

Arinagour Primary School	(36)	36				Slip £36K from 17-18 into 18-19	Design solution for additional storage to be agreed with Service with delivery planned for 18/19
Bunessan Primary School	(40)	40				Slip £40K from 17-18 into 18-19	Retentions and fencing works.
Campbeltown Grammar	(7)					Reduce Budget by £7K	New school opening imminent - no further expenditure expected. Forecast reduced by £7k
Cardross Primary School	(15)	15				Slip £15K from 17-18 into 18-19	Outstanding defects on roofing contract to be addressed in Easter Holidays with kitchen roof upgrade following in 18/19.
Castlehill Primary School	(15)	15				Slip £15K from 17-18 into 18-19	£15k forecast re-profiled to 18/19 to align with timeframe.
Clachan Primary	(40)	40				Slip £40K from 17-18 into 18-19	£40k slipped to 18/19 to align with planned programme.
Dunbeg Primary School	(200)	200				Slip £200K from 17-18 into 18-19	Anticipated that works will be programmed for Summer 2018. Forecast has been re-profiled to align with anticipated programme.
Garelochhead Primary School	(24)	24				Slip £24K from 17-18 into 18-19	Further external works will continue in 18/19. Forecast reprofiled across years to reflect anticipated spend.
Glenbarr Primary School	(5)	5				Slip £5K from 17-18 into 18-19	£5k slipped to 18/19 for balances/retentions.
Hermitage Primary School	(30)	30				Slip £30K from 17-18 into 18-19	£30k forecasted spend slipped to 18/19 for other Education projects.
Islay High School	(156)	156				Slip £156K from 17-18 into 18-19	Works will not be carried out in 17/18. The majority of forecasted spend now slipped to 18/19 to align with anticipated programme
John Logie Baird	(10)	10				Slip £30K from 17-18 into 18-19	£10k slipped to 18/19 for balances/retentions.

Primary School						18-19	
Kilcreggan Primary School	(59)	59				Slip £59K from 17-18 into 18-19	Forecasted spend slipped to 18/19 to align with programme and reduce disturbance to active school.
Kilmartin Primary School	(70)	70				Slip £70K from 17-18 into 18-19	£70k slipped to 18/19 to allow for further investigation works to be carried out to determine overall need. Note - listed building.
Kirn Primary School	(10)					Reduce Budget by £10K	H & S budget for old building, not now required
Rhunahaorine Primary	6	(6)				Accelerate £6K from 18-19 into 17-18	Ext Doors, Rot works; accelerate £6k from 18/19 to complete works to external doors prior to Easter break.
Toward Primary School	(48)	47	1			Slip £48K from 17-18. £47K into 18-19 and £1K into 19-20	Septic tank upgrade programmed for Summer 2018 to ensure compliance with SEPA conditions.
School Houses - Housing Quality Standard	(53)	53				Slip £53K from 17-18 into 18-19	Forecast re-profiled across years to allow for balances/retentions and works to Port Ellen Schoolhouse in 18/19.
Homeless Houses - Housing Quality Standard	(38)	38				Slip £38K from 17-18 into 18-19	Forecast re-profiled across years to allow for balances/retentions and works to Port Ellen Schoolhouse in 18/19.
Tarbert High School - Biomass enabling work	(20)	20				Slip £20K from 17-18 into 18-19	Balance re-profiled - to be vired to other Education Projects
Campbeltown Schools Redevelopment	(220)	220				Slip £220K from 17-18 into 18-19	Balance slipped to 18/19 to cover planned works.
Dunoon Primary School	(2289)	1000	1289			Slip £2289K from 17-18. £1000K into 18-19 and £1289K into 19-20	Financial close achieved in July 2017. Construction will be phased over 2 years after FC so spend reprofiled from 2016/17 to 2017/18 & 2018/19. Balance slipped to 18/19 and 19/20 to cover planned works.

Replacement of Oban High School	(923)	923				Slip £923K from 17-18 into 18-19	Balance slipped to 18/19 to cover planned works.
Kirn Primary School	(369)	369				Slip £369K from 17-18 into 18-19	Forecast slipped to 18/19 to reflect anticipated spend across the financial years. Balance slipped to 18/19 to cover planned works.
Aqualibrium	(100)	100				Slip £100K from 17-18 into 18-19	£100k slipped to 18/19 to address water ingress issues once proposed solution is identified.
Campbeltown Museum - Burnet Bldg	(24)	24				Slip £24K from 17-18 into 18-19	£24k slipped to 18/19 to allow for works to proceed in 18/19
Moat Centre	(82)	82				Slip £82K from 17-18 into 18-19	Forecast re-profiled between 17/18 & 18/19 to align with planned delivery dates.
Rothesay Swimming Pool	(170)	170				Slip £170K from 17-18 into 18-19	Forecast re-profiled to align with now planned delivery dates.
Victoria Halls, Helensburgh	(42)	42				Slip £42K from 17-18 into 18-19	£42k slipped to 18/19 to allow for anticipated timescale.
Bute Community Education Centre	(100)	100				Slip £100K from 17-18 into 18-19	Works to be programmed after roofing works completed.
Lochgilphead Community Ed Centre	(190)	190				Slip £190K from 17-18 into 18-19	Design on hold as budget may be vired to Rothesay Pool Roof. Virement approval to be obtained. Forecast reprofiled to align with now planned delivery dates for Rothesay Swimming Pool works.
Eadar Glinn	(70)	70				Slip £70K from 17-18 into 18-19	Budget approved to fund balance of works to bedrooms to complete the rewire but meeting required with Adult care to establish whether rooms are likely to become ensuite. Decision awaited from Client. Forecast slipped to 18/19.
Struan Lodge Boiler	(15)	15				Slip £15K from 17-18 into	Heating Upgrade works. To mitigate potential risk of

						18-19	heating failure during works, now planned for Summer 2018.
Thomson Home Rothesay	(95)	95				Slip £95K from 17-18 into 18-19	Forecast reprofiled across years 17/18 and 18/19 to allow for anticipated programme. Detailed programme for working within active Care Home to be agreed with Client .
Glencruitten Hostel	(54)	54				Slip £54K from 17-18 into 18-19	Bathroom upgrades. Works now planned for Easter Holidays - £50k reprofiled to 18/19 to align with planned programme.
Legionella Control Works	(5)					Vire £5k from 17-18 to Main Legionella budget line.	Virement approval to main Legionella budget line to be agreed.
Shellach View	(33)	33				Slip £33K from 17-18 into 18-19	Saving. To be vired to other Social Work projects.
Riverside Leisure Centre Refurbishment	45					Vire £45 additional cost from other Live Argyll Projects.	Anticipated final costs indicate requirement for £45k additional budget. Potential virements from other Live Argyll projects - dependant on tender return results.
Dunclutha Childrens Home	78					Increase 17-18 budget by £78K	It is anticipated that there may be a requirement for additional budget, due to unforeseen road and services issues. Forecast has been increased to current anticipated requirement.
Argyll House, Dunoon	(162)	162				Slip £162k from 17-18 to 18-19	
Dunoon Office Rationalisation	(220)	220				Slip £220k from 17-18 to 18-19	Rationalisation project is on hold until the way forward for the review is known. Part of transformation option. Forecast re-profiled to 18/19.
Hill Street Dunoon Rewire	(32)	32				Slip £32K from 17-18 to 18-19	As this project is linked to the Dunoon Office rationalisation Project it is being held in abeyance until the way forward for the Dunoon Smarter Places review is known. Forecast re-profiled to 18/19.
Kilmory Castle	(75)	75				Slip £75K from 17-18 to 18-19	Outstanding Roofing Upgrade works and Fire Barrier reinstatement works programmed for late 17/18 - early 18/19.

						Forecast re-profiled across years.
Manse Brae Roads Office	(26)	26				Slip £26K from 17-18 to 18-19 £26k slipped to 18/19 - to be vired to Capital Property Works
Legionella Control Works	(250)	25	225			Slip £25k from 17-18 to 18-19 and £225K to 19-20 Forecast re-profiled over 18/19 and 19/20
NPDO Schools Solar PV Panel Installations	(71)					Final accounts to be agreed and retentions to be paid. Savings against global budget are currently being evaluated. Some forecasted savings initially reflected as project delivered within budget.
Helensburgh Office Rationalisation (FPB,REC)	(406)	406				Slip £406K from 17-18 to 18-19 Final costs still to be established - expenditure now anticipated 18/19.
Asset Management Fund	(2000)	2000				Slip £2000K from 17-18 to 18-19 Options for use of this fund are still being considered.
Flood Prevention	(18)	(20)	38			Slip £18K from 17-18 to 19-20. Slip £20K from 18-19 to 19-20 Delays with schemes at Port Ellen have necessitated moving £18k of budget to be moved into 19-20.
Bridge Strengthening	(81)	81				Slip £81K from 17-18 to 18-19 Due to delays with Scottish Power alterations for the A814 bridge, the works are now expected to start in April hence £60k expenditure moved into 18-19. Works phase for Cliad remains in 18-19.
Lighting	(45)	45				Slip £45K from 17-18 to 18-19 Forecast for 17-18 has been reduced to £25k, with £45k moved to 18-19. The reason for this is staff resource issues which are being addressed.
Astro Pitch Repairs	(400)		400			Slip £400K from 17-18 to 19-20 Estimated total project costs are expected to be £350k maximum. Forecast updated accordingly, with the surplus of £400k shown in 19-20 meantime until any other works required are identified.
Environmental Projects	(166)	166				Slip £166K from 17-18 to 18-19. Underspend of £166k which amount should be carried over to 18/19 to develop cemetery extensions from priority risk matrix on burial grounds reaching full capacity (10 sites at risk)
Tarbert All Weather Sports Pitch	(62)	62				Slip £62K from 17-18 to 18-19. Expected surplus of £62k which is shown in 18-19 column. There are no works authorised at present for its use. Consideration of the use of the surplus will be carried out in 2018-19.
Public Convenience Upgrades	(66)	66				Slip £66K from 17-18 to 18-19 At present spend assumed in 18-19 and £66k moved to 18-19 accordingly.
Cemetery Houses	(18)	18				Slip £18K from 17-18 to 18-19 Now anticipated that spend will be 18-19 and £18k moved accordingly.

Footpath Improvements	(130)	130				Slip £130K from 17-18 to 18-19.	Majority of works scheduled to complete by end of March, with Helensburgh section now programmed for 18-19.
Glengorm - Capping	(106)	106				Slip £106K from 17-18 to 18-19.	The Council in partnership with the local community group has just appointed a contractor to undertake water main works, however the expenditure is now expected to be incurred in early 18-19.
A849 Pennyghael Bridge Mull	(3)	3				Slip £3K from 17-18 to 18-19	Landowner has indicated that they are unwilling to conclude missives for the land required until the Council has a clear and funded programme to undertake the construction works.
Preliminary design for Regional Transport projects (tif)	(10)	10				Slip £10K from 17-18 to 18-19	Programme is for further project development work in 18-19 hence £10k moved accordingly.
Campbeltown Old Quay	(47)	47				Slip £47K from 17-18 to 18-19	Discussions to be held with Legal Services with regard to options open to Council to get contractor to complete remedials. This will extend project closure into 2018-19, hence £47k moved to 18-19.
Cycleways - H&L (FSPT)	(75)	75				Slip £75K from 17-18 to 18-19	Revised forecast is based on latest income expected (£75 Sustans) to be spent in 17-18 with the SPfT (£75k) moved to 18-19.
Total Slippages and Accelerations	(9944)	8,021	1,953		30		
Net Impact of Changes	0	0	0		30		

FINANCIAL SUMMARY - NET EXPENDITURE

28 February 2018

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Area Committee Expenditure - Asset Sustainability	0	0	0	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	2,789	2,293	496	7,014	4,563	2,451	46,173	46,253	(80)
Development & Infrastructure Services	4,115	4,677	(562)	6,249	5,708	541	50,681	51,232	(551)
Asset Sustainability Total	6,904	6,970	(66)	13,263	10,271	2,992	96,854	97,485	(631)
Service Development Projects									
Customer Services	1,911	1,822	89	2,503	2,624	(121)	8,432	8,575	(143)
Development & Infrastructure Services	61	225	(164)	1,125	941	184	6,994	6,943	51
Service Development Total	1,972	2,047	(75)	3,628	3,565	63	15,426	15,518	(92)
Strategic Change Projects									
Campbeltown Schools Redevelopment	151	157	(6)	435	215	220	1,825	1,825	0
Dunoon Primary	2,197	2,186	11	4,789	2,500	2,289	9,259	9,259	0
Replacement of Oban High	177	166	11	1,163	240	923	3,205	3,205	0
Kilm Primary School	5,500	5,455	45	5,894	5,525	369	10,409	10,409	0
Carbon Management - Non Education	1	1	0	37	37	0	50	50	0
Carbon Management Business Cases	30	0	30	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	150	38	112	221	150	71	944	873	71
Non NPDO Schools Solar PV Panel Installations	40	1	39	89	40	49	488	439	49
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	415	353	62	464	464	0	2,016	2,016	0
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	68	68	0	474	68	406	11,838	11,838	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	0	2,000	2,000	2,000	0
Kintyre Renewables Hub	0	0	0	733	1	732	12,115	11,766	349
Campbeltown Flood Scheme	73	73	0	76	95	(19)	80	99	(19)
Street Lighting LED Replacement	1,304	1,304	0	2,700	2,300	400	3,900	3,900	0
Pier Upgrades	0	0	0	290	290	0	300	300	0
CHORD - Helensburgh	68	98	(30)	865	865	0	7,230	7,229	1
CHORD - Campbeltown	0	0	0	1,326	1,326	0	4,786	4,786	0
CHORD - Dunoon	6,963	6,470	493	7,650	7,650	0	11,921	11,921	0
CHORD - Oban	3,429	3,223	206	3,991	4,007	(16)	7,957	7,973	(16)
CHORD - Rothesay	44	740	(696)	5,779	5,779	0	12,545	12,545	0
Helensburgh Waterfront Development	17	395	(378)	530	530	0	18,387	18,387	0
TIF - Lorn/Kirk Road	126	561	(435)	128	128	0	238	238	0
TIF - North Pier Extension	29	29	0	375	375	0	560	560	0
TIF - Oban Airport Business Park	163	19	144	164	164	0	590	590	0
OBC for Dunoon Pier	0	10	(10)	(4)	10	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	500	500	0	500	500	0
Rothesay THI	0	0	0	200	200	0	200	200	0
Hermitage Park	0	0	0	0	0	0	53	211	(158)
Glengorm Wind Turbine	15	15	0	44	22	22	437	437	0
Strategic Change Total	20,960	21,362	(402)	41,112	33,642	7,470	128,922	128,621	301
Total Expenditure	29,836	30,379	(543)	58,047	47,478	10,569	241,271	241,649	(378)
INCOME									
Asset Sustainability									
Customer Services	0	(2)	2	0	(3)	3	(91)	(119)	28
Development & Infrastructure Services	0	(60)	60	(22)	(93)	71	(1,066)	(1,132)	66
Asset Sustainability Total	0	(62)	62	(22)	(96)	74	(1,157)	(1,251)	94
Service Development Projects									
Customer Services	(885)	(962)	77	(885)	(885)	0	(1,201)	(1,217)	16
Development & Infrastructure Services	0	2	(2)	(824)	(669)	(155)	(4,817)	(4,737)	(80)
Service Development Total	-885	-960	75	-1,709	-1,554	(155)	-6,018	-5,954	(64)
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	(137)	(137)	0	(137)	(137)	0	(137)	(137)	0
Kintyre Renewables Hub	0	50	(50)	(299)	118	(417)	(3,798)	(3,381)	(417)
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothesay	0	(617)	617	(5,450)	(5,450)	0	(8,025)	(8,025)	0
CHORD - Oban	(1,000)	25	(1,025)	(1,000)	(1,000)	0	(1,645)	(1,645)	0
Hermitage Park	0	0	0	0	0	0	0	(158)	158
Strategic Change Total	(1,137)	(679)	(458)	(6,886)	(6,469)	(417)	(15,339)	(15,094)	(245)
Total Income	(2,022)	(1,701)	(321)	(8,617)	(8,119)	(498)	(22,514)	(22,299)	(215)
Net Total	27,814	28,678	(864)	49,430	39,359	10,071	218,757	219,350	(593)

FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

28 February 2018

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Flood Prevention	2	2	0	20	2	18	533	533	0
Bridge Strengthening	409	409	0	561	480	81	2,688	2,688	0
Castle Lodge Building Works	117	117	0	96	117	(21)	130	151	(21)
Traffic Management	59	59	0	67	67	0	368	368	0
Roads Reconstruction	3,000	3,019	(19)	3,000	3,019	(19)	27,700	27,700	0
Lighting	25	25	0	70	35	35	1,703	1,703	0
Furnace Coastal Protection	3	3	0	22	3	19	144	125	19
Fleet	35	544	(509)	35	544	(509)	6,217	6,726	(509)
Footpath Improvements	165	165	0	500	370	130	500	500	0
Environmental	39	39	0	453	221	232	811	811	0
Roads	0	0	0	0	0	0	0	0	0
Waste	46	46	0	152	46	106	200	200	0
Recreation and Sport	215	249	(34)	782	291	491	920	920	0
Crematoria and Burial Grounds	0	0	0	18	0	18	50	50	0
Pier	0	0	0	0	0	0	0	0	0
Block Allocation	0	0	0	513	513	0	8,317	8,317	0
EV Quick Chargers	0	0	0	(40)	0	(40)	400	440	(40)
Asset Sustainability Total	4,115	4,677	(562)	6,249	5,708	541	50,681	51,232	(551)
Service Development Projects									
A849 Pennyghael Bridge Mull	0	0	0	4	1	3	131	131	0
Preliminary design for Regional Transport projects	10	10	0	20	12	8	221	221	0
Campbeltown Old Quay	40	0	40	48	1	47	1,424	1,424	0
Helensburgh Cycleways	11	25	(14)	201	75	126	2,622	2,588	34
Safe Streets, Walking and Cycling	0	113	(113)	127	127	0	521	504	17
SPIT	0	77	(77)	475	475	0	1,412	1,412	0
Fionnphort Village Hall Link	0	0	0	0	0	0	13	13	0
Kilmartin House	0	0	0	0	0	0	400	400	0
NVA	0	0	0	250	250	0	250	250	0
Service Development Total	61	225	(164)	1,125	941	184	6,994	6,943	51
Strategic Change Projects									
Kintyre Renewables Hub	0	0	0	733	1	732	12,115	11,766	349
Campbeltown Flood Scheme	73	73	0	76	95	(19)	80	99	(19)
Street Lighting LED Replacement	1,304	1,304	0	2,700	2,300	400	3,900	3,900	0
Pier Upgrades	0	0	0	290	290	0	300	300	0
CHORD - Helensburgh	68	98	(30)	865	865	0	7,230	7,229	1
CHORD - Campbeltown	0	0	0	1,326	1,326	0	4,786	4,786	0
CHORD - Dunoon	6,963	6,470	493	7,650	7,650	0	11,921	11,921	0
CHORD - Oban	3,429	3,223	206	3,991	4,007	(16)	7,957	7,973	(16)
CHORD - Rothesay	44	740	(696)	5,779	5,779	0	12,545	12,545	0
Helensburgh Waterfront Development	17	395	(378)	530	530	0	18,387	18,387	0
TIF - Lorn/Kirk Road	126	561	(435)	128	128	0	238	238	0
TIF - North Pier Extension	29	29	0	375	375	0	560	560	0
TIF - Oban Airport Business Park	163	19	144	164	164	0	590	590	0
OBC For Dunoon Pier	0	10	(10)	(4)	10	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	500	500	0	500	500	0
Rothesay THI	0	0	0	200	200	0	200	200	0
Hermitage Park	0	0	0	0	0	0	53	211	(158)
Glengorm Wind Turbine	15	15	0	44	22	22	437	437	0
Strategic Change Total	12,231	12,937	(706)	25,347	24,242	1,105	84,629	84,486	143
Total Expenditure	16,407	17,839	(1,432)	32,721	30,891	1,830	142,304	142,661	(357)
INCOME									
Asset Sustainability									
Roads Reconstruction	0	0	0	0	0	0	(116)	(116)	0
Furnace Coastal Protection	0	0	0	(22)	(3)	(19)	(144)	(125)	(19)
Flood Prevention	0	0	0	0	0	0	(9)	(9)	0
Environmental Projects	0	0	0	0	0	0	(9)	(4)	(5)
Fleet	0	(60)	60	0	(90)	90	(348)	(438)	90
EV Quick Chargers	0	0	0	0	0	0	(440)	(440)	0
Asset Sustainability Total	0	(60)	60	(22)	(93)	71	(1,066)	(1,132)	66
Service Development Projects									
Helensburgh Cycleways	0	0	0	(230)	(75)	(155)	(2,774)	(2,694)	(80)
Safe Streets, Walking and Cycling	0	0	0	(119)	(119)	0	(224)	(224)	0
SPIT	0	2	(2)	(475)	(475)	0	(1,705)	(1,705)	0
Fionnphort Village Hall Link	0	0	0	0	0	0	(13)	(13)	0
CWSS - Footway Letter Daill	0	0	0	0	0	0	(101)	(101)	0
Service Development Total	0	2	(2)	(824)	(669)	(155)	(4,817)	(4,737)	(80)
Strategic Change Projects									
Kintyre Renewables Hub	0	50	(50)	(299)	118	(417)	(3,798)	(3,381)	(417)
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothesay	0	(617)	617	(5,450)	(5,450)	0	(8,025)	(8,025)	0
CHORD - Oban	(1,000)	25	(1,025)	(1,000)	(1,000)	0	(1,645)	(1,645)	0
Hermitage Park	0	0	0	0	0	0	0	(158)	158
Strategic Change Total	(1,000)	(542)	(458)	(6,749)	(6,332)	(417)	(14,853)	(14,608)	(245)
Total Income	(1,000)	(600)	(400)	(7,595)	(7,094)	(501)	(20,736)	(20,477)	(259)
Net Departmental Total	15,407	17,239	(1,832)	25,126	23,797	1,329	121,568	122,184	(616)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING
FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES

Appendix 8
28 February 2018

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
EXPENDITURE									
Area Committees - Asset Sustainability	0	0	0	44	0	44	69	25	44
Asset Sustainability									
Education	1,507	1,343	164	3,037	2,252	785	27,606	27,679	(73)
Community and Culture	207	91	116	1,129	422	707	3,212	3,213	(1)
Adult Care	231	132	99	534	354	180	2,237	2,237	0
Children and Families	37	10	27	136	49	87	595	595	0
Facility Services	294	124	170	1,555	796	759	4,622	4,628	(6)
Customer and Support Services	513	593	(80)	623	690	(67)	7,901	7,901	0
Asset Sustainability Total	2,789	2,293	496	7,014	4,563	2,451	46,173	46,253	(80)
Service Development Projects									
Graham Williamson IT Centre	0	0	0	0	0	0	0	0	0
Property Management System	5	6	(1)	5	6	(1)	88	89	(1)
Applications Projects	102	80	22	212	154	58	1,173	1,115	58
Bowmore Primary School - Pre 5 Unit	19	19	0	23	23	0	28	28	0
Bunessan Primary School - Pre 5 Unit	0	0	0	0	0	0	10	10	0
Clyde Cottage - 600 hour provision	375	437	(62)	400	400	0	413	413	0
Craigish Primary School - Pre 5 Extension	194	194	0	203	218	(15)	417	417	0
Iona Primary School - Pre 5 Unit	115	115	0	145	145	0	474	474	0
Islay High and Rosneath Primary School Pitches	2	1	1	5	5	0	700	700	0
Lochgoilhead Primary School - Pre 5 Unit	1	1	0	42	42	0	388	388	0
Park Primary Extension/Pre Fives Unit	0	0	0	5	5	0	346	346	0
Tarbert High School - Biomass enabling work	0	0	0	35	15	20	35	35	0
Sandbank Gaelic Pre Five Unit	397	451	(54)	361	451	(90)	361	468	(107)
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	30	0	30	30	0	30
Early Learning and Childcare	382	189	193	605	605	0	1,478	1,478	0
Archives - Wee Manse Brae	0	0	0	87	87	0	128	128	0
Dunoon Boxing Club	0	0	0	100	100	0	100	100	0
Riverside Leisure Centre Refurbishment	42	42	0	0	45	(45)	1,041	1,086	(45)
Dunclutha Childrens Home	277	287	(10)	245	323	(78)	1,222	1,300	(78)
Service Development Total	1,911	1,822	89	2,503	2,624	(121)	8,432	8,575	(143)
Strategic Change Projects									
Campbeltown Schools Redevelopment	151	157	(6)	435	215	220	1,825	1,825	0
Dunoon Primary	2,197	2,186	11	4,789	2,500	2,289	9,259	9,259	0
Replacement of Oban High	177	166	11	1,163	240	923	3,205	3,205	0
Kirn Primary School	5,500	5,455	45	5,894	5,525	369	10,409	10,409	0
Carbon Management - Non Education	1	1	0	37	37	0	50	50	0
Carbon Management Business Cases	30	0	30	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	150	38	112	221	150	71	944	873	71
Non NPDO Schools Solar PV Panel Installations	40	1	39	89	40	49	488	439	49
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	415	353	62	464	464	0	2,016	2,016	0
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	68	68	0	474	68	406	11,838	11,838	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	0	2,000	2,000	2,000	0
Strategic Change Total	8,729	8,425	304	15,765	9,400	6,365	44,293	44,135	158
Total Expenditure	13,429	12,540	889	25,326	16,587	8,739	98,967	98,988	(21)
INCOME									
Asset Sustainability									
Facility Services	0	1	(1)	0	0	0	(71)	(61)	(10)
Education	0	0	0	0	0	0	0	0	0
Community and Culture	0	(3)	3	0	(3)	3	(20)	(58)	38
Asset Sustainability Total	0	(2)	2	0	(3)	3	(91)	(119)	28
Service Development Projects									
Sandbank Gaelic Pre Five Unit	(361)	(438)	77	(361)	(361)	0	(361)	(377)	16
Bunessan Primary School - Gaelic Medium Improvements	(30)	(30)	0	(30)	(30)	0	(30)	(30)	0
Early Learning and Childcare	(494)	(494)	0	(494)	(494)	0	(494)	(494)	0
Campbeltown All Weather Pitch	0	0	0	0	0	0	(316)	(316)	0
Service Development Total	(885)	(962)	77	(885)	(885)	0	(1,201)	(1,217)	16
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	(137)	(137)	0	(137)	(137)	0	(137)	(137)	0
Strategic Change Total	(137)	(137)	0	(137)	(137)	0	(486)	(486)	0
Total Income	(1,022)	(1,101)	79	(1,022)	(1,025)	3	(1,778)	(1,822)	44
Net Departmental Total	12,407	11,439	968	24,304	15,562	8,742	97,189	97,166	23

Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
Campbeltown Schools Redevelopment	1,390	215	220	1,825	1,825	16/02/2012	30/11/2018	Green	
Dunoon Primary	688	2,500	6,071	9,259	9,259	18/12/2014	30/04/2019	Green	
Replacement of Oban High	2,042	240	923	3,205	3,205	24/04/2014	31/01/2019	Green	
Kirn Primary School	4,384	5,525	500	10,409	10,409	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	13	37	0	50	50	01/04/2015	31/03/2017	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	723	150	0	873	944	26/06/2014	TBC	Green	
Non NPDO Schools Solar PV Panel Installations	399	40	0	439	488	20/03/2014	31/03/2017	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Amber	Overall project delivered under budget.
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2017	Green	
Carbon Management - Group Heating Conversion Project	1,538	464	14	2,016	2,016	01/02/2016	31/08/2018	Amber	Site works complete. Interim payments and final accounts to be agreed.
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	19/10/2016	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2017	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2017	Green	
Helensburgh Office Rationalisation	11,364	68	406	11,838	11,838	25/04/2013	03/07/2016	Amber	Temporary Certificate of Occupation has been extended to 29th March 2018. Details of loss and expense claim received March 2017 and being considered.
Tiree Shared Offices	0	10	0	10	10	01/02/2013	TBC	Green	
Asset Management Fund	0	0	2,000	2,000	2,000	2017/18	TBC	Green	
Kintyre Renewables Hub	11,382	1	383	11,766	11,698	01/05/2009	30/04/2017	Amber	Project projected to come in under budget. Until final grant/audit position is clear, any apparently (at this time) surplus budget should not be reallocated. Council has yet to allocate its (20%) share of funding for this project. The final figure of the 20% could approach £2m over next 6 years.
Campbeltown Flood Scheme	4	95	0	99	80	01/08/2016	31/03/2023	Amber	
Street Lighting LED Replacement	1,012	2,300	588	3,900	3,900	01/08/2016	16/12/2016	Green	
Pier Upgrades	0	290	10	300	300	01/12/2016	31/03/2017	Green	
CHORD - Helensburgh	6,364	865	0	7,229	7,229	29/09/2011	30/04/2015	Green	
CHORD - Campbeltown	3,460	1,326	0	4,786	4,801	25/06/2014	10/11/2015	Green	
CHORD - Dunoon	2,248	7,650	2,023	11,921	11,921	03/02/2012	09/03/2018	Amber	The period forecasts are based on review and analysis of the contractors forecast cash flow and cost report. Budget slipped to future years to reflect timing of cash flows.
CHORD - Oban	3,740	4,007	226	7,973	8,282	27/10/2016	31/07/2017	Amber	Discovery of asbestos and prolonged pre contract negotiations have resulted in delays.
CHORD - Rothesay	1,886	5,779	4,880	12,545	20,741	01/04/2015	01/12/2018	Amber	The main contractor is now on site and large certificates will be raised on a monthly basis.
Helensburgh Waterfront Development	244	530	17,613	18,387	18,387	01/04/2017	30/09/2020	Amber	Full Year Forecast FY17/18: £134K, however this is subject to confirmation of Contract Values and Cashflow profiles which cannot be provided until P6 at the earliest.
TIF - Lorn/Kirk Road	110	128	0	238	238	22/01/2015	TBC	Green	
TIF - North Pier Extension	185	375	0	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	426	164	0	590	590	22/01/2015	31/12/2017	Green	
OBC for Dunoon Pier	2,834	10	0	2,844	2,830	03/02/2012	26/02/2016	Green	
Dunoon CARS	0	500	0	500	500	01/04/2017	31/03/2022	Green	
Rothesay THI	0	200	0	200	200	2017/18	TBC	Green	
Hermitage Park	211	0	0	211	53	2016/17	TBC	Green	
Glengorm Wind Turbine	393	22	22	437	437	28/04/2016	30/11/2016	Green	
Strategic Change Total	59,100	33,642	35,879	128,621	137,040				

Project Risk Classifications:

Green - Risks can be managed and are viewed as stable or reducing.

Amber - Risks are increasing but are still manageable.

Red - Risks are increasing or have increased to such an extent they may affect delivery of the project.

**CAPITAL PLAN 2017-18
SUMMARY**

APPENDIX 10

Department	Head of Service	Previous	2017-18			Future		Total
		Years	2017-18	2018-19	2019-20	Years	Total	
		£000's	£000's	£000's	£000's	£'000s	£000's	
Health and Social Care Partnership	Adult Care	1,693	524	20	0	0	2,237	
	Children and Families	1,106	377	334	0	0	1,817	
Health and Social Care Partnership Total		2,799	901	354	0	0	4,054	
Community Services	Community and Culture	0	121	0	0	0	121	
	Education	31,857	17,102	6,298	1,727	0	56,984	
Community Services Total		31,857	17,223	6,298	1,727	0	57,105	
Customer Services	Customer and Support Services	6,796	840	564	962	0	9,162	
	Facility Services	17,720	5,046	745	725	0	24,236	
Customer Services Total		24,516	5,886	1,309	1,687	0	33,398	
Development and Infrastructure	Economic Development	22,046	22,400	7,358	4,142	14,884	70,830	
	Roads and Amenity Services	51,634	10,532	3,860	5,448	0	71,474	
Development and Infrastructure Total		73,680	32,932	11,218	9,590	14,884	142,304	
Live Argyll	Live Argyll	3,105	1,207	98	0	0	4,410	
Live Argyll Total		3,105	1,207	98	0	0	4,410	
Grand Total		135,957	58,149	19,277	13,004	14,884	241,271	

Head of Service	Category	Project	Previous Years		2017-18		2018-19		2019-20		Future Years		Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's			
Adult Care	Asset Sustainability	Aids and Adaptations	100	25	0	0	0	0	0	0	0	125	
		Ardfenaig	0	20	0	0	0	0	0	0	0	20	
		Eadar Glinn	246	70	0	0	0	0	0	0	0	316	
		Health and Safety	1,033	72	0	0	0	0	0	0	0	1,105	
		Legionella Control Works	15	5	0	0	0	0	0	0	0	20	
		Lochgilphead Resource Centre	69	145	10	0	0	0	0	0	0	224	
		Lorn Resource Centre	76	9	0	0	0	0	0	0	0	85	
		Struan Lodge Boiler	25	15	0	0	0	0	0	0	0	40	
		Thomson Home Rothesay	129	163	10	0	0	0	0	0	0	302	
		Asset Sustainability Total			1,693	524	20	0	0	0	0	0	2,237
Adult Care Total			1,693	524	20	0	0	0	0	0	2,237		
Children and Families	Asset Sustainability	Capital Property Works	0	0	305	0	0	0	0	0	0	305	
		Glencruitten Hostel	108	79	4	0	0	0	0	0	0	191	
		Health and Safety	23	20	0	0	0	0	0	0	0	43	
		Shellach View	23	33	0	0	0	0	0	0	0	56	
		Asset Sustainability Total			154	132	309	0	0	0	0	0	595
	Service Development	Dunclutha Childrens Home	952	245	25	0	0	0	0	0	1,222		
Service Development Total			952	245	25	0	0	0	0	0	1,222		
Children and Families Total			1,106	377	334	0	0	0	0	0	1,817		
Overall Total			2,799	901	354	0	0	0	0	0	4,054		

Head of Service	Category	Project	Previous	2017-18	2018-19	2019-20	Future	Total
			Years £000's	£000's	£000's	£000's	Years £'000s	£000s
Community and Culture	Asset Sustainability	Inveraray CARS	0	21	0	0	0	21
	Asset Sustainability Total		0	21	0	0	0	21
	Service Development	Dunoon Boxing Club	0	100	0	0	0	100
	Service Development Total		0	100	0	0	0	100
Community and Culture Total			0	121	0	0	0	121
Overall Total			0	121	0	0	0	121

Head of Service	Category	Project	Previous	2017-18			Future		Total
			Years	2017-18	2018-19	2019-20	Years	£000s	
			£000's	£000's	£000's	£000's	£'000s	£000s	
Education	Asset Sustainability	Achaleven Primary School	83	29	60	0	0	172	
		Ardchattan Primary School	0	2	0	0	0	2	
		Ardrishaig Primary School	206	67	6	0	0	279	
		Arinagour Primary School	83	44	4	0	0	131	
		Arrochar Primary School	0	0	30	0	0	30	
		Asbestos Control/Removal Works	78	7	0	0	0	85	
		Block Allocation	0	0	0	1,667	0	1,667	
		Bunessan Primary School	292	60	0	0	0	352	
		Campbeltown Grammar	3,657	9	0	0	0	3,666	
		Capital Property Works	834	0	0	0	0	834	
		Cardross Primary School	788	23	0	0	0	811	
		Carradale Primary School	64	100	150	0	0	314	
		Castlehill Primary School	482	25	150	0	0	657	
		Clachan Primary	176	46	0	0	0	222	
		Colgrain Primary School	802	168	50	0	0	1,020	
		Craignish Primary School	153	27	0	0	0	180	
		Dalintober Primary School	267	30	100	0	0	397	
		Dalmally Primary School	77	16	100	0	0	193	
		Dervaig Primary School	0	74	6	0	0	80	
		Drumlemble Primary School	232	149	10	0	0	391	
		Dunbeg Primary School	430	254	0	0	0	684	
		Dunoon Primary School	105	1	0	0	0	106	
		Ferry Houses - Housing Quality Standard	48	20	0	0	0	68	
		Free School Meals	522	28	0	0	0	550	
		Furnace Primary School	119	15	10	0	0	144	
		Garelochhead Primary School	313	49	50	0	0	412	
		Glenbarr Primary School	73	165	0	0	0	238	

Head of Service	Category	Project	Previous	Future				Total
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s	
		Hermitage Primary School	174	45	0	0	0	219
		Homeless Houses - Housing Quality Standard	12	38	0	0	0	50
		Internal Refurbishment Budget	0	200	0	0	0	200
		Islay High School	4,089	156	20	0	0	4,265
		John Logie Baird Primary School	517	268	75	0	0	860
		Kilchattan Primary School	171	101	25	0	0	297
		Kilchrenan Primary School	28	7	0	0	0	35
		Kilcreggan Primary School	494	69	50	0	0	613
		Kilmartin Primary School	17	103	0	0	0	120
		Kilmodan Primary School	198	38	0	0	0	236
		Kirn Primary School	54	10	0	0	0	64
		Legionella Control Works	78	32	0	0	0	110
		Lismore Primary School	61	20	0	0	0	81
		Lochgoilhead Primary School	177	21	50	0	0	248
		Oban High School	653	0	0	0	0	653
		Park Primary School	0	0	0	0	0	0
		Parklands School	161	7	0	0	0	168
		Port Charlotte Primary School	280	7	0	0	0	287
		Property Works - Contingency	229	59	0	0	0	288
		Rhunahaorine Primary	132	37	32	0	0	201
		Rosneath Primary School	631	52	2	0	0	685
		School Houses - Housing Quality Standard	325	153	0	0	0	478
		Southend Primary School	25	5	0	0	0	30
		St Joseph's Primary School	496	0	50	0	0	546
		St Mun's Primary School	237	33	150	0	0	420
		Tarbert High School	19	1	0	0	0	20
		Tiree High School	975	0	0	0	0	975
		Tiree Primary School	225	0	250	0	0	475
		Tobermory High School	867	0	120	60	0	1,047
		Toward Primary School	83	52	0	0	0	135
		Ulva Primary School	0	90	25	0	0	115
		Asset Sustainability Total	21,292	3,012	1,575	1,727	0	27,606

Head of Service	Category	Project	Previous				Future	Total
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s	
	Service Development	Bowmore Primary School - Pre Five Unit	5	23	0	0	0	28
		Bunessan Primary School - Gaelic Medium Improvements	0	5	25	0	0	30
		Bunessan Primary School - Pre Five Unit	10	0	0	0	0	10
		Clyde Cottage - 600 hours provision	0	387	26	0	0	413
		Craignish Primary School - Pre Five Extension (600 hours funding)	189	203	25	0	0	417
		Early Learning and Childcare	848	605	25	0	0	1,478
		Iona Primary School - Pre Five Unit (600 hours funding)	322	138	14	0	0	474
		Islay High & Rosneath PS Pitches	0	5	695	0	0	700
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	346	42	0	0	0	388
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	346
		Sandbank Gaelic Pre Five Unit	0	361	0	0	0	361
		Tarbert High School - Biomass enabling work	0	35	0	0	0	35
	Service Development Total		2,061	1,809	810	0	0	4,680
	Strategic Change	Campbeltown Schools Redevelopment	1,390	435	0	0	0	1,825
		Dunoon Primary School	688	4,789	3,782	0	0	9,259
		Kirn Primary School	4,384	5,894	131	0	0	10,409
		Replacement of Oban High School	2,042	1,163	0	0	0	3,205
	Strategic Change Total		8,504	12,281	3,913	0	0	24,698
Education Total			31,857	17,102	6,298	1,727	0	56,984
Overall Total			31,857	17,102	6,298	1,727	0	56,984

Head of Service	Category	Project	Previous	2017-18			2018-19			2019-20			Future	Total
			Years	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	Years	
			£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Customer and Support Services	Asset Sustainability	Block Allocation	0	0	550	945	0	1,495						
		Computer Network Security	642	5	0	0	0	647						
		Corporate GIS Portal Rollout	125	1	14	17	0	157						
		MS Exchange & Doc Sharing	364	35	0	0	0	399						
		PC Replacement	2,740	360	0	0	0	3,100						
		Server Sustainability	233	50	0	0	0	283						
		Telecomms Network	907	172	0	0	0	1,079						
		Unified Communications and Video Conferencing	741	0	0	0	0	741						
		Asset Sustainability Total		5,752	623	564	962	0	7,901					
	Service Development	Applications Projects	961	212	0	0	0	1,173						
Property Management System		83	5	0	0	0	88							
Service Development Total			1,044	217	0	0	1,261							
Customer and Support Services Total			6,796	840	564	962	0	9,162						
Overall Total			6,796	840	564	962	0	9,162						

Head of Service	Category	Project	Previous	Future			Total	
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's		Years £'000s
Facility Services	Asset Sustainability	Aqualibrium	28	0	0	0	0	28
		Argyll House, Dunoon	48	202	6	0	0	256
		Asbestos Capital Property Works	72	17	0	0	0	89
		Block Allocation	0	163	305	525	0	993
		Bowmore Area Office	36	1	0	0	0	37
		Burnett Building	74	2	0	0	0	76
		Capital Property Works 16/17	68	14	0	0	0	82
		Castle House, Dunoon	45	10	1	0	0	56
		Dunoon Office Rationalisation	3	220	7	0	0	230
		Eaglesham House, Rothesay	63	8	0	0	0	71
		Fire Risk Assessment Works 16/17	0	50	0	0	0	50
		High Street, Rothesay	14	0	0	0	0	14
		Hill Street Dunoon Rewire	2	32	1	0	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Jura Service Point	20	0	0	0	0	20
		Kilarrow House	120	7	0	0	0	127
		Kilmory Castle	241	150	5	0	0	396
		Kilmory Castle 2012-13	142	1	0	0	0	143
		Legionella Capital Works 16/17	8	31	0	0	0	39
		Legionella Control Works	0	400	400	200	0	1,000
		Lorn House, Oban	96	7	0	0	0	103
		Manse Brae District Office	0	63	2	0	0	65
		Manse Brae Roads Office	34	36	2	0	0	72
		Mill Park Depot	72	1	0	0	0	73
		Oban Municipal Buildings	234	10	0	0	0	244
		Oban Office Rationalisation	0	3	0	0	0	3
		Old Quay Head Offices, Campbeltown	28	6	0	0	0	34
		Tobermory Area Office	38	69	2	0	0	109
		Union Street, Rothesay	76	2	0	0	0	78
		Whitegates Office, Lochgilphead	30	6	0	0	0	36
Willowview Oban	19	5	0	0	0	24		
Asset Sustainability Total			1,611	1,555	731	725	0	4,622

Head of Service	Category	Project	Previous				Future	
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s	Total £000s
	Strategic Change	Asset Management Fund	0	2,000	0	0	0	2,000
		Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	1,538	464	14	0	0	2,016
		Carbon Management Business Cases (FPB)	201	60	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	11,364	474	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	399	89	0	0	0	488
		NPDO Schools Solar PV Panel Installations	723	221	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Tiree Shared Offices	0	10	0	0	0	10
	Strategic Change Total		16,084	3,447	14	0	0	19,545
	Area Committee	Area Committee	25	44	0	0	0	69
	Area Committee Total		25	44	0	0	0	69
Facility Services Total			17,720	5,046	745	725	0	24,236
Overall Total			17,720	5,046	745	725	0	24,236

Head of Service	Category	Project	Previous				Future	Total
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s	
Economic Development	Service Development	Fionnphort Village Hall Link	13	0	0	0	0	13
		Kilmartin House	0	0	0	200	200	400
		NVA	0	250	0	0	0	250
		Safe Streets, Walking and Cycling (CWSS)	377	127	8	9	0	521
		SPT	937	475	0	0	0	1,412
	Service Development Total		1,327	852	8	209	200	2,596
	Strategic Change	01 TIF - Lorn/Kirk Road	110	128	0	0	0	238
		05 TIF - North Pier Extension	185	375	0	0	0	560
		09 TIF - Oban Airport Business Park	426	164	0	0	0	590
		CHORD - Campbeltown	3,460	1,326	0	0	0	4,786
		CHORD - Dunoon	2,248	7,650	769	1,254	0	11,921
		CHORD - Helensburgh -Public Realm Imprv	6,365	865	0	0	0	7,230
		CHORD - Oban	3,740	3,991	226	0	0	7,957
		CHORD - Rothesay	661	5,779	6,105	0	0	12,545
		Dunoon CARS	0	500	0	0	0	500
		Glengorm Wind Turbine	393	44	0	0	0	437
		Helensburgh Waterfront Development	244	530	250	2,679	14,684	18,387
		Hermitage Park	53	0	0	0	0	53
		OBC for Dunoon Pier	2,834	-4	0	0	0	2,830
		Rothesay THI	0	200	0	0	0	200
		Strategic Change Total		20,719	21,548	7,350	3,933	14,684
Economic Development Total			22,046	22,400	7,358	4,142	14,884	70,830
Overall Total			22,046	22,400	7,358	4,142	14,884	70,830

Head of Service	Category	Project	Previous				Future		
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s	Total £000s	
Roads and Amenity Services	Asset Sustainability	Astro Pitch Repairs	15	715	20	0	0	750	
		Block Allocation	0	513	2,804	5,000	0	8,317	
		Bridge Strengthening	1,799	772	-133	250	0	2,688	
		Castle Lodge Building Works	34	96	0	0	0	130	
		Cemetery Houses	32	18	0	0	0	50	
		Environmental Projects	358	387	0	0	0	745	
		EV Quick Chargers	440	-40	0	0	0	400	
		Fleet Management	6,182	35	0	0	0	6,217	
		Flood Prevention	322	20	191	0	0	533	
		Footpath Improvements	0	500	0	0	0	500	
		Furnace Coastal Protection	122	22	0	0	0	144	
		Glengorm - Capping	48	152	0	0	0	200	
		Lighting	1,318	70	315	0	0	1,703	
		Public Convenience Upgrades	0	66	0	0	0	66	
		Roads Reconstruction	24,200	3,000	500	0	0	27,700	
		Tarbert All Weather Sports Pitch	103	67	0	0	0	170	
		Traffic Management	301	67	0	0	0	368	
	Asset Sustainability Total			35,274	6,460	3,697	5,250	0	50,681
	Service Development		A849 Pennyghael Bridge Mull	127	4	0	0	0	131
			Campbeltown Old Quay	1,376	48	0	0	0	1,424
			Cycleways - H&L (FSPT)	2,267	201	154	0	0	2,622
			Preliminary design for Regional Transport projects (tif)	192	20	9	0	0	221
	Service Development Total			3,962	273	163	0	0	4,398
	Strategic Change		Campbeltown Flood Scheme	4	76	0	0	0	80
			Kintyre Renewables Hub (FGPB)	11,382	733	0	0	0	12,115
			Pier Upgrades	0	290	0	10	0	300
			Street Lighting LED Replacement	1,012	2,700	0	188	0	3,900
Strategic Change Total			12,398	3,799	0	198	0	16,395	
Roads and Amenity Services Total			51,634	10,532	3,860	5,448	0	71,474	
Overall Total			51,634	10,532	3,860	5,448	0	71,474	

Head of Service	Category	Project	Previous				Future	Total		
			Years	2017-18	2018-19	2019-20	Years			
			£000's	£000's	£000's	£000's	£'000s	£000s		
Live Argyll	Asset Sustainability	Aqualibrium	168	202	0	0	0	370		
		Bute Community Education Centre	9	141	10	0	0	160		
		Campbeltown Museum - Burnet Bldg	79	27	0	0	0	106		
		Capital Property Works	97	13	0	0	0	110		
		Community Centres General - Options Appraisal	9	6	0	0	0	15		
		Corran Halls, Oban	526	4	0	0	0	530		
		Dunoon Community Education Centre	159	33	50	0	0	242		
		Lochgilphead Community Ed Centre	31	188	12	0	0	231		
		Moat Centre	0	94	6	0	0	100		
		Oban Library (Leased Property)	0	60	0	0	0	60		
		Rothesay Swimming Pool	118	213	14	0	0	345		
		Victoria Halls, Campbeltown	589	47	4	0	0	640		
		Victoria Halls, Helensburgh	225	55	2	0	0	282		
		Asset Sustainability Total			2,010	1,083	98	0	0	3,191
			Service Development	Archives - Wee Manse Brae	41	87	0	0	0	128
				Riverside Leisure Centre Refurbishment	1,041	0	0	0	0	1,041
	Service Development Total		1,082	87	0	0	0	1,169		
	Strategic Change	Carbon Management	13	37	0	0	0	50		
	Strategic Change Total		13	37	0	0	0	50		
Live Argyll Total			3,105	1,207	98	0	0	4,410		
Overall Total			3,105	1,207	98	0	0	4,410		

TREASURY MANAGEMENT MONITORING REPORT 28th FEBRUARY 2018

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's treasury management position for the period 1 January 2018 to 28 February 2018 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 Borrowing is below the Capital Financing Requirement for the period to 28th February 2018, however, there are substantial internal balances, of which £67.9m is currently invested.
- 1.3 The net movement in external borrowing in the period was a decrease of £4m.
- 1.4 The levels of investments were £67.9m at 28 February 2018. The rate of return achieved was 0.561% which compares favourably with the target of 7 day LIBID which was 0.360%.
- 1.5 As part of the preparation for the introduction of the Markets in Financial Instruments Directive II on 3 January 2018 the Council has exercised its option to opt up to Professional Status to allow the treasury management function to continue to access Money Market Funds and other financial instruments.

TREASURY MANAGEMENT MONITORING REPORT 28 FEBRUARY 2018

2. INTRODUCTION

2.1 This report sets out the Council's treasury management position for the period 1 January 2018 to 28 February 2018 and includes information on:

- Overall Borrowing Position
- Borrowing Activity
- Investment Activity
- Economic Background
- Interest Rate Forecast
- Prudential Indicators.

3. DETAIL**Overall Borrowing Position**

3.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2018. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2017/18 £000's	Budget 2017/18 £000's	Forecast 2018/19 £000's	Forecast 2019/20 £000's
CFR at 1 April	253,910	257,324	290,988	291,679
Net Capital Expenditure	47,485	57,710	10,891	(1,922)
Less Loans Fund Principal Repayments	(8,399)	(8,399)	(8,083)	(6,964)
Less: NPDO Repayment	(2,008)	(2,008)	(2,117)	(2,268)
Estimated CFR 31 March	290,988	304,627	291,679	280,525
Less Funded by NPDO	(124,059)	(124,059)	(122,051)	(119,934)
Estimated Net CFR 31 March	166,929	180,568	169,628	160,591
Estimated External Borrowing at 31 March	158,609	153,490	153,109	146,609
Gap	8,320	27,078	16,519	13,982

3.2 Borrowing is below the CFR for the period to 31 March 2018. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment / credit worthiness risks.

3.3 The Council's estimated net capital financing requirement at the 28th February 2018 is £166.9m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly

the General Fund) of which £67.9m is currently invested.

	Position at 31/12/2017 £000's	Position at 28/02/18 £000's
Loans	172,396	172,376
Internal Balances	84,628	62,515
Less Investments & Deposits	(79,526)	(67,962)
Total	177,498	166,929

Borrowing Activity

	Actual £000's
External Loans Repaid 1st January 2018 to 28th February 2018	(3,872)
Borrowing undertaken 1st January 2018 to 28th February 2018	40
Net Movement in External Borrowing	(3,832)

3.5 The external borrowing of the Council decreased by £3.832m during the period, due to the repayment of Public Works Loans Board borrowing of £3.8m.

3.6 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 31st December 2017	571	0.05%
Temp borrowing at 28th February	590	0.05%

Investment Activity

3.7 The average rate of return achieved on the Council's investments to 28 February 2018 was 0.561% compared to the average LIBID rate for the same period of 0.360% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 28 February 2018 the Council had £67.9m of short term investments at an average rate of 0.561%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank Instant	Instant Access	461	0.50%	Short Term A-2, Long Term BBB+
BOS Corp	Instant Access	0	0.40%	Short Term A-1, Long Term A
Goldman Sachs	95 Day	5,000	0.78%	Short Term A-1, Long Term A+
Qatar National Bank	29/03/2018	5,000	0.86%	Short Term A-1, long Term A
Qatar National Bank	03/04/2018	2,500	0.83%	Short Term A-1, long Term A
Goldman Sachs	95 Day	2,500	0.88%	Short Term A-1, Long Term A+
RBS CD	13/04/2018	5,000	0.65%	Short Term A-2, Long Term BBB+
RBS CD	25/05/2018	2,501	0.63%	Short Term A-2, Long Term BBB+
Commonwealth Bank of Australia	21/06/2018	5,000	0.52%	Short Term A-1+, Long Term AA-
Commonwealth Bank of Australia	07/08/2018	2,500	0.52%	Short Term A-1+, Long Term AA-
Santander	05/03/2018	5,000	0.45%	Short Term A-1, Long Term A
Helaba Landesbank	12/09/2018	5,000	0.54%	Short Term A-1, Long Term A
Toronto Dominion	23/10/2018	5,000	0.70%	Short Term A-1+, Long Term AA-
Bank of Scotland	29/05/2018	5,000	0.65%	Short Term A-1, Long Term A
Bank of Scotland	18/12/2018	2,500	0.85%	Short Term A-1, Long Term A
Helaba Landesbank	04/01/2019	2,500	0.75%	Short Term A-1, Long Term A
MMF - BNP Paribas	Call	5,000	0.40%	AAA
MMF- Federated	Call	2,500	0.00%	AAA
MMF - Insight	Call	0	0.00%	AAA
MMF - Standard Life (formerly Ignis)	Call	5,000	0.00%	AAA
MMF - Invesco AIM	Call	0	0.00%	AAA
MMF - Legal and General	Call	0	0.00%	AAA
ENH MMF - Federated Cash Plus (T+1)	T+1	0	0.00%	AAA
ENH MMF - Standard Life Short Duration (T+3)	T+3	0	0.00%	AAA
Total		67,962		

- 3.8 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 3.10 As part of the preparation for the introduction of the Markets in Financial Instruments Directive II on 3 January 2018 the Council has exercised its option to opt up to Professional Status to allow the treasury management function to continue to access Money Market Funds and other financial instruments.

Economic and Interest Rate Forecasts

- 3.11 The latest economic background is shown in appendix 1 with the interest rate forecast in appendix 2.

Prudential Indicators

- 3.12 The prudential indicators for 2017-18 are attached in appendix 3.

4. CONCLUSION

- 4.1 The Council's borrowing decreased by £3.832m, it is below the Capital Financing Requirement for the period to 28 February 2018. There are substantial internal balances, of which £67.9m is currently invested. The investment returns were 0.561% which is above the target of 0.360%.

5. IMPLICATIONS

- | | | |
|-----|--------------------|-------|
| 5.1 | Policy – | None. |
| 5.2 | Financial - | None |
| 5.3 | Legal - | None. |
| 5.4 | HR - | None. |
| 5.5 | Equalities - | None. |
| 5.6 | Risk - | None. |
| 5.7 | Customer Service - | None. |

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Appendix 1 – Economic Background
Appendix 2 – Interest Rate Forecast
Appendix 3 – Prudential Indicators

Appendix 1

Economic Background

This section has been provided by Capital Economics and therefore includes their views and opinions of future trends and events.

During the quarter ended 31 December 2017:

- The economy maintained a mediocre pace;
 - Employment fell, but there were some signs of a pick-up in wage growth;
 - Headline inflation reached its highest since March 2012;
 - The MPC hiked Bank Rate for the first time in a decade;
 - The Chancellor provided a bigger-than-expected Budget giveaway;
- The European Commission gave the green light to progress to the second phase of Brexit negotiations.

The economy looks to have broadly maintained its fairly mediocre pace in the fourth quarter. Indeed, the Markit/CIPS all-sector PMI points to growth of between 0.4% and 0.5%. The CBI's monthly growth indicator rose sharply in December, but the quarter average is consistent with a similar pace of growth.

With the latest Quarterly National Accounts confirming that the economy grew by 0.4% in Q3 of 2017, full-year growth is likely to come in at about 1.8%. What's more, the breakdown revealed a more balanced growth picture for Q3, with business investment growth revised up to 0.5% q/q and net trade's contribution nudged up from an initial estimate of a 0.5% drag on GDP growth, to a neutral 0.0%. However, consumer spending growth of 0.5% q/q still outpaced the 0.2% increase in households' real disposable incomes on the quarter so the household saving ratio fell from 5.6% in Q2 to 4.5%.

The early evidence suggests that the breakdown of Q4 growth will reveal that consumer spending growth remained relatively robust again. After all, retail sales values rose by 1.1% in November alone. However, with Black Friday and Cyber Monday distorting the figures somewhat, (the ONS do not currently seasonally adjust for these discounting periods), it is hard to get a clear reading. Note also that new car registrations fell in the three months to November and this will drag on overall consumer spending.

The official output figures for October paint a fairly encouraging picture. Admittedly, the services sector appears to have been the key driver of growth, with the construction sector mired in recession. But the manufacturing sector looks set to have put in another good performance over Q4 as a whole.

Meanwhile, the jobs market showed some signs of weakening in Q4. While the unemployment rate held steady at 4.3% in the three months to October, this was largely a result of a shrinking workforce. Indeed, employment fell by 56,000 over the same period. This decline was predominantly driven by a drop in the number of self-employed workers.

The survey evidence suggests that this weakening should prove to be a temporary blip. Indeed, all of the surveys that we track point to growth in employment accelerating significantly from the current 1% rate. What's more, the, (admittedly experimental), ONS single-month estimates suggest that much of the recent fall in employment was due to an unusually weak sample in the first month of each quarter.

More encouragingly, there has been some evidence of a strengthening in wage growth. Headline underlying annual wage growth, (three-month average excluding bonuses - the measure which the MPC focuses on), rose to 2.3% in October. In addition, the single-month estimate picked up to 2.4%, the strongest figure since December 2016. Given signs of recruitment difficulties, and a rise in some survey measures of private-sector pay settlements, some acceleration in nominal pay growth looks probable over the coming quarters.

However, wage growth is still being outpaced by inflation. CPI inflation rose to 3.1% in November, forcing Bank of England Governor Mark Carney to write to the Chancellor to explain why inflation has deviated by more than 1% from the 2% target for the first time since October 2016, (when inflation was just 0.9%). The largest upward contribution came from airfares, which fell by less than they did last year.

Nonetheless, there are some tentative signs that inflation has now peaked. For a start, despite an up-tick in November, producer input price inflation has fallen back markedly from the 20% or so rates seen in early 2017. What's more, the peak impact of the pound's depreciation on imported goods inflation now also looks to have passed. In addition, a weighted average of global agricultural commodity prices and domestic food producer prices suggests that food price inflation could ease a bit over the coming months.

However, the rise in oil prices from \$58 per barrel at the end of Q3, to over \$66pb at the end of Q4, will put some renewed upward pressure on firms' costs. Rising wholesale energy prices, if passed onto consumers, will also result in the contribution to overall inflation picking up from retail gas and electricity prices. Nonetheless, we think that these factors are only likely to prevent a quicker fall-back in CPI inflation, rather than push it higher in the near term.

The MPC pressed ahead with its first increase in Bank Rate for ten years in November. This did not come as a surprise, though, given that it had been strongly signalled in advance at the September MPC meeting, and had been over 90% priced into markets. The relatively dovish tone of the Inflation Report suggested that any further rate rises would be extremely limited, and might not come for some time. Indeed, the Governor appeared to broadly endorse the market curve underpinning

the Inflation Report forecasts, which is for two further hikes over the next three years (2017-19). This is in contrast to the consensus of economists, which expects one or two hikes in 2018 alone.

December's MPC minutes did not provide any hints of when the next hike will come. The decision to leave rates on hold was unanimous, and while it was too early to fully judge the impact of the previous month's hike, the initial reaction had been broadly in line with previous experience.

Nonetheless, the MPC sounded a bit more optimistic about Brexit in December, noting that recent progress in negotiations had reduced the "likelihood of a disorderly exit" from the EU. Indeed, the European Council gave the green light to move to the second phase of the negotiations, which will focus on a transitional deal and future arrangement. A transition is likely to consist of around two-years of continued single market and customs union membership, albeit without UK participation in the decision making governing institutions.

Unless specific solutions to overcoming the hard border between Northern Ireland and the Republic of Ireland can be found, then the Government's pledge to maintain full regulatory alignment between Northern Ireland and the Republic of Ireland points to a softer form of Brexit. In addition, the fact that Parliament will have a binding vote on the Withdrawal Bill suggests that the prospect of a no-deal Brexit has diminished. Nonetheless, given the Government's ambiguity, the future relationship still remains uncertain. The next key milestone will be March's European Council meeting, where progress towards agreeing a transition deal will be assessed.

Meanwhile, the MPC estimated that the impact of the policy decisions taken at the Chancellor's Autumn Budget would add around 0.3% to GDP over the next three years, and boost CPI inflation by 0.1pp. Granted, this is not especially large, but all else equal, it might point to slightly more monetary tightening than otherwise. It was somewhat surprising that the Chancellor was able to provide such a giveaway, amounting to some £10bn in 2019-20, while still adhering to his fiscal rules, (albeit with a smaller margin of around £15bn against his fiscal target, compared to £26bn in March.)

The swingeing downgrades to the OBR's economic forecasts made the medium-term fiscal picture much worse. However, the Chancellor was able to use some accounting tricks to pay for almost all of the giveaway due to the re-classification of housing associations from the public to the private sector. Key components of the package included extra spending on the NHS, the abolition of stamp duty for most first time buyers, the freezing of most excise duties, extra spending on homebuilding and changes to the universal credit system.

Meanwhile, in financial markets, sterling depreciated by 0.3% on a trade-weighted basis over Q4. While it appreciated by 0.2% against the US dollar, this was offset by a fall against the euro. Equities put in a good performance, with the FTSE 100 rising by 4.3% on the quarter. Note too that this was not just currency effects, as the FTSE UK local index, which only includes firms that generate more than 70% of their sales

domestically, rose by the same amount. Despite Bank Rate rising for the first time in over a decade, 10-year government bond yields actually fell in Q4, from 1.4% to just shy of 1.3%.

Internationally, the US Federal Reserve hiked interest rates by 25bp in December, as had been widely expected. This took the fed funds target range to 1.25%-1.5%. Despite factoring in the imminent fiscal stimulus as a result of President Trump's tax-plan, into the growth projections, the Fed still only expects there to be three more hikes in 2018. On the activity front, the economy looks set to have expanded at close to 3% annualised in the fourth quarter, similar to the rates of expansion seen in Q2 and Q3.

The eurozone economy continues to perform strongly, with surveys pointing to an acceleration in quarterly growth from 0.6% in Q3 to about 0.8% in Q4. However, the ECB does not appear to be in any rush to end asset purchases. With the inflation outlook still reliant on policy support, we expect the ECB to continue to buy assets for the whole of 2018, with no interest rate rise before September 2019.

Appendix 2

Interest Rate Forecast:

Our treasury management advisers, Link Asset Services have provided us with the following update to their interest rate forecasts.

Link Asset Services Interest Rate View													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

Link Asset Services undertook its last review of interest rate forecasts on 7 November after the quarterly Bank of England Inflation Report and MPC meeting. As expected, the MPC policy raised Bank Rate by 0.25% to 0.50%. The MPC also gave forward guidance that they expected to raise Bank Rate by 0.25% only twice more in the next two years to reach 1.0% by 2020. This was very much in line with previous guidance that Bank Rate would only go up very gradually and to a limited extent.

The overall balance of risks to economic recovery in the UK is probably currently to the downside due to the uncertainties around Brexit; however, given those uncertainties, there is a wide diversity of possible outcomes for the strength of economic growth and inflation, and the corresponding speed with which Bank Rate could go up.

APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2017/18	2017/18	2018/19	2019/20
(1). EXTRACT FROM BUDGET				
	Forecast	Original	Forecast	Forecast
	Outturn	Estimate	Outturn	Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	47,485	57,710	7,784	(1,922)
TOTAL	47,485	57,710	7,784	(1,922)
Ratio of financing costs to net revenue stream				
Non - HRA	7.21%	7.21%	7.03%	6.61%
Net borrowing requirement				
brought forward 1 April *	253,910	257,324	290,988	291,679
carried forward 31 March *	290,988	304,627	291,679	280,525
in year borrowing requirement	37,078	47,303	691	(11,154)
In year Capital Financing Requirement				
Non - HRA	37,078	47,303	691	(11,154)
TOTAL	37,078	47,303	691	(11,154)
Capital Financing Requirement as at 31 March				
Non - HRA	290,988	304,627	291,679	280,525
TOTAL	290,988	304,627	291,679	280,525
Incremental impact of capital investment decisions				
Increase in Council Tax (band D) per annum	£ p 128.26	£ p 15.72	£ p 16.34	£ p (4.03)

PRUDENTIAL INDICATOR	2017/18	2018/19	2019/20
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	208	208	199
other long term liabilities	133	133	133
TOTAL	341	341	332
Operational boundary for external debt -			
borrowing	203	203	194
other long term liabilities	130	130	130
TOTAL	333	333	324
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2017/18	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	80%	0%

RESERVES AND BALANCES – UPDATE AS AT 28 FEBRUARY 2018

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £93.115m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 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 the 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.
- 1.4 Of the earmarked balance of £41.519m:
- £24.610m is invested or committed for major initiatives
 - £4.359m has already been drawn down as at the end of February, with a further £2.003m drawn down during March.
 - £0.626m is still to be drawn down in 2017-18
 - £9.486m is planned to spend in future years and
 - £0.435m can be released back to the General Fund.

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The General Fund contingency is set at 2% of net expenditure for 2017-18. Over and above this there is an estimated surplus of £1.107m.

RESERVES AND BALANCES - UPDATE AS AT 28 FEBRUARY 2018**2. INTRODUCTION**

- 2.1 This report outlines current balances on all of the Council's reserves, both usable and unusable. It also provides detail on the monitoring of the earmarked balances within the General Fund.

3. DETAIL**3.1 Types of Reserves**

- 3.1.1 Usable Reserves - Councils have powers to establish certain resource backed reserves which can be used to fund expenditure. The powers of councils to establish reserves are laid out in Schedule 3 of the Local Government (Scotland) Act 1975. These allow councils to establish a Renewal and Repairs Fund, Insurance Fund and Capital Fund. Councils can also establish a Useable Capital Receipts Reserve. The Council must also maintain a General Fund and can earmark balances for specific purposes within the General Fund.

- 3.1.2 Unusable Reserves – Councils are also required to establish certain reserves that are not backed by resources. They are required purely for accounting purposes and do not represent resources available for councils to utilise. The Pensions Reserve, Revaluation Reserve, Capital Adjustment Account, Financial Instruments Adjustment Account and Accumulated Absences Account fall into this latter category of accounting reserves.

3.2 Reserve Balances At 31 March 2017

- 3.2.1 The balances on each type of reserve at 31 March 2017 are set out in the table below (updated after the Accounts were audited).

Reserve	£000
Unusable Reserves	
Revaluation Reserve	56,033
Capital Adjustment Account	195,007
Financial Instruments Adjustment Account	(3,836)
Pensions Reserve	(149,777)
Accumulated Absences Account	(4,312)
Total Unusable Reserves	93,115
Usable Reserves.....on next page	

Reserve	£000
Usable Reserves	
Repairs and Renewals Fund	896
Capital Fund	1,282
Usable Capital Receipts Reserve	2,782
General Fund	53,489
Total Usable Reserves	58,449
Total Reserves	151,564

- 3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed assets. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken at 31 March.
- 3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2017 can be analysed as follows:

	Balance 31/03/17 £000
Balance on General Fund as at 31 March 2016	52,417
Increase to General Fund balance at end of 2016-17	1,072
Earmarked Balances	(41,519)
Contingency allowance at 2% of net expenditure	(4,671)
Budget smoothing 2019-20	(4,000)
Unallocated balance as at 31 March 2017	3,299

3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2017, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/17	Invested or committed for major initiatives	Drawn-down to 2017-18 Budget as at 28/02/18	Drawn down to date in March 2017-18	Still to be drawn-down in 2017-18	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000		£000	£000	£000
Strategic Housing Fund	6,175	4,990	1,185		0	0	0
Investment in Affordable Housing	5,000	5,000	0		0	0	0
NPDO	2,805	2,265	0	540	0	0	0
Helensburgh Waterfront	5,579	5,579	0		0	0	0
ALIRI	4,453	4,284	112	57	0	0	0
Asset Management Investment	2,492	2,492	0		0	0	0
Severance	2,322	0	23		0	2,299	0
Scottish Government Initiatives	674	0	284		3	387	0
Transformation	83	0	15	-15	0	83	0
CHORD	240	0	0		0	240	0
DMR – Schools	1,034	0	657	191	0	186	0
Energy Efficiency Fund	137	0	0		0	137	0
Existing Legal Commitments	919	0	0		0	919	0
Unspent Grant	666	0	240	12	54	360	0
Unspent Third Party Contributions	292	0	125		3	164	0
Other Previous Council Decisions	929	0	158	-27	-113	476	435
Unspent Budget	7,719	0	1,560	1,245	679	4,235	0
Total	41,519	24,610	4,359	2,003	626	9,486	435

3.3.3 There is one balance no longer required that can be released back to the General Fund and this relates to employability. In order to meet the Employability Team's ongoing contractual obligations until the end of 2017-18 the Council approved an earmarking of £456,000 in November 2015. Some of the earmarking was drawn down during 2016-17, however, the year-end position for 2017-18 is forecast to be a surplus of £113,626. This will result in a forecast balance within earmarking of £435,164 which is no longer required and can be released back to the General Fund. This figure will be finalised at the conclusion of 2017-18.

3.3.4 It is proposed that an element of the School DSM Carry forward budgets remain in earmarked reserves and are carried forward to 2018-19 as opposed to being

returned to schools as was done in previous years. At a time of national improvement in relation to raising attainment, this approach has been proposed following advice from the Head Teacher advisory group who agreed that this would provide best value for the Service and support the improvement agenda. The amount of £185,971 will continue to fund a PT Literacy and PT Numeracy for session 2018-19 and also the appointment of PT Health & Wellbeing for 2018-19.

3.3.5 Looking forward, the estimated unallocated General Fund balance at the end of 2017-18 is noted in the table below.

	£000	£000
Unallocated General Fund Balance as at 31 March 2017	3,299	
Budgeted surplus for 2017-18	193	
Revised Unallocated at beginning of 2017-18		3,492
<i>Supplementary Estimates Agreed during 2017-18:</i>		
2017-18 Pay Award funding agreed Council 28 September 2017	(123)	
Acquisition of land agreed Council 28 September 2017 – use of reserves up to £265k was approved, however, only £110k was required	(110)	
Dunoon BIDS agreed Council 30 November 2017	(100)	
		(333)
Estimated Release of employability earmarking agreed P&R 8 December 2017		435
<i>Agreed in February 2018 as part of Budget:</i>		
WW1 Commemorations Islay	(15)	
Extend Bute Advice Centre SLA for a further year and defer loan repayment until 31st March 2019	(22)	
One-off additional payment to ABCAB and defer loan repayment until 31st March 2019	(35)	
One-off additional payment to Kintyre Recycling	(18)	
Payment to MACPool of £15k (18-19) and £10k (19/20) to support delivery of expanded services through their proposed development project	(25)	
Adjustment to keep 2% contingency	(55)	
Release of £4m smoothing held against 2019-20	4,000	
Tranche 1 of Additional Budget announced on 31 January 2018	624	

Allocated to Capital Plan	(8,240)	
		(3,786)
Current Forecast Outturn for 2017-18 as at 28 February 2018		1,299
Estimated Unallocated General Fund Balance as at 31 March 2018		1,107

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund. As at the end of February 2018 the estimated unallocated General Fund balance is £1.107m.

5. IMPLICATIONS

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Equalities - None.
- 5.6 Risk - A contingency of £4.671m (2017-18)/£4.726m (2018-19) equivalent to 2% of net expenditure has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.7 Customer Service - None.

Kirsty Flanagan
Head of Strategic Finance
20 April 2018

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

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 28 February 2018 (includes March downloads to date)

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
001	Chief Executive Unit	Strategic Finance	CIPFA student fees, VAT training and equipment	33,500	12,449			21,051	7,718	0	13,333	To fund the professional training costs for two staff undertaking the CIPFA professional accountancy qualification, VAT training for staff in Strategic Finance as well as key staff in procurement and creditors and fund the replacement/upgrade of IT equipment necessary to ensure the efficient delivery of service.	20,167	6,667	6,666
002	Community Services	Formerly Community and Culture	Queen's Hall Soft Play	75,000				75,000	0	0	75,000	To fund the provision of a soft play area required as part of the CHORD redevelopment of the Queen's Hall.	0	75,000	0
003	Community Services	Community and Culture	Consultancy	40,000	40,000			0	0	0	0	Specialist consultancy required for the implementation of the Leisure and Libraries Trust.	40,000	0	0
004	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	150,000		35,000		115,000	115,000	0	0	To meet the cost of appealing NDR revaluations which will be imposed from 1st April 2017.	150,000	0	0
005	Customer Services	Customer Services	New Schools Project - Additional Monitoring	250,000		80,000		170,000	0	0	170,000	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance.	80,000	85,000	85,000
006	Customer Services	Customer and Support Services	Replacement of IRS system	30,000	22,000			8,000	8,000	0	0	Replacement of unreliable and insecure IRS system for room/resource bookings with modern system.	30,000	0	0
007	Customer Services	Facility Services	Management of Asbestos	270,000		31,057		238,943	58,943	0	180,000	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	90,000	90,000	90,000
008	Customer Services	Customer and Support Services	WSUS Servers	50,000	14,204	26,348		9,448	9,448	0	0	To fund the introduction of local Windows Services Update Servers (WSUS) to assist the Council with ensuring that essential updates are installed across the desktop and laptop estate much more quickly, thereby increasing IT security and with less adverse impact on bandwidth and user performance.	50,000	0	0
009	Customer Services	Improvement and HR	Training Centre Improvements	16,700				16,700	16,700	0	0	To fund the improvement of the Council's training facilities, including the purchase of new IT equipment which would increase the Council's training offering, allowing access to online, remote and multiple location webinar based learning.	16,700	0	0
010	Development & Infrastructure Services	Development & Infrastructure Services	Hermitage Park Pavilion	100,000				100,000	100,000	0	0	Funding to meet the unexpected additional cost associated with the construction of a new pavilion at Hermitage Park in Helensburgh.	100,000	0	0
011	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen	100,000				100,000	0	0	100,000	Essential maintenance work to be required out on the Arches in Inveraray.	0	100,000	0
012	Other	Other	Underwriting development of Rothesay Pavilion	1,000,000				1,000,000	0	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	0	1,000,000
013	Other	Other	New schools additional costs	750,000		750,000		0	0	0	0	Funding to meet additional costs identified as necessary to complete the refurbishment of Dunoon Primary School.	750,000	0	0
037	Chief Executive Unit	Strategic Finance	AAT Training programme, Audit plan resource and a Converting to Digital records project	42,000	482			41,518	7,518	0	34,000	AAT Programme - This is part of the Strategic Finance medium to long term plan to "Grow your own" to plan for succession and ensure the quality of service provided. Audit plan resource - Completion of the Audit plan is Strategically important, on a Corporate level, due to the reliance the external auditors place on the internal audit function. Due to long term sickness, the Audit team requires funding to delay the release of a member of staff who has been accepted for voluntary redundancy. This will ensure the Audit plan is successfully completed. Converting to Digital Records project - This project has been created to cover all the Income Maximisation finance files (Homecare/Adult care etc) to digital. This will be done by employing a temporary admin assistant. Once complete the efficiencies of information flow and access will generate savings	8,000	26,000	8,000

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
038	Integration Services	Adult Care	Autism Strategy	9,930	1,862			8,068	8,068	0	0	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2017-18 on planned training	9,930	0	0
039	Integration Services	Children and Families	Early Intervention (Early Years Change Fund)	40,435	40,435			0	0	0	0	Fund established in 2012/13 to be spent over more than one year. Expenditure plan has been prepared.	40,435	0	0
040	Community Services	Education	Developing Scotland's Young Workforce	10,250	10,250			0	0	0	0	Developing an Argyll & Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people.	10,250	0	0
041	Community Services	Education	Youth Employment Opportunities Fund	65,118	30,000			35,118	0	0	35,118	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	30,000	35,118	0
042	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	159,982	119,987			39,995	0	0	39,995	Additional revenue costs associated with development of new schools. Draw down as Schools project progresses and project costs are incurred.	119,987	39,995	0
043	Community Services	Community and Culture	Written in the Landscape Project	20,000	20,000			0	0	0	0	Written in the Landscape Project 2016-2018: A Project to Catalogue Argyll's Family and Estate Archives. The project will run until December 2018 and two Project Archivists will be employed to undertake the principal task of cataloguing and conservation. Funding for the project has come from a Heritage Lottery Fund (HLF) grant of £100,000 and the Council is required to commit a £30,000 contribution as match funding to the HLF grant for the duration of the project (£10K for each of the next three financial years).	20,000	0	0
044	Customer Services	Improvement and HR	Resourcelink Review	79,284	33,302	2,951		43,031	43,031	0	0	Fund the Resourcelink Project, which is improving efficiency and functionality in the Council's HR and payroll database. The RLS Project is underway and I deliver improved and remote clocking, health and safety records, learning and development records and functionality that supports the delivery of savings in HROD through automation and the removal of paper processes.	79,284	0	0
045	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	31,183	24,829			6,354	-4,040	0	10,394	Fund the Argyll and Bute Manager training programme which has been extended. Over 200 managers have been trained and the funding is being used to roll this out across all managers, with a further 3 cohorts having been enrolled in 2016/17 for training to take place in 2017/18. Once full coverage has been achieved the training will become part of business as usual for Learning and Development.	20,789	10,394	0
046	Customer Services	Improvement and HR	Learning and Development	91,638	47,491			44,147	13,601	0	30,546	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period.	61,092	30,546	0
047	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	203,819	41,186	3,752		158,881	-22,829	0	181,710	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. Includes funding for a temporary Growing Our Own development officer, who has been in post since September 2016 to co-ordinate the programme.	22,109	181,710	0
048	Customer Services	Improvement and HR	Leadership Development	32,282				32,282	21,522	0	10,760	Support a programme of enhanced leadership development for both senior and team leaders, building on the skills that they already have and ensuring that they are prepared and able to meet the challenges of transformation that that council is facing.	21,522	10,760	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
049	Customer Services	Improvement and HR	Service Choices HR Team	55,380	22,756			32,624	0	0	32,624	Fund a Service Choices team in HR to manage the HR process of redundancy, redeployment, retirement, contractual change and service re-design. This was agreed by Policy and Resources Committee on 20 August 2015. The Service Choices Programme is in its final year of implementation and the team are continuing to deal with redeployment, revised contracts and redundancy related to Year 3 implementation. The team will also pick up any employee related changes emerging from transformation or other service change.	22,756	32,624	0
050	Customer Services	Customer and Support Services	Pathfinder North - Scottish Wide Area Network Implementation	100,000				100,000	100,000	0	0	One-off costs to cover additional costs associated with the delay in the implementation of the new Scottish Wide Area Network (SWAN) connections under the new contract with Capita.	100,000	0	0
051	Customer Services	Customer and Support Services	Discretionary Housing Payments	19,918				19,918	19,918	0	0	Additional funding from the Scottish Government for the 2014-15 allocation for Discretionary Housing Payments, agreed that this underspend can be carried forward to supplement monies available for DHPs in 2015-16 as it is expected that the allocation will reduce and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 16 March 2017 and recommended that the remaining balance be carried forward into 2017-18 to allow current priorities to be maintained.	19,918	0	0
052	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	52,809	34,214			18,595	18,595	0	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2017.	52,809	0	0
053	Customer Services	Facility Services	Campbeltown Office Rationalisation	4,500				4,500	4,500	0	0	The Campbeltown Office Rationalisation has seen around 100 staff displaced from Witchburn Road to Kintyre House. The balance of the funding is to fund the move for the Assessors equipment and materials from Witchburn Road.	4,500	0	0
054	Customer Services	Facility Services	Asbestos Management	88,844	88,288	556		0	0	0	0	Asbestos survey to be carried out for all of the Council properties. Reserves were approved to fund a 3 year programme of asbestos works, the original amount earmarked was £513k.	88,844	0	0
055	Customer Services	Governance & Law	WW1 Commemoration Event	25,000	25,000			0	0	0	0	It was previously agreed at Council on 24 September 2015 to earmark monies to partly fund the WWI commemoration event, to be accommodated from within the Customer Services outturn position.	25,000	0	0
056	Customer Services	Governance & Law	Local Government Elections	273,429	232,895	1,319		39,215	39,215	0	0	The Scottish Local Government Elections will take place on Thursday 4th May 2017, the Council has a statutory duty to meet the costs of the election.	273,429	0	0
057	Customer Services	Customer and Support Services	Digital Transformation	172,000	37,045	11,908		123,047	0	0	123,047	To fund the development of 11 digital transformation options and to support the work of the Transformation Board. Earmarking was approved by Council in February 2017.	48,953	123,047	0
058	Customer Services	Customer and Support Services	Customer Contact Centre Replacement	32,316	32,316			0	0	0	0	Policy and Resources Committee Decision of 19 March 2015. Revenue budget approved to fund the additional one-off revenue requirements to replace the Customer Contact systems. The balance is required to meet one off service choices saving in 2017-18 on system maintenance costs.	32,316	0	0
059	Development & Infrastructure Services	Executive Director of Development & Infrastructure Services	Transformational Change	94,001	94,001			0	0	0	0	This project seeks to accelerate the delivery of transformational changes in service delivery and operational efficiency. The fund will cover the costs of project management support. The potential savings achieved through changes to service delivery and operational efficiencies will exceed the costs incurred and deliver long term benefits to the Council and its customers.	94,001	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
060	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	132,000	30,844			101,156	0	0	101,156	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date.	30,844	89,156	12,000
061	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	115,500	34,483			81,017	0	0	81,017	To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. Work is progressing with a pilot phase. ELM is currently live with two teams in the Helensburgh and Lomond area, with colleagues in IT in the process of testing the system.	34,483	81,017	0
062	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	130,000				130,000	0	0	130,000	Will be used towards long term waste management model, including but not limited to scoping work for the creating of a waste transfer station at Blackhill.	0	130,000	0
063	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	750,000		301,321		448,679	0	0	448,679	Maintenance of 3G Pitches across Argyll & Bute.	301,321	397,000	51,679
064	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40,000				40,000	0	0	40,000	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014.	0	40,000	0
065	Development & Infrastructure Services	Economic Development	Hermitage Park HLF	245,000	200,000			45,000	45,000	0	0	The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities. This will be achieved through the following : 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls, 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors, 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park, 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.	245,000	0	0
066	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306,400				306,400	0	0	306,400	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	0	306,400	0
067	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	1,218,487	229,387			989,100	0	0	989,100	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	229,387	989,100	0
068	Development & Infrastructure Services	Economic Development	Amberg-Sulzbach	10,000	3,557	779		5,664	5,664	0	0	One off funding to be set aside for the celebration of the 50th anniversary of the twinning arrangement between Argyll and Bute and Amberg-Sulzbach	10,000	0	0
069	Development & Infrastructure Services	Planning and Regulatory Services	Advice Services	30,540	30,540			0	0	0	0	To provide certainty to existing providers while a review of advice services within Argyll and Bute is completed. Budget provision was approved by Council on 12 February 2015.	30,540	0	0
070	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	19,910				19,910	0	0	19,910	To be used for the Marine Related Infrastructure Requirements Study which was mentioned in the Oban Strategic Development Framework and the Main Issue report (FQ4 2017/18). Remainder will be used for publicity and printing for the proposed LDP & associated documents.	0	19,910	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
071	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	64,361				64,361	64,361	0	0	Will be used towards Waste Management longer term model. Delay in introduction of comingled collection due to legal issues that remain to be resolved, however monies will be required for waste management longer term model.	64,361	0	0
072	HQ Non Dept	n/a	Community Resilience Fund	88,327	5,866	69		82,392	0	82,392	0	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	0	Contingency balance - no spending plan for earmarked balance.	88,327
				7,719,843	1,559,669	1,245,060	0	6,160,174	679,933	82,392	4,152,789				

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****24 MAY 2018**

BUDGET OUTLOOK 2019-20 TO 2021-22

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2019-20 to 2021-22 taking into consideration the budget decisions taken in February 2018. This is the first outlook of the financial year and is mainly a roll forward of assumptions used as part of the budget process. The assumptions will be updated and refined as the year progresses.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 It is very difficult to estimate the future Scottish Government funding levels with any degree of accuracy. It would appear, due to the more favourable settlement for 2018-19 that there has been more recognition of the challenges facing Local Government and it is hoped that future settlements will not be reduced as much as the cut in 2016-17 and 2017-18. I consider a prudent estimate to be in the range of 1.5% (best case) and 3.2% (worst case) with a mid-range of 2.35%.
- 1.4 The Council tax base has been assumed to grow by between 0.25% and 0.75%, with a mid-range of 0.50%. In terms of an increase to Council Tax, I have assumed that the Council would wish to increase the Council Tax by 3% in both the mid-range and best case scenarios. I have assumed no increase in the worst case scenario. This is a matter for Council to decide. In terms of presentation within the report, I have shown the Council Tax increase after the initial budget gap and factored the increase into one of the measures to balance the budget.
- 1.5 The approved budget for 2018-19 has been used as the base budget with the following changes:
- Remove budget allocation of £0.260m in support of the One Council approach to property. The amount allocated in 2018-19 was for 2018-19 and 2019-20.
 - Add back one-off project savings of £0.249m.
 - Reduce the funding to Argyll and the Isles Tourism Co-operative by £0.010m in 2019-20 as previously agreed and in the best case scenario it has been assumed that the funding will cease beyond 2019-20 and in the worst case and mid-range scenarios it has been assumed that the funding will continue at the 2019-20 level.
- 1.6 The assumptions in respect of employee costs for Council services are as follows:

- Pay award of between 1.5% and 2.5%, with mid-range at 2%.
 - Increments between zero and £0.664m with mid-range £0.332m.
- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios, with an additional 1% general inflation built into the worst case scenario.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
 - New Schools Unitary Charges
 - Asbestos Management Plan
 - Carbon Reduction Scheme
 - Renewal of School and Public Transport Contracts Mid Argyll
 - Local Plan Enquiry
 - Waste PP Financial Model
 - Undeliverable saving as part of longer term Catering and Cleaning redesign in respect of the distribution hub.
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2018 indicative allocations equal to the 2018-19 allocation were agreed for 2019-20 and 2020-21. This flat cash basis has been reflected within the mid-range scenario. In order to demonstrate different scenario options, I have assumed a reduction to the Health and Social Care Partnership equal to the Scottish Government estimated funding reduction for the best case scenario and for the worst case scenario, assumed a year on year increase equal to the increased funding in 2018-19 (£0.844m). These are only assumptions and there also needs to be recognition that Social Work services cost pressures are proportionately higher than other Council Services due to more older people and those with greater complex needs.
- 1.11 A report on the Leisure and Libraries Trust Financial Agreement was presented to the Policy and Resources Committee on 17 August 2017. The Committee agreed the management fee for three full financial years to 2020-21. The increase between 2018-19 and 2019-20 is £0.093m and a further increase of £0.096m in 2020-21. This represents a 2.6% increase year on year and this has been assumed for 2021-22. The increases are the same across all three scenarios.
- 1.12 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the three year period of £22.561m with a gap of £6.570m in 2019-20.

- 1.13 The measures to balance the budget over the next three years are as follows:
- Loans charges profiling reduction offset by borrowing charges to fund the additional £2.8m allocation for roads capital works in 2019-20.
 - Proposed increase to fees and charges of between 1% and 5% (3% mid-range).
 - Service choices savings in respect of longer term redesign of catering and cleaning service agreed in February 2016 to be delivered by 2021-22.
 - Management/Operational savings already agreed in October 2017.
 - Policy Savings already agreed February 2018.
 - Proposed increase to Council Tax (3% in mid-range and best case scenario, no increase in worst case scenario).
 -
- 1.14 In the mid-range scenario, the budget gap estimated, after measures to balance the budget, over the three year period 2019-20 to 2021-22 is £13.188m with a gap of £2.506m in 2019-20.
- 1.15 In contrast, the budget gap in the best case scenario over the three years is £1.193m with a surplus of £1.488m in 2019-20 and in the worst case scenario, the budget gap over the three years is £31.290m with a gap of £8.487m in 2019-20.
- 1.16 The Transformation Board have been exploring opportunities to protect/mitigate against future budget gaps and proposals will be brought forward in due course.
- 1.17 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2019-20 to 2021-22.

BUDGET OUTLOOK 2019-20 TO 2021-22

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2019-20 to 2021-22 taking into consideration the budget decisions taken in February 2018. This is the first outlook of the financial year and is mainly a roll forward of assumptions used as part of the budget process. The assumptions will be updated and refined as the year progresses.
- 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 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2019-20 to 2021-22.

4. DETAIL**4.1 Funding****Scottish Government Finance Settlement**

- 4.1.1 The Local Government finance settlements continue to be for one year only and this does not provide any certainty for future years. The last two years have also seen additional funding distributed at the last stage of the budget process which whilst welcome, does undermine estimated planning assumptions and makes it difficult to plan given uncertainty over whether similar announcements will be repeated in future settlements.
- 4.1.2 For 2018-19 an additional £159.5m Scotland wide (our share £2.884m) was added to the provisional settlement, paid in two tranches, the first tranche of £0.624m in 2017-18 and the second tranche of £2.260m in 2018-19. It has not been confirmed whether all, or part, of this funding will be baselined. For the budget outlook, I have assumed that the 2018-19 element will be baselined.
- 4.1.3 In considering the level of future years funding, I have looked back across the three previous years.
- 2016-17 funding reduction of 4%
 - 2017-18 funding reduction of 4.4% before additional monies and

reduction of 3.2% after additional monies

- 2018-19 funding reduction of 2.6% before additional monies and reduction of 1.5% after additional monies and also taking into consideration settlement commitments.

4.1.4 There are also other factors to consider in terms of future years funding as follows:

- The distribution of the supporting people grant is to be reviewed during 2018-19 which has the potential to negatively affect the Council by up to £1.5m (a reduction of around 0.8% of current funding)
- The review of the floor mechanism (which protects Councils from the scale of funding reduction in any one year) was delayed last year but is to be reviewed this year and this could have implications for us as we are currently one of the authorities that benefits from the floor allocation. At this stage it is difficult to estimate any impact.
- The additional funding announced on 31 January 2018 and paid in 2017-18 has not been assumed to be part of the baseline going forward. Our share of the funding paid in 2017-18 was £0.624m and Scottish Government could take a decision that the total quantum of additional monies is baselined (an increase of around 0.3% of current funding).

4.1.5 As can be seen from the varying funding reductions over the last three years and also the other factors, it is very difficult to estimate the future funding levels with any degree of accuracy. There are no estimates by the Scottish Government that suggest potential scenarios. It would appear, due to the more favourable settlement for 2018-19 that there has been more recognition of the challenges facing Local Government and it is hoped that future settlements will not be reduced as much as the cut in 2016-17 and 2017-18. I consider a prudent estimate to be in the range of 1.5% (best case) and 3.2% (worst case) with a mid-range of 2.35%. I will keep this position under review and will revise as further intelligence becomes available.

4.1.6 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2019-20 £000	2020-21 £000	2021-22 £000
% Change to Funding	-2.35%	-2.35%	-2.35%
Estimated SG Funding Reduction	(4,489)	(4,384)	(4,281)
Estimated SG Funding	186,548	182,164	177,883

Council Tax

4.1.7 The Council Tax budget for 2018-19 was set at £47.674m. This included a 3% increase and 0.5% growth in the Council Tax base.

4.1.8 In terms of future growth in the Council tax base it has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%.

4.1.9 Councils now have discretion to increase Council Tax by a maximum of 3% each year. Within this report, I will present the budget gap, prior to any decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2018-19. Different scenarios are outlined in paragraph 4.9.5 and feed into the final estimated budget surplus/(gap) in paragraph 4.10.1.

4.1.10 The table below summarises the estimated total funding in the mid-range scenario.

	2019-20 £000	2020-21 £000	2021-22 £000
Estimated SG Funding	186,548	182,164	177,883
Council Tax Base	47,674	47,674	47,674
Council Tax Growth	238	485	740
Total Estimated Funding	234,460	230,323	226,297

4.2 Base Budget

4.2.1 The 2018-19 budget approved by Council on 22 February 2018 was £236.303m.

4.2.2 There are two one-off items agreed as part of the 2018-19 budget that need to be adjusted for as follows:

	£000
Remove budget allocation of £0.260m in support of the One Council approach to property. The amount allocated in 2018-19 was for 2018-19 and 2019-20.	(260)
Add back one-off project savings	249
Reduction to revenue baseline budget	(11)

4.2.3 The other adjustment to the base budget is noted as follows:

At the Council meeting in February 2017, Council agreed to continue to fund the Argyll and the Isles Tourism Co-operative (AITC) for a further three years, £0.050m in 2017-18, reducing to £0.040m in 2018-19 and reducing to £0.030m in 2019-20. In the best case scenario it has been assumed that the funding will cease beyond 2019-20 and in the worst case and mid-range scenarios it has been assumed that the funding will continue at the 2019-20 level.

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

	2019-20 £000	2020-21 £000	2021-22 £000
Base Budget 2018-19	236,303	236,303	236,303
One-off adjustments	(11)	(11)	(11)
AITC	(10)	(10)	(10)
Revised Base Budget	236,282	236,282	236,282

4.3 Employee Cost Changes

Pay Award

- 4.3.1 Negotiations have commenced for 2018-19 but are not concluded. The SJC Joint Trade Union claim is for a £1,500 flat rate increase to all spinal column points or 6.5% whichever is the greater. The EIS teaching union is calling for a 10% pay rise in 2018, saying it would serve as a "first step" to restoring teachers' wages to an "acceptable level". As part of the 2018 Scottish Budget there was a commitment that public sector workers earning less than £36,500 can expect a 3% pay rise next year, public sector workers earning more than £36,500 would receive a 2% pay rise and those above £80,000 will be capped at a £1,600 rise. Although this announcement does not directly apply to local government employees, it is expected that any Trade Union negotiations would be no lower than this scenario and as a result the budget for 2018-19 was based on the public sector pay commitment. COSLA has made this the basis of what is described as a "best and final pay offer" to the Trade Unions.
- 4.3.2 In terms of future years pay awards an assumption of between 1.5% (best case) and 2.5% (worst case) with the mid-range being 2% has been built into the estimates. Whilst it is expected that the Trade Unions will look to negotiate "restorative" pay awards, anything above these planning assumptions would be considered to be unaffordable for Local Authorities unless there is additional funding from Scottish Government.

Increments

- 4.3.3 The cost of employee increments over the last two years has been £0.654m in 2017-18 and £0.664m in 2018-19.
- 4.3.4 There is currently still a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade. This is shown in adjustments to the employee base budget.
- 4.3.5 In terms of the budget outlook it has been assumed that for the best case scenario the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2018-19 and the mid-range is between the two.
- 4.3.6 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2019-20 £000	2020-21 £000	2021-22 £000
Pay Award	2,245	4,455	6,710
Increments	332	664	996
Total Employee Cost Changes	2,577	5,119	7,706

4.4 Non-Pay Inflation

4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable. Consideration needs to be given as to whether this is sustainable into the medium/longer term, however, to date services have been able to manage their budgets on this basis.

4.4.2 In terms of the budget outlook, only unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios and this is based on the non-pay inflation estimate for 2018-19. Within the worst case scenario, an additional 1% general inflation has also been included. The non-pay inflation estimates will be reviewed during 2018-19 and updated throughout the year.

4.4.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2019-20 £000	2020-21 £000	2021-22 £000
Unavoidable/Inescapable	967	1,934	2,901
General Inflation (worst case)	0	0	0
Total Non-Pay Inflation	967	1,934	2,901

4.5 Cost and Demand Pressures

4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services (and reported as part of the budget in February 2018) and these are noted in the table below with further detail included within Appendix 2. These cost pressures will be subject to review during the financial year and in particular the Waste PPP Financial model as at this stage there is only a cost pressure built in to 2019-20 and it may be that there are increases to this pressure in future years.

	2019-20 £000	2020-21 £000	2021-22 £000
Universal Credit – HB Admin Grant	50	100	150
New Schools Unitary Charge	349	349	349
Asbestos Management Plan	0	40	40
Carbon Reduction Scheme	13	13	13
Renewal of School and Public Transport Contracts Mid Argyll	5	5	5
Local Plan Enquiry	90	0	0
Waste PPP Financial Model	306	306	306
Total	813	813	863

4.5.3 The Council agreed to a number of Service Choices savings at the budget

meeting in February 2016. Most of the savings options were to be delivered by 2018-19 with the exception of the longer term redesign for catering and cleaning. The service engaged the services of FMS Consultancy, who are experienced consultants in this field who assisted with a thorough review of the catering and cleaning service and a number of savings workstreams were identified. It was expected that savings for Phase 1 circa £0.331m could be achieved by March 2018-19 and a further £0.446m of savings for Phase 2 to be achieved by 2021-22. Included in the savings for 2018-19 was £0.048m for the development of the catering distribution hub. This project is on hold indefinitely and will only be delivered should other external funding be available to enable it. A cost pressure has been build into all three scenarios for this undeliverable saving.

- 4.5.4 When creating a budget outlook beyond one year, there is a risk that new cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance is included within the best case scenario, £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.
- 4.5.5 The table below summarises the cost and demand pressures in the mid-range scenario for Council services. The cost and demand pressures relating to the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2019-20 £000	2020-21 £000	2021-22 £000
Previously Identified Cost and Demand Pressures	813	813	863
Catering and Cleaning Distribution Hub	48	48	48
General Allowance	250	500	750
Total Cost and Demand Pressures	1,111	1,361	1,661

4.6 Health and Social Care Partnership

- 4.6.1 The budget agreed on 22 February 2018, approved indicative allocations for the Health and Social Care partnership at the same level agreed for 2018-19 subject to the level of Scottish Government funding and the Council's overall financial position in future years.
- 4.6.2 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2018 indicative allocations equal to the 2018-19 allocation were agreed for 2019-20 and 2020-21. This flat cash basis has been reflected within the mid-range scenario. In order to demonstrate different scenario options, I have assumed a reduction to the Health and Social Care Partnership equal to the Scottish Government estimated funding reduction for the best case scenario and for the worst case scenario, assumed a year on year increase equal to the increased funding in 2018-19 (£0.844m). These are only assumptions and there also needs to be recognition that Social Work services cost pressures are

proportionately higher than other Council Services due to more older people and those with greater complex needs.

- 4.6.3 Social Work services have already identified a number of cost pressures and these are summarised below and included within Appendix 3 for information purposes.

	2019-20 £000	2020-21 £000	2021-22 £000
Pay Inflation	542	1,095	1,659
Pay Increments	44	87	131
Non-Pay Inflation	1,000	2,000	3,000
Care Services for Older People (Growth)	736	1,494	2,275
Younger Adults Growth	321	652	993
Sleepovers	182	188	195
National Care Home Contract	234	475	723
Carer's Act	350	700	1,050
Total Cost Increase estimates for Social Work	3,409	6,691	10,026

4.7 Live Argyll

- 4.7.1 A report on the Leisure and Libraries Trust Financial Agreement was presented to the Policy and Resources Committee on 17 August 2017. The Committee agreed the management fee for three full financial years to 2020-21. The increase between 2018-19 and 2019-20 is £0.093m and a further increase of £0.096m in 2020-21. This represents a 2.6% increase year on year and this has been assumed for 2021-22. The increases are the same across all three scenarios.

4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below. This is the budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget.

	2019-20 £000	2020-21 £000	2021-22 £000
Base Budget	236,282	236,282	236,282
Employee Cost Changes	2,577	5,119	7,706
Non-Pay Inflation	967	1,934	2,901
Cost and Demand Pressures	1,111	1,361	1,661
Increase/(Decrease) to HSCP allocation	0	0	0
Increase/(Decrease) to Live Argyll payment	93	189	287

Total Estimate Expenditure	241,030	244,885	248,837
Estimated Funding	234,460	230,316	226,276
Estimates Budget Surplus / (Gap) Cumulative	(6,570)	(14,569)	(22,561)

4.9 Measures to Balance the Budget

- 4.9.1 As reported in previous years, the loans charges profile was being reduced by £1.000m each year, with the final reduction in 2019-20. This reduction is offset by the cost of borrowing to fund the additional £2.8m allocation for roads capital works in 2019-20 as agreed at the Council meeting in February 2018. Loans charges of £0.100m are required in 2019-20 rising to a recurring £0.200m in 2020-21.
- 4.9.2 In previous years, a general inflationary increase of 3% has been applied to fees and charges. For the budget outlook it has been assumed a similar increase within the mid-range scenario, a small 1% increase in the worst case scenario and a 5% increase in the best case scenario.
- 4.9.3 As outlined in paragraph 4.5.3, the longer term redesign of catering and cleaning services was expected to achieve a further £0.446m of savings by 2021-22. One of the workstreams was in connection with shared services and this workstream is not progressing as quickly as anticipated and as the Argyll and Bute HSCP is already working to deliver significant savings from its catering service, there is a clear risk that the saving for this workstream of £0.274m will not be deliverable or will not deliver by 2021-22. For the budget outlook, I have assumed full delivery of the £0.446m savings in the best case scenario and £0.172m of savings in mid-range and worst case scenario by year 2021-22.
- 4.9.4 As part of the work of the Transformation Board, further management/operational savings were identified for 2018-19 to 2020-21 and reported to the Council meeting on 26 October 2017, these will be implemented as part of normal business.
- 4.9.5 A number of policy options for 2018-19 to 2020-21 were agreed at the Council meeting on 22 February 2018. These are now factored into the budget outlook, reducing the budget gap.
- 4.9.6 Councils now have discretion to increase Council Tax by a maximum of 3% each year. In light of the estimated reduction in the Scottish Government funding together with cost increases in respect of pay, inflation and other pressures, it is assumed that the Council would wish to increase the Council Tax by 3%, however, this is a matter for Council to decide. In terms of the budget outlook, I have assumed no increase in the worst case scenario and a 3% increase in both the mid-range and best case scenarios.
- 4.9.7 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2019-20 £000	2020-21 £000	2021-22 £000
Loans Charges profiling	900	800	800
Fees and Charges Increase	277	554	831
Catering and Cleaning Service Choices	0	0	172
Management/Operational Savings Agreed October 2017	299	625	625
Policy Savings Agreed February 2018	1,151	2,437	2,437
Council Tax Increase at 3%	1,437	2,939	4,508
Total Savings already agreed	4,064	7,355	9,373

4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	2019-20 £000	2020-21 £000	2021-22 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(6,570)	(14,569)	(22,561)
Savings Measures	4,064	7,355	9,373
Estimated Budget Surplus / (Gap) Cumulative	(2,506)	(7,214)	(13,188)
Estimated Budget Surplus / (Gap) In Year	(2,506)	(4,708)	(5,974)

4.10.2 In the mid-range scenario, the budget gap estimated over the three year period 2019-20 to 2021-22 is £13.188m with a gap of £2.506m in 2019-20.

4.10.3 In contrast, the budget gap in the best case scenario over the three years is £1.193m with a surplus of £1.488m in 2019-20 and in the worst case scenario, the budget gap over the three years is £31.290m with a gap of £8.487m in 2019-20.

5. CONCLUSION

5.1 In the mid-range scenario, the budget gap estimated over the three year period 2019-20 to 2021-22 is £13.188m with a gap of £2.506m in 2019-20. The Transformation Board have been exploring opportunities to protect/mitigate against future budget gaps and proposals will be brought forward in due course.

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. The medium to longer term financial

- strategy is being developed and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
- 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 estimated budget gap will need to consider equalities.
 - 6.6 Risk - None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
 - 6.7 Customer Service - None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

Kirsty Flanagan
Head of Strategic Finance
30 April 2018

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

APPENDICES:

- Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
- Appendix 2 – Cost and Demand Pressures (Council Services)
- Appendix 3 – Cost and Demand Pressures (Social Work)

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	236,303	236,303	236,303	236,303	236,303	236,303	236,303	236,303	236,303
Base Budget Adjustments	(21)	(51)	(51)	(21)	(21)	(21)	(21)	(21)	(21)
Revised Base Budget	236,282	236,252	236,252	236,282	236,282	236,282	236,282	236,282	236,282
Pay Award	1,624	3,272	4,945	2,245	4,455	6,710	2,707	5,481	8,325
Pay Increments	0	0	0	332	664	996	664	1,328	1,992
Total Employee Cost Changes (Council Services)	1,624	3,272	4,945	2,577	5,119	7,706	3,371	6,809	10,317
Non-Pay Inflation - Council Services	967	1,934	2,901	967	1,934	2,901	1,683	3,366	5,049
Universal Credit - HB Admin Grant	50	100	150	50	100	150	50	100	150
New Schools Unitary Charges	349	349	349	349	349	349	349	349	349
Asbestos Management Plan	0	20	20	0	40	40	0	60	60
Carbon Reduction Scheme	0	0	0	13	13	13	25	25	25
Renewal of School and Public Transport Contracts Mid Argyll	5	5	5	5	5	5	5	5	5
Local Plan Enquiry	90	0	0	90	0	0	90	0	0
Waste PPP Financial Model	306	306	306	306	306	306	306	306	306
Catering Hub (Catering and Cleaning Service Choices) - undeliverable Saving	48	48	48	48	48	48	48	48	48
General Allowance for Unidentified Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
Total Cost and Demand Pressures	848	828	878	1,111	1,361	1,661	1,373	1,893	2,443
Adjustment to Health and Social Care Partnership Payment	(846)	(1,679)	(2,500)	0	0	0	844	1,688	2,532
Adjustment to Live Argyll Management Fee	93	189	287	93	189	287	93	189	287
Total Estimated Expenditure PRIOR to measures to balance the budget	238,968	240,796	242,763	241,030	244,885	248,837	243,646	250,227	256,910
Scottish Government Grant	188,171	185,348	182,568	186,548	182,164	177,883	184,924	179,006	173,278
Council Tax	48,032	48,392	48,755	47,912	48,152	48,393	47,793	47,912	48,032
Total Funding	236,203	233,740	231,323	234,460	230,316	226,276	232,717	226,918	221,310
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(2,765)	(7,056)	(11,440)	(6,570)	(14,569)	(22,561)	(10,929)	(23,309)	(35,600)
Measures to Balance the Budget:									
Loans Charges Profile Adjustment and Savings	900	800	800	900	800	800	900	800	800
Fees and Charges	462	924	1,386	277	554	831	92	184	276
Catering and Cleaning Longer Term Redesign (Service Choices February 2016)	0	0	446	0	0	172	0	0	172
Management/Operational Savings Identified October 2017	299	625	625	299	625	625	299	625	625
Policy Savings Options agreed February 2018	1,151	2,437	2,437	1,151	2,437	2,437	1,151	2,437	2,437
Council Tax Increase	1,441	2,958	4,553	1,437	2,939	4,508	0	0	0
Total Measures to Balance the Budget	4,253	7,744	10,247	4,064	7,355	9,373	2,442	4,046	4,310
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	1,488	688	(1,193)	(2,506)	(7,214)	(13,188)	(8,487)	(19,263)	(31,290)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	1,488	(800)	(1,881)	(2,506)	(4,708)	(5,974)	(8,487)	(10,776)	(12,027)

COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000
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.	50	100	150	50	100	150	50	100	150
Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools.	349	349	349	349	349	349	349	349	349
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	20	20	0	40	40	0	60	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	13	13	13	25	25	25
Customer Services	Facility Services	Renewal of school and public transport contracts in Mid Argyll in July 2018	5	5	5	5	5	5	5	5	5

COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000
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.	90	0	0	90	0	0	90	0	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 estimated cost pressure for 2019-20 is £306k. 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. A review of the waste model will be undertaken during 2018-19 and estimates updated as required.	306	306	306	306	306	306	306	306	306
Customer Services	Facility Services	The Council agreed to a number of Service Choices savings at the budget meeting in February 2016. One of the savings options was the longer term redesign of catering and cleaning and it was expected that savings for Phase 1 circa £0.331m could be achieved by March 2018-19 and a further £0.446m of savings for Phase 2 to be achieved by 2021-22. Included in the savings for 2018-19 was £0.048m for the development of the catering distribution hub. This project is on hold indefinitely and will only be delivered should other external funding be available to enable it. A cost pressure has been build into all three scenarios for this undeliverable saving.	48	48	48	48	48	48	48	48	48
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
TOTAL			848	828	878	1,111	1,361	1,661	1,373	1,893	2,443

SOCIAL WORK COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 3

Service	Cost/Demand Pressure	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
			2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000
All Social Work	Estimated Pay inflation, best case 1.5%, mid-range 2%, worst case 2.5%	Pay Inflation	407	820	1,239	542	1,095	1,659	678	3,402	6,194
All Social Work	Estimated Pay increments, best case absorbed in current staff changes, mid-range, half of 2018-19 cost and worst case same as 2018-19 cost	Pay Inflation	0	0	0	44	87	131	87	174	261
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case, adds on a general 1% inflation		1,000	2,000	3,000	1,000	2,000	3,000	1,293	2,586	3,879
Adult Care	The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years. The worst case scenario is based on a 6% increase.	Care Services for Older People	736	1,494	2,275	736	1,494	2,275	1,472	3,032	4,686
Adult Care	There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes new demand will be met from attrition or reductions in existing services, the mid-range reflects demand of 3% in line with 2018-19 and the worst case reflects demand of 4.5% being the average over 2013-14 to 2016-17.	Care Services for Younger Adults	0	0	0	321	652	993	482	985	1,511
Adult Services	Reflects the cost of bringing sleepovers for commissioned social care providers into line with the Scottish Living Wage by 2019-20. There may be some reduction in the best case scenario is the number of sleepovers can be reduced, this will be kept under review.	Sleepovers- Night Rates	182	188	195	182	188	195	182	188	195
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%, the mid range reflects an increase of 3% and the worst case 4%.	National Care Home Contracts	156	331	494	234	475	723	312	636	974
Adult Services	Carer's Act: Carers Act will commence on 1 April 2018. Funding allocated as part of the £66m social care funding, the cost pressure represents the share of funding in relation to the Carers Act and this funding will be the basis of the agreement of the eligibility criteria. There are concerns re the Scottish Government fully funding the commitment and implications of the Act and there is no funding allocation for replacement care, costs will be closely monitored during 2018-19.	Carer's Act	350	700	1,050	350	700	1,050	350	700	1,050
TOTAL			2,831	5,533	8,253	3,409	6,691	10,026	4,856	11,703	18,750

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****24 MAY 2018**

HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2017-18

1. EXECUTIVE SUMMARY

- 1.1 It was clear from the beginning of financial year 2017-18 that the Health and Social Care Partnership (HSCP) had financial challenges. At the Integrated Joint Board (IJB) on 29 March 2017, the Board noted that further proposals would require to be added to the quality and financial plan to address the budget gap of £2.8m in 2017-18. By the IJB meeting on 31 May 2017, the budget gap had reduced to £1.982m in 2017-18.
- 1.2 The budget position continued to be monitored and due to the forecast overspend of £5m as at the end of June 2017, Members instructed the Chief Executive to write to the Chair of the IJB expressing concern at the escalating financial gap and to seek confirmation from the IJB that a robust action plan was being put in place to mitigate the risks. A reply was received on 20 September 2017 from the Chair of the IJB, who provided assurance that plans were in place to address the projected overspend.
- 1.3 The IJB's financial recovery plan was approved by the Board on 27 September 2017 and, whilst it did reduce the overspend, it was unable to deliver financial balance in 2017-18.
- 1.4 The Chief Financial Officer to the IJB contacted the Head of Strategic Finance in February 2018 to request that the overspend relating to Social Work services within the HSCP be repaid back to the Council over a three year period. She intimated that as at the end of January the projected overspend for the HSCP was £2.628m (risk sharing £1.628m Council and £1.000m Health). She noted that there had been improvement since December and she hoped to see a continued improvement in the recovery plan, but was not expecting that the HSCP would deliver financial balance overall in 2017-18. The approved Scheme of Integration outlines what should happen in the event of an overspend and relevant paragraphs are included in paragraph 4.2.1. In summary, where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the Parties will be required to make additional payments to Argyll and Bute Integrated Joint Board with any additional payments deduced from future years funding/payments.
- 1.5 The final outturn position for 2017-18 is an overspend of £2.528m and the breakdown is £1.155m for Social Work (Council) and £1.373m for Health (NHS Highland).
- 1.6 There are a number of options outlined in section 4.4 of the report for Members summarised as follows:

- Option 1 – Overspend deducted in full from 2018-19 payment.
 - Option 2 – Overspend deducted from payments over the next three years in equal amounts.
 - Option 3 – Overspend deducted from payments over the next three years with payback weighted towards the end of the three years to allow the HSCP an element of time to deliver sufficient change to accommodate repayment.
 - Option 4 – Overspend deferred for three years to allow the HSCP a greater element of time to deliver sufficient change to accommodate repayment.
 - Option 5 – The Council agree to pay off any overspend with no repayment required.
- 1.7 Additionally, the Chief Financial Officer of the IJB has asked what funding arrangement, with payback, could be put in place to pay for severance for HSCP employees. At this stage it is unclear as to the value requested - an officer working group is being set up so there is a greater understanding on both sides as to the arrangement that is being requested and to allow the Council to consider this further.
- 1.8 Observations by the Council's Section 95 officer highlight risks to the Council, however, it is encouraging to note that a number of actions are already in place in order to address the 2018-19 position and the budget process going forward.
- 1.9 There remains a risk to the Council that the HSCP are not in a position to repay their 2017-18 overspend with a further risk that the HSCP don't balance their budget in 2018-19 and the outstanding balance increases.
- 1.10 In terms of accounting for this overspend, Audit Scotland have clarified that their view is that this is not a liability/debtor to be recognised and as a result there will be a direct impact on the Council's General Fund balance.
- 1.11 In light of the Audit Scotland advice and the impact that any Social Work overspend has on the Council's General Fund balance, the projected outturn on Social Work services for 2018-19 will be incorporated into the Council's revenue budget monitoring position instead of being reported as a financial risk. The effect of this is to show the total estimated outturn position that will potentially transfer to/from the General Fund balance at the year end and for consideration to be given as to whether there is sufficient General Fund balance to accommodate any projected overspend position.
- 1.12 It is recommended that the Policy and Resources Committee approve Option 3 as outlined in paragraph 4.4.3 agreeing that any overspend in relation to Social Work services for 2017-18 is repaid over a period of three years with repayments weighted to the end of the three year period. Repayments are to be £0.100m in 2018-19 and £0.300m in 2019-20 with the balance of £0.755m due in 2020-21. This agreement will be reviewed at the end of 2018-19.

HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2017-18

2. INTRODUCTION

- 2.1 A formal request has been received from the Chief Financial Officer of the Integrated Joint Board (IJB) to request that the overspend relating to Social Work services within the Health and Social Care Partnership (HSCP) be repaid back to the Council over a three year period.
- 2.2 This report outlines the position with the Scheme of Integration, options to be considered and the risks involved.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee approve Option 3 as outlined in paragraph 4.4.3 agreeing that any overspend in relation to Social Work services for 2017-18 is repaid over a period of three years with repayments weighted to the end of the three year period. Repayments are to be £0.100m in 2018-19 and £0.300m in 2019-20 with the balance of £0.755m due in 2020-21. This agreement will be reviewed at the end of 2018-19.

4. DETAIL**4.1 Health and Social Care Partnership 2017-18**

- 4.1.1 It was clear from the beginning of financial year 2017-18 that the Health and Social Care Partnership (HSCP) had financial challenges. At the IJB on 29 March 2017, the Board noted that further proposals would require to be added to the quality and financial plan to address the budget gap of £2.8m in 2017-18. By the IJB meeting on 31 May 2017, the budget gap had reduced to £1.982m in 2017-18.
- 4.1.2 The HSCP budget monitoring report as at the end of June 2017 was presented to the IJB on 2 August 2017 and the overspend for 2017-18 was reported as £4.966m for 2017-18 (risk sharing £2.966m Social Work and £2.000m Health). The IJB agreed that work should continue to develop a financial recovery plan which was to be brought back to the IJB in September 2017.
- 4.1.3 At the Policy and Resources Committee on 17 August 2017, the budget monitoring report for the IJB as at the end of June was included as an appendix to the Council's financial risks report. Concerns were expressed by Elected Members in relation to the increase in the projected overspend of the HSCP and in specific terms the absence, at this stage of the financial year, of detailed plans to ensure the full value of the budget gap was met within the delegated budget. The Committee instructed the Chief Executive to write to the Chair of

the IJB expressing concern at the escalating financial gap and to seek confirmation from the IJB that a robust action plan was being put in place to mitigate the risks arising from an increasing budget gap and to focus on meeting service and savings targets. The Chief Executive wrote to the Chair of the IJB on 18 August 2017.

4.1.4 The Chair of the IJB responded to the letter from the Chief Executive on 20 September 2017 and provided assurance that plans were in place to address the projected overspend on the integrated budget, including the development of a detailed recovery plan and other actions to bring a balanced outturn position.

4.1.5 The budget monitoring reports of the IJB were included in each financial monitoring pack submitted to the Policy and Resources Committee with improvements made to the outturn position as follows:

- End of July 2017 – forecast overspend reduced from £5m to £4.412m (risk sharing £2.412m Council and £2.000m Health)
- End of October 2017 – forecast overspend further reduced to £3.415m (risk sharing £1.914m Council and £1.501m Health)
- End of December 2017 – forecast overspend further reduced to £2.915m (risk sharing £1.915m Council £1.000m for Health).

4.1.6 The Chief Financial Officer to the IJB contacted the Head of Strategic Finance in February 2018 to request that the overspend relating to Social Work services within the HSCP be repaid back to the Council over a three year period. She intimated that as at the end of January the projected overspend for the HSCP was £2.628m (risk sharing £1.628m Council and £1.000m Health). She noted that there had been improvement since December and she hoped to see a continued improvement in the recovery plan, but was not expecting that the HSCP would deliver financial balance overall in 2017-18.

4.1.7 The final outturn for the Health and Social Care Partnership overall is a £2.528m overspend and the breakdown of this overspend is £1.155m for Social Work related services and £1.373m for Health related services.

4.2 Scheme of Integration

4.2.1 The approved Scheme of Integration outlines what should happen in the event of an overspend. Relevant paragraphs are copied below:

8.2.17 Any potential deviation from the planned outturn should be reported to Argyll and Bute Integration Joint Board, the Council and NHS Highland at the earliest opportunity.

8.2.18 Where it is forecast that an overspend will arise then the Chief Officer and Chief Financial Officer of Argyll and Bute Integration Joint Board will identify the cause of the forecast overspend and prepare a recovery plan setting out how they propose to address the forecast overspend and return to a breakeven position. The Chief Officer and Chief Financial Officer of Argyll and Bute Integration Joint Board should consult the Section 95 Officer of the Council and

the Director of Finance of NHS Highland in preparing the recovery plan. The recovery plan should be approved by Argyll and Bute Integration Joint Board. The report setting out the explanation of the forecast overspend and the recovery plan should also be submitted to the Council and NHS Highland.

8.2.19 A recovery plan should aim to bring the forecast expenditure of Argyll and Bute Integration Joint Board back in line with the budget within the current financial year. Where an in year recovery cannot be achieved then any recovery plan that extends into later years should ensure that over the period of the Strategic Plan forecast expenditure does not exceed the resources made available. Where a recovery plan extends beyond the current year the amount of any shortfall or deficit carried forward cannot exceed the reserves held by Argyll and Bute Integration Joint Board. Any recovery plan extending beyond in year will require prior approval of the Council and NHS Highland in addition to Argyll and Bute Integration Joint Board.

8.2.20 Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the Parties will be required to make additional payments to Argyll and Bute Integrated Joint Board. Where there is a requirement for additional payments an analysis of the requirement for additional payments will be carried out to determine the extent to which they relate to either budgets delegated back to or activities managed by the Council or NHS Highland with the allocation of the additional payments being based on the outcome of this analysis. Any additional payments by the Council and NHS Highland will then be deducted from future years funding/payments.

4.3 Request from IJB

4.3.1 The Chief Financial Officer to the IJB wrote to the Head of Strategic Finance in February 2018 to advise that she was not expecting that the HSCP would deliver financial balance overall in 2017-18. She outlined that the Integration Scheme doesn't make it clear about timing of any overspend repayment and has requested, in order to smooth the impact, that the overspend can be repaid over a three year period. A similar request has been made to the NHS Highland Health Board which has been agreed.

4.3.2 At the time of the request, the projected overspend for Social Work services was £1.628m and the estimated budget gap for 2018-19 was £10.1m in total.

4.3.3 Since the original request, the projected overspend for Social Work services has reduced to £1.155m and the budget gap for 2018-19, as reported to the IJB on 28 March 2018 had reduced to £5.345m (which assumes a three year pay back of the estimated 2017-18 overspend is agreed). At its March meeting, the IJB agreed savings of £2.951m leaving a balance of £2.394m of additional savings to be identified. The IJB has agreed savings of £10.6m as part of the 2018-19 Quality and Financial Plan.

4.3.4 There would be an expectation that the IJB would firstly use any reserves held before looking to partners for additional funding. The unallocated IJB reserves

held currently amount to £0.028m and this has been offset against the Health overspend.

4.4 Options for Members to Consider

- 4.4.1 Option 1: Any overspend in relation to Social Work services is deducted in full from the 2018-19 payment to the HSCP. As the HSCP have still to balance their 2018-19 budget and had previously accounted for a 3 year pay back on an estimated overspend of £1.628m (£0.542m each year), this option would add a further £0.613m to the savings that they still have to find in 2018-19.
- 4.4.2 Option 2: Any overspend in relation to Social Work services is deducted in equal amounts from future payments to the HSCP over a three year period. This would see £0.385m deducted from their payment in 2018-19, 2019-20 and 2020-21 to recover the full amount. As the IJB had previously accounted for a 3 year pay back on an estimated overspend of £1.628m (£0.542m each year), this option would reduce their budget gap still to find by £0.157m in 2018-19.
- 4.4.3 Option 3: Any overspend in relation to Social Work services is deducted on a phased basis from future payments to the HSCP over a three year period. This option is being presented so that repayment of the overspend does commence in 2018-19, but by weighting the payback towards the end of the three year term, it will allow time for the HSCP to deliver sufficient change to accommodate the repayment. It is suggested that the repayments are phased at £0.100m in 2018-19, £0.300m in 2019-20 with the balance of £0.755m due in 2020-21. As the IJB had previously accounted for a 3 year pay back on an estimated overspend of £1.628m (£0.542m each year), this option would reduce their budget gap still to find by £0.442m in 2018-19.
- 4.4.4 Option 4: Any overspend in relation to Social Work services is deferred for three years and deducted in full from the 2021-22 payment to allow the Health and Social Care Partnership a greater measure of time to deliver sufficient change to accommodate the repayment. This would be in recognition of the scale of challenges faced by the HSCP in taking forward service redesign at an appropriate pace. However any such agreement will be subject to annual review in each of the intervening years. This option would have the effect of reducing the budget gap still to find by £0.542m in 2018-19.
- 4.4.5 Option 5: The Council agree to pay off any overspend with no repayment required. The Council have already increased the payment to the HSCP in 2018-19 and the Council would need to consider whether their level of reserves after close down of financial year 2017-18 are sufficient to accommodate this.

4.5 Observations on IJB financial position

- 4.5.1 Whilst appreciating the significant challenges facing the Health and Social Care Partnership, as the Council's Section 95 Officer it is appropriate for me to share my concerns on the HSCP financial position with Members.
- 4.5.2 At the start of 2017-18, there were unidentified savings of £2.8m to balance the

HSCP budget, which were subsequently reduced to £2.0m at the end of May 2017. No further recurring savings were delivered during 2017-18 and the final position is an overspend of £2.528m in total. A financial recovery plan was approved by the IJB on 27 September 2017 and whilst it did reduce the overspend it was unable to deliver financial balance in 2017-18.

- 4.5.3 In 2018-19, the HSCP have approved savings of £10.6m but also have unidentified savings of £1.6m to reach a balanced budget. The HSCP are facing these challenges in a context of significant public, media and political interest. The IJB will require a focus on delivering the approved savings and also delivering additional savings in 2018-19 to bridge the budget gap. There is a risk that the HSCP could be faced with a similar scenario to 2017-18, i.e. an overspend of at least equal to the unidentified savings. This would replicate the overspend position being faced by the Council and NHS Highland as parent bodies currently.
- 4.5.4 The IJB met to consider their budget proposals on 28 March 2018 and was unable to agree a balanced budget at that meeting. The delay on agreeing savings to balance the budget means that due to lead in time to deliver savings, it will become much more difficult to actually deliver a balanced position in 2018-19. It is clear that the budget process has not delivered what was required. There needs to be a more effective budget process put in place much earlier in each financial year that looks not just to the year ahead but more to the medium/ long term.
- 4.5.5 The nature of some of the savings options presented to the Board were either not transformational or not immediately deliverable within the required timeframe given the need for full engagement of stakeholders and the lead in time for implementation. To have a sustainable service for the future there needs to be much more focus on earlier development and engagement and more consideration of transformation and doing things differently. The Council's Transformation Board are continuing to explore opportunities for transformation and efficiencies and has offered support and assistance to the HSCP in this work.
- 4.5.6 The apportionment of savings to Social Work and NHS services needs to be given further consideration. There is currently £1.6m of unidentified savings aligned to Social Work in 2017-18. This £1.6m of savings was based on an allocation of funding to Social Work which was equivalent to the funding provided from the Council, adjusted for Social Care funding for Living Wage routed via health. The principles behind integration are about moving people away from institutional care to community care settings and therefore if this funding allocation approach continues, then the gap within Social Work is likely to continue to rise and, if the budget reduction in health services does not keep pace, will see an ever increasing proportion of overspend written back to the Council. The proposed review of the Integration Scheme will consider the core issue of attribution of overspends given the effect of policy directions in the Strategic Plan.
- 4.5.7 The ongoing difference in terms and conditions, particularly in relation to

voluntary redundancy needs to be addressed. Currently staff employed by the Council may be subject to compulsory redundancy and NHS staff are not. In addition NHS Highland have a no voluntary redundancy policy for their staff. Introducing a voluntary redundancy arrangement for NHS staff would provide an equity in treatment of staff and also produce recurring savings where posts are removed through service redesign.

4.5.8 In a recent telephone call with the Chief Financial Officer of the IJB, I was encouraged that the following actions are in place for 2018-19:

- The financial recovery plan is being updated and will be in place from the beginning of the financial year.
- A budget challenge process is to be rolled out across the partnership to ensure that the base budget is set at the correct levels and budget holders are signed up to deliver on budget.
- A high level action plan is also being created for better communications and engagement building on the work to date with Locality Planning Groups and Health Forums and other public engagement events.
- Offers of support from the Scottish Government have been welcomed and the HSCP officers will engage on the detail of those offers.

4.6 Risk to the Council

4.6.1 The main risk to the Council is that the HSCP are not in a position to repay their 2017-18 overspend. A further risk is that the HSCP don't balance their budget in 2018-19, overspend again and the outstanding balance increases.

4.6.2 In terms of accounting for this overspend, Audit Scotland have clarified that their view is that this is not a liability/debtor to be recognised. Instead Audit Scotland regard it as a commitment against future funding, and given that future funding is not recognised it would not be appropriate to recognise the liability/debtor.

4.6.3 The impact of this accounting treatment is that there will be a direct impact on the Council's General Fund balance. A note will be included within the Management Commentary within the accounts to explain any repayment arrangements.

4.7 2018-19 Position

4.7.1 In light of the Audit Scotland advice and the impact that any Social Work overspend has on the Council's General Fund balance, the projected outturn on Social Work services for 2018-19 will be incorporated into the Council's revenue budget monitoring position instead of being reported as a financial risk. The effect of this is to show the total estimated outturn position that will transfer to/from the General Fund balance at the year end and for consideration to be given as to whether there is sufficient General Fund balance to accommodate any projected overspend position. The Chief Financial Officer of the IJB has confirmed that any projected outturn reported for the HSCP will take into consideration the current risk sharing arrangements (i.e. if there is an estimated underspend on either the Health or Social Work side and an overspend on the other side, the two will be netted off).

- 4.7.2 The Chief Financial Officer has confirmed the up to date 2018-19 position. The position reflects that NHS Highland intend that the repayment of the Health overspend doesn't need repaid for three years, in line with the expected repayment of their NHS brokerage (still to be confirmed by Scottish Government) and it also reflects our proposed phased repayments. The updated HSCP budget gap for 2018-19 is £1.618m. This is presented as an overspend on Social Work of £2.331m offset but a surplus of £0.713m on Health.
- 4.7.3 Discussion has taken place as to how this should be presented and accounted for and there is currently a difference of opinion. The view from the Chief Financial Officer of the IJB is that the £0.713m surplus on the Health side is the planned surplus and it remains on the Health side until the year end. If the planned surplus is realised then this would offset against any overspend on Social Work at the year end.
- 4.7.4 My view, as the Council's Section 95 Officer, is that payments to the IJB should lose their identify and as such, if the IJB have agreed savings and set their budget for 2018-19 that results in a surplus on one side and a deficit on the other (reflecting the direction of travel towards community based services, many of which are social care) the surplus should be transferred as part of the approved/base budget. Any overall overspend at the end of the financial year would be analysed and partners would be expected to make additional payments in line with the Scheme of Integration.

4.8 Access to Severance Earmarking

- 4.8.1 The Council have an earmarked reserve that has been set aside to pay for any severance resulting from savings options (the current balance of which is £2.299m). The Chief Financial Officer of the IJB has asked what funding arrangement, with payback, could be put in place to pay for severance for HSCP employees. At this stage it is unclear as to the value being requested and I have suggested that an officer working group is convened in order that there is a greater understanding on both sides, as to the arrangement that is being requested and to allow us to consider this further. In particular, the working group would focus on the possibility of equitable voluntary redundancy arrangements for all employees, on Council or NHS terms, as an essential pre-requisite to any HSCP access to the Council's earmarked reserve.

5. CONCLUSION

- 5.1 The Health and Social Care Partnership is £2.528m overspent in 2017-18 (£1.155m Council and £1.373m Health) and are seeking a three year pay back from the partner organisations. This is in line with the approved Scheme of Integration. NHS Highland has agreed to the request for the Health related overspend.
- 5.2 There remains a risk to the Council that the HSCP are not in position to repay their 2017-18 overspend with a further risk that the HSCP don't balance their

budget in 2018-19 and the outstanding balance increases.

6. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 6.1 | Policy - | Options are in line with the Scheme of Integration. |
| 6.2 | Financial - | The overspend on Social Work will directly impact on the General Fund balance until it has been repaid. |
| 6.3 | Legal - | None from this report but savings options considered by the IJB could have legal implications. |
| 6.4 | HR - | None from this report but savings options considered by the IJB will likely have HR implications. |
| 6.5 | Equalities - | None from this report but savings options considered by the IJB will likely have equalities implications that will be assessed. |
| 6.6 | Risk - | There is a risk that any additional payment to the Health and Social Care Partnership will not be recoverable. |
| 6.7 | Customer Service - | None from this report but savings options considered by the IJB will likely have customer service implications. |

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

**Kirsty Flanagan
Head of Strategic Finance
15 May 2018**

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

Strategic Finance

24 May 2018

Risk Management Manual

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents the Council's revised risk management manual which replaces the Council's previous risk management framework with amendments made to reflect operational decisions regarding the management of risks within the Council.
- 1.2 It is recommended that the Policy and Resources Committee approves the risk management manual.

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

Strategic Finance

17 May 2018

Risk Management Manual

2.0 INTRODUCTION

2.1 As per the Council's Financial and Security Regulations the Policy and Resources Committee is responsible for approving the Council's risk management strategy. The new risk management manual replaces the previous risk management strategy and details the arrangements for preparation, maintenance and monitoring of the strategic and operational risk registers.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee approves the risk management manual.

4.0 DETAIL

4.1 The Council's operational risk registers were previously aligned to the Council's service outcomes however service outcomes have been replaced by a suite of business outcomes and, as per the 2018/19 service plan guidance, a decision has been taken to align identified risks to the service challenges identified in those plans. Consequently there was a need to review the format of the Council's risk registers.

4.2 In November 2017 the SMT asked the Chief Internal Auditor (CIA) to propose a new template for the risk registers and this template was approved by SMT in December 2017. Key changes to the templates are:

- risks are no longer categorised as 'supply' or 'demand'
- risks are aligned to the service plan challenges
- key actions, with timescales, for risks to be 'treated' are documented
- last reviewed date will provide an audit trail linked to minutes

4.3 In addition the CIA has revised the Council's risk management manual to reflect these operational decisions, formalise the risk management process and provide guidance to officers on risk management. The revised manual confirms that the governance of risk management is the responsibility of the

DMTs and SMT and that:

- operational risk registers will be updated on a quarterly basis by DMT
- the strategic risk register will be updated on a bi-annual basis by the SMT

4.4 On an annual basis the Chief Executive will provide the Audit and Scrutiny Committee with an update on the Council's strategic risks with the Head of Strategic Finance providing the same committee with an annual risk management overview report.

5.0 CONCLUSION

5.1 The revised risk management manual will help ensure that the Council continues to manage its operational and strategic risks in an effective and consistent manner.

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	Formalising risk management process
6.7	Customer Service	None

Kirsty Flanagan
Head of Strategic Finance
17 May 2018

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APPENDICES

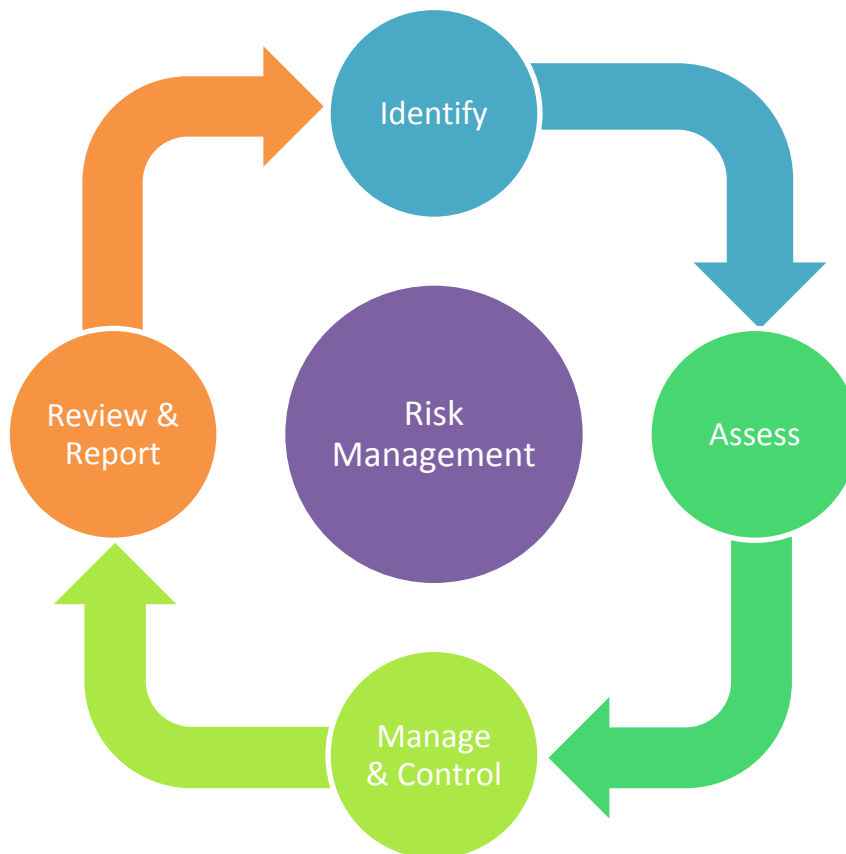
Appendix 1 – Risk Management Manual

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Argyll and Bute Council

Risk Management Manual

March 2018



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Contents

Introduction.....3

What are risks?4

What is risk management?.....4

Our approach to managing risk4

Risk appetite statement4

Roles and responsibilities.....5

Risk management cycle6

Introduction6

Step 1 – Identify6

Step 2 - Assess Risks.....7

Step 3 - Managing and Controlling Risks.....9

Step 4 – Review and Report Risks9

Appendix 1 - Example / Template Risk Register.....11

Introduction

1. Like every business, Argyll and Bute Council (the Council) faces numerous uncertainties. Risks are significant uncertainties that may affect the Council's ability to achieve its strategic and operational objectives. Risk management is the planned and systematic process by which key risks are identified, evaluated and managed so as to maximise benefits and minimise potentially negative consequences to the Council and its partners.
2. Local government has seen and will continue to see unprecedented changes. This will lead to significant new risks, as the Council reviews its services and how they are delivered. The Council will respond to such uncertainty through its risk management arrangements. Nothing is achieved without some element of risk, although good risk management often goes unnoticed. Good risk management will support and enhance the decision making process, increase the likelihood of the council meeting its objectives and enable it to respond quickly to new pressures and opportunities.
3. The purpose of this manual is to provide an overview of the risk management processes within the Council and give practical guidance for the management of risk within departments and teams.



Cleland Sneddon
Chief Executive, Argyll and Bute Council

What are risks?

4. A risk can be defined as *'An uncertain event or set of events which, should it occur, will have an effect on the achievement of objectives.'* A risk can be an opportunity or a threat.
5. Risks consist of a combination of the probability of a perceived threat or opportunity and the magnitude of impact this perceived threat or opportunity would have upon the Council's objectives. To link the cause and consequences of a potential event it can be useful to define a risk in the format:

'There is a risk of X, due to Y, which may result in Z'

What is risk management?

6. Risk management is the *"systematic application of principles, approach and processes to the identification, assessment and monitoring of risks."* By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.
7. It must be stressed that risk management is about being risk aware and making the most of opportunities rather than avoiding risk altogether. In order to meet our objectives it is appreciated that some risks must be taken. It is important, however, that these risks are actively controlled.

Our approach to managing risk

8. The Council's approach to risk management has been developed to support the key requirements of good corporate governance. In particular:
 - **Open and Transparent:** Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be wrong. Staff, councillors, members of the public, partners and outside organisations should have access to information on our current risks and how we are managing them. Our risks will be open to regular internal and external audit inspection.
 - **Consistent:** There will be consistency in our approach to identifying, assessing and managing risks across the organisation. Our risk management processes will ensure that the risks are reviewed regularly and that any changes in circumstances are recorded and acted upon.
 - **Proportionate:** When managing and controlling our risks, our actions will be proportionate - the cost and time of our efforts should be in balance with the potential impact and likelihood of the risk.
 - **Accountable:** There will be clear accountability for our risks. This will include a public statement on risk as part of our decision making process; an annual governance statement of internal control signed by the Chief Executive, approved by the Audit and Scrutiny Committee and included in the Council's Annual Finance Statements; and assignation of owners to all risks.

Risk appetite statement

9. Risk appetite is best summarised as "the amount of risk an organisation is willing to accept" and is about looking at both the propensity to take risk and the propensity to exercise control.

10. The Council is involved in a wide range of activities so it is not possible to define risk appetite in absolute terms. We aim to be risk aware, but not overly risk averse and to actively manage our risks to protect and grow the organisation. To deliver our priorities, we recognise the need to manage certain business risks. Intolerable risks are those that could:

- negatively affect the safety of employees or the residents of Argyll and Bute
- have a material detrimental impact on the Council's reputation
- result in breaches of laws and regulations
- endanger the future operations of the Council.

Roles and responsibilities

11. Risk management must be an integral part of the way we work throughout the Council. It is the responsibility of all employees to ensure that they consider risk as an integral part of the Council's operations. Specific roles in relation to risk management are set out in exhibit 1.

Exhibit 1– Risk management roles and responsibilities

	Responsibility
Strategic Management Team (SMT)	Promote the importance placed on risk management to create an environment and structure which allows risk management to operate effectively throughout the Council. This includes overseeing the implementation of the Council's approach to risk management and ensuring the risks to the delivery of the Council's strategic objectives are managed effectively. Executive Directors and the Head of Strategic Finance are also responsible for overseeing the management of the operational risk registers for their areas of responsibility.
Elected Members	All Members have strategic responsibility for risk management as part of their responsibility for governing the delivery of local services. They should promote a culture of risk management throughout the council and have regard to risk management implications in their decision making.
Heads of Service	Raise awareness and manage the risk management process within their service areas. Actively involved in the production, review and management of operational risk registers.
Managers	Manage risk effectively in their particular service or operational area and where required, update the operational risk register.
Employees	All employees should be involved in the risk identification and management process. All officers are responsible for bringing to the attention of the relevant person key areas of concern or risks to their or their team's objectives.
Audit and Scrutiny Committee	Review the effectiveness of risk management arrangements and provide comment and challenge on risk management activity and progress.
Internal Audit	Provides an independent appraisal of the adequacy and effectiveness of risk management arrangements within the Council. Considers the Council's identified risks when constructing the annual audit plan and specific audit programmes.

Risk management cycle

Introduction

12. The risk management cycle is broken down into four steps as illustrated in exhibit 2. It is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical as it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome you are assessing.

Exhibit 2 – Risk management cycle



Step 1 – Identify

13. In the risk identification stage we are concerned with identifying events that could impact on the business objectives – i.e. ‘what could happen’. We need to look at both the positive and the negative effect and so should also ask ourselves ‘what could happen if we don’t...’.
14. It may help to use prompts to identify the areas of risk. Some common areas are set out in exhibit 3.
15. Expressing the risks as a statement is often harder than it first seems. It may require rethinking some basic assumptions about a situation and re-evaluating the elements that are most important. A risk needs to tell you what could happen and what the consequences and impact will be if it does.
16. For example, the Fire and Rescue Service identified the difficulty recruiting retained fire-fighters as an issue. This was developed around event, consequence, impact to:
- “Failure to respond with fully crewed appliances (**the event**) could lead to either unacceptable delays in arrival or reduced crew (**the consequence**) resulting in undue loss of life or possessions (**the impact**)”.*
17. Try to include those three parts when documenting your risk (**Event – Consequence – Impact**).

Exhibit 3– Risk identification prompts

Type of Risk	Prompt
Strategic	Doing the wrong things as an organisation; missing opportunities
Financial	Losing monetary resources or incurring unacceptable liabilities
Reputational	Impact on Council’s image, loss of public confidence
Political	Political embarrassment, not delivering local or national policies
Partnership	Risks/opportunities Council is exposed to as part of partnership working
Legal / regulatory	Claims against the council, non-compliance
Operational	Doing the right things in the wrong way (service delivery failure, targets missed); missing business opportunities
Information	Loss or inaccuracy of data, systems or reported information
Environmental	Things outside of the Council’s control; environmental impact
People	Risks associated with employees, management and councillors

Step 2 - Assess Risks

18. The next step is to assess identified risks in terms of the likelihood that they will occur and the impact if they do. This will allow risk prioritisation and facilitate decisions on how the risks should be managed.
19. The Council has agreed factors to consider when assessing the levels of likelihood and impact for risks. These are illustrated in exhibits 4 and 5. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

Exhibit 4 – Factors to consider when assessing likelihood

	Score	Probability of Occurrence	Timescale
Almost Certain	5	>75%	Occur < 6 months
Likely	4	51%-75%	Occur 6 months - 1 year
Possible	3	31% - 50%	Occur 1-2 years
Unlikely	2	10% - 30%	Occur 2-3 years
Remote	1	<10%	Occur > 3 years

20. When you have assessed both the risk likelihood and impact, multiply the likelihood score by the impact score to get the overall risk score. This is the score that we use to compare and prioritise our risks. The overall risk score can be plotted on a risk prioritisation matrix (exhibit 6) which will help identify those risks which require active management.
21. The likelihood and impact of risks also need to be considered after existing controls have been evaluated as to their effectiveness. Existing controls refers to controls actually in place not those we plan to put in place. For each control identified it is important to review its effectiveness in managing the risk and that the residual risk assessment accurately reflects this.
 - **Inherent risk:** The risk that an activity would pose if no controls or other mitigating actions were in place.
 - **Residual risk:** The risk that remains after controls are taken into account.

Exhibit 5 – Factors to consider when assessing impact

Impact	Score	Service	Financial	People / Duty of Care	Project	Reputational	Legal
Catastrophic	5	Serious failure affecting vulnerable groups	Severe loss > 50% of budget	Fatality	Project fails to deliver thus impacting on Council performance	Sustained negative national media attention - loss of public confidence	Legal action certain or government intervention or criminal charges
Major	4	Serious failure but not affecting vulnerable groups	Major loss 30% - 50% of budget	Extensive injury, major permanent harm	Project delay (1-2 years)	Sustained negative local and/or national media attention	Major civil litigation and/or national public enquiry
Moderate	3	Significant failure affecting customers	Significant loss 10% - 30% of budget	Medical treatment - semi -permanent harm < 1 year	Project delay (3 months - 1 year)	Significant negative local media attention	Major civil litigation and/or local public enquiry
Minor	2	Short term disruption	Minor loss 1% - 10% of budget	First aid treatment - non-permanent harm	Project delay (1-3 months)	Short term negative local media attention	Minor civil litigation
None	1	Negligible disruption	Negligible loss	No obvious harm / injury	Negligible delay	No media interest	No legal action

Exhibit 6 – Risk prioritisation matrix

		Likelihood				
		Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	None (1)	1	2	3	4	5

Step 3 - Managing and Controlling Risks

22. Now that the risks and opportunities have been identified and assessed for likelihood and impact, there needs to be agreement on who will own and manage the risk and how it will be managed. Exhibit 7 provides guidance on how the overall risk score can help identify how the risk should be managed. Following these guidelines will help ensure risks are not over managed.

Exhibit 7 – Risk management consideration

Risk Level	Management
High (15-25)	Active Management These are the risks that could severely threaten the ability of the Council or a Service to deliver agreed outcomes or objectives. These are the most important risks and demand the most attention, resources and management. 'Red' risks are regularly reviewed in detail to help assist in the reduction of risk to an acceptable and/or manageable level.
Medium (7-14)	Management Required These are considered to be of medium importance; requiring less management attention than the red risks, but which are still reviewed regularly to ensure that the risk exposure is not growing. Requires management to prevent increase, and possibly reduce, risk score.
Low (1-6)	Periodic Review Unlikely to require action but periodic review of situation should be in place.

23. The Council have adopted five options for managing risks as detailed in exhibit 8.

Exhibit 8 – Options for managing risks

Action	Definition
Tolerate	Decision taken to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.
Treat	Implement further action(s) to reduce overall risk by either reducing the likelihood and/or the impact. Further actions, with associated timescales, should be recorded in the risk register and regularly monitored.
Terminate	Decision taken to remove the risk entirely. Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or cease the activity.
Transfer	Transfer all or part of the risk through insurance or to a third party who is better able to manage the risk.
Exploit	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

Step 4 – Review and Report Risks

24. Steps 1 to 3 are then monitored, reported upon and repeated on an ongoing and cyclical basis to ensure that new risks, or changes to existing risks are managed. All information relating to the identified risks should be recorded in a risk register. Appendix 1 to this guidance provides a template risk register which should be used for all registers. It can be downloaded in excel format by clicking on the icon below.



ABC Template Risk Register.xlsx

25. All fields should be completed for every risk including key actions and deadlines for all risks where the chosen approach is 'Treat.'
26. Circumstances and business priorities can, and do, change, and therefore risks, opportunities and their circumstances need to be regularly reviewed. This review should include the following questions:
 - Are the risks still relevant?
 - What progress has been made in managing the risk?
 - Given the progress made, do the risk scores need revising?
 - Are any further actions needed? If so, then what should these be?
27. It is recognised that there should be some flexibility in terms of the process to be followed at a DMT or Head of Service level to review and update risk registers. For example Strategic Finance may wish to operate with a single operational risk register which is reviewed and updated at Strategic Finance management team meetings whereas Customer Services and Development and Infrastructure may wish to operate risk registers at Head of Service level which are then consolidated into a departmental level risk register.
28. However there should be an overarching principle that the most current versions of operational risk registers should be approved on a quarterly basis at DMT and the strategic risk register should be approved biannually at SMT. The minutes of these meetings will evidence the review has taken place and the approval of the risk register updates.
29. Exhibit 9 provides summary guidance on how risks should be reported and/or escalated within the Council at the point they are identified or their risk profile changed.

Exhibit 9 – Risk reporting

Risk Level	Reporting
High (15-25)	Risk should be reported to SMT and Chief Internal Auditor (CIA).
Medium (7-14)	DMT to determine whether risk requires to be reported to SMT and CIA. Risks scored between 7 and 11 would not usually be reported. Consideration should be given to reporting risks with scores between 12 and 14.
Low (1-6)	Risks are managed at DMT level.

30. The Strategic Risk Register is formally reported to the Policy and Resources Committee on an annual basis (normally August) and, also on an annual basis, the CIA will provide a risk management overview paper to the Council's Audit and Scrutiny Committee (normally March) to provide assurance over the risk management process.

Appendix 1 – Example / Template Risk Register

												NEXT REVIEW DATE		01/06/2018	
No	Risk	Service Plan Challenge	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner	
				Imp	Lik	Sc		Imp	Lik	Sc					
1	Capacity/Act Aligned to Priorities Strategic finance capacity and activity not aligned to council's key strategic priorities	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Revenue expenditure / budgets not properly aligned to council's key priorities. Decision making not supported by robust financial advice.	4	4	16	1. Medium to long term financial strategy 2. Council wide efficiency planning / savings identification 3. Effective management of financial reserves 4. Strong budget setting and monitoring controls/procedures 5. Audit coverage of fundamental systems 6. Service planning 7. Review of fees & charges 8. Medium term budget outlook reported to P&R Committee	4	3	12	Treat	1. Consider findings in 2018/19 IA review of financial planning once completed (Sept 2018) 2. Complete annual review of financial strategy (Nov 2018) 3. Address IA action plan from 2017/18 review of fees & charges (Jun 2018) 4. Reconstructing budget exercise (July 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
2	Resource Availability Service provision and performance affected by difficulties recruiting/retaining suitably qualified staff, organisational change, and/or staff sickness.	All strategic finance challenges	Failure to develop effective financial mgt across all departments. Awareness of and reporting of variances against budgets not managed preventing early intervention Members/managers not able to obtain financial advice when exploring options.	4	4	16	1. Working environment / organisational culture 2. Flexible working 3. Established suite of policies & procedures 4. Growing our Own 5. Provision of training 6. Staff development and appraisals	4	3	12	Treat	1. SF Service restructure (Sept 2018) 2. Use of earmarked reserved to deliver training within service (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
3	Staff Skills Staff skills mix not aligned to service requirements	Ensuring service delivery is aligned to stakeholders needs within the available resources	Service delivery not adequately supported by strategic finance resulting in lost opportunities to identify and deliver efficiencies/savings.	4	4	16	1. Financial regulations 2. Appropriate staff training 3. Workload planning focused on aligning available resource to priority activity/services. 4. Service review and monitoring of customer feedback	3	4	12	Treat	1. SF Service restructure (Sept 2018) will provide greater support (Sept 2018) 2. 2. Use of earmarked reserved to deliver training within service (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
4	Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability	Managing Council's Treasury Mgt function to ensure we safeguard the Council's money and get best possible return.	1. Reduced availability of funds 2. Reduction in returns on investments 3. Cash flow issues	4	3	12	1. Policy for maximum investment/ borrowing levels limits liability 2. Consideration of credit ratings (including external TM advice) 3. Management of council reserves 4. Medium to long term financial strategy 5. Treasury management strategy 6. Low appetite for treasury risk	3	2	6	Tolerate	N/A	SF Mgt Team Mar 2018	Head of Strategic Finance	
5	Capital programme is not effectively managed	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Significant underspends on capital programme means that priorities are not addressed, leading to reduced service capacity and damaged reputation. Loss of investment income because of capital resources tied up in delayed capital programmes.	4	4	16	1. Ongoing monitoring of capital programmes and capital budget monitoring 2. Close alignment between capital programme management and treasury management 3. Limited options/returns for investment	4	3	12	Treat	1. Capital prioritisation process to be reviewed - update to full Council to be provided (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
6	Risk Management not embedded as integral part of decision making process.	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Strategic and operational decisions within Strategic Finance do not adequately consider the identified risks within the department and the associated service challenges identified in the service plan.	3	3	9	1. Annual review of risk mgt arrangements by internal audit 2. Formal review of SF Risk Register on a quarterly basis at SF mgt team meetings	3	2	6	Tolerate		SF Mgt Team Mar 2018	Chief Internal Auditor	
7	Internal Audit Plan Failure to ensure appropriate Audit coverage through risk based assessment and failure to complete annual audit plan	Ensuring audit coverage provides appropriate assurance in respect of governance, risk and control.	1. Weakness in controls and governance go undetected leading to financial loss/inefficiencies 2. Reduced assurance via annual governance statement 3. Reputational damage 4. Increase in external audit fee	3	3	9	1. Independence of Chief Internal Auditor 2. Draft audit plan circulated to SMT and A&S Committee for review and feedback 3. Annual audit plan is risk based and provides coverage across all Council directorates and associated ALEOS 4. Delivery of audit plan monitored by Chief Internal Auditor and reported to A&S Committee	2	2	4	Tolerate	N/A	SF Mgt Team Mar 2018	Chief Internal Auditor	

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****CUSTOMER SERVICES****24 MAY 2018****PERFORMANCE REPORT – FQ3 & FQ4 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 FQ3 2017-18 (October - December) and FQ4 2017-18 (January – March)
- 1.2 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

PERFORMANCE REPORT – FQ3 & FQ4 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 FQ3 2017-18 (October - December) and FQ4 2017-18 (January – March).

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

Business Outcome BO05 Information and Support are available for everyone

1. Increased Twitter (11,300), Facebook (8,676) and Instagram (1082) followers all above target.
2. Achieved 4 stars for better connected test for libraries functions for website

Business Outcome BO18 Improved Lifestyle Choices are Enabled

1. Successful external audit and re-certification to ISO 9001:2015 for the Catering and Cleaning Service
2. Successful Soil Association Bronze Food for Life Award inspection
3. Successful Inch by Inch Roadshow took place at Rothesay Joint Campus.

Business Outcome BO23 Economic growth is supported

1. Year to date we have paid 96.68% of invoices within 30 days – above target of 94.5%.
2. Percentage of contracts awarded to SMEs is 74% for the quarter (above target of 70%).

Business Outcome BO32 Our workforce is supported to realise its potential

1. Excellent satisfaction scores for corporate training delivered and eLearning materials (100%).

Business Outcome BO30 We engage with our customers staff and partners/Business Outcome BO31 We have a culture of continuous improvement/Business Outcome BO32 Our workforce is supported to realise its potential

1. Governance and Law Customer Excellence Award renewed with the retention of 5 compliance plus ratings and an additional plus rating awarded.

Business Outcome BO28 Our processes and business procedures are efficient, cost effective and compliant/BO30 We engage with our customers, staff and partners/BO31 We have a culture of continuous improvement

1. The Property Maintenance Team received a bronze award for its partnership delivery of contracts for property maintenance in East Argyll at the Excellence Awards.

Short-term Operational Challenges

1. Dunoon Bid Ballot
2. Glasgow-Oban Train cancelled twice due to both weather conditions and breakdown. Staff successfully provided alternative transport in both cases.
3. On-line payment facility pilot in John Logie Baird and Rhu primary schools has taken up more operational time and resources than expected.
4. IHR - Staff sickness across and number of teams is having an impact on the service being able to meet demand.
5. Resolve and conclude Microsoft Licensing audit notified 2 October.

Key Challenges and Actions to address the Challenges

Business Outcome BO09 Our assets are safe, efficient and fit for purpose

1. Challenge - At a late stage in delivery of the Argyll House Re-wire project, the procurement process did not deliver a tender capable of being accepted. This is likely to result in slippage in the capital programme
 1. Action - Report through capital monitoring and investigate options for advancing other capital projects.
 Completion Due Date: 31 March 2018

2. Challenge – Legionella Management - This could involve training of circa 600 members of staff to undertake low level tasks including flushing of infrequently used outlets and temperature monitoring and as such the scale will prevent delivery of all training by 31 March 2018.
 2. Action – Update Management Standard on Control of Legionella and Action Plan for submission to DMT in early February.
 Completion Due Date: Ongoing

Business Outcome BO18 Improved Lifestyle Choices are Enabled

1. Challenge - Catering and Cleaning Innovation Project is in progress.
 1. Action - Catering and Cleaning Innovation Working Group continues to ensure that the project remains on track.
 Completion Due Date: On-going

Business Outcome B027 Infrastructure and Assets are fit for purpose

1. Challenge: Finalise settlement with Capita for delays with Pathfinder North
 1. Action: Continue negotiation with Capita with assistance from Highland Council and CMS (lawyers)

Completion Due Date: 31 March 2018

Business Outcome 28 Our processes and business procedures are efficient, cost effective and compliant

1. Challenge – Introduce paperless committee meetings.

1. Action – Project has progressed to full roll out to all members and is now in a period of bedding in new processes.

Completion Due Date: 31 March 2018

2. Challenge - Review of Scheme for Community Councils.

2. Action – Experienced team in place to deliver revised scheme and elections arising therefrom.

Completion Due Date: 30th April 2018

3. Challenge - Complete preparations for go live of replacement council tax and benefits system in February 2018, and thereafter progress with
online facilities

3. Action - Ensure project keeps on track and all issues addressed as required

Completion Due Date: Core system – February 2018; Portal first phase April 2018; second phase July 2018



Customer Services Scorecard 2017-20 FQ3 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 None	2.50 None	R	↓
CU % of PRDs completed		90 %	96 %	G	↑
<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals CU	£K 40,302	£K 40,204	A	↓	
Capital forecasts - current year CU	£K 24,953	£K 23,255	R	↓	
Capital forecasts - total project CU	£K 97,118	£K 97,100	A	↑	
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	17	7	A →
Customer Services Audit Recommendations	Overdue	0	Due in future	2	Future - off target	1 ↓
Customer Service CU	Customer satisfaction	91 %	G	↓		
Customer Charter	Stage 1 Complaints	76 %	R	↓		
Number of consultations	3	Stage 2 Complaints	100 %	G	→	



Customer Services Scorecard 2017-20

Scorecard owned by: Douglas Hendry

FQ3 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

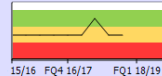
Making it happen

Supporting Outcome - Service Delivery Enablers

Related Business Outcomes

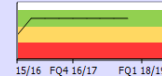
BO04 Benefits are paid promptly and accurately [CU Dept]

Aligns to ABOIP Outcome No. 5
Success Measure **A** ↓



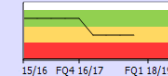
BO17 The support needs of children and their families are met [CU Dept]

Aligns to ABOIP Outcome No. 4
Success Measure **C** ⇒



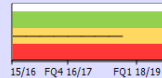
BO29 Health and safety is managed effectively [CU Dept]

Aligns to Council Outcome MIH
Success Measure **A** ⇒



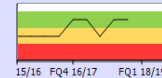
BO05 Information and support are available for everyone [CU Dept]

Aligns to ABOIP Outcome No. 5
Success Measure **A** ⇒



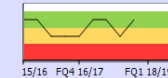
BO18 Improved lifestyle choices are enabled [CU Dept]

Aligns to ABOIP Outcome No. 4
Success Measure **C** ↑



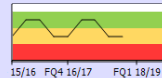
BO30 We engage with our customers, staff and partners [CU Dept]

Aligns to Council Outcome MIH
Success Measure **A** ↓



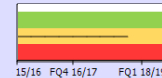
BO09 Our assets are safe, efficient and fit for purpose [CU Dept]

Aligns to ABOIP Outcome No. 6
Success Measure **A** ↓



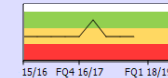
BO23 Economic growth is supported [CU Dept]

Aligns to ABOIP Outcome No. 1
Success Measure **A** ⇒



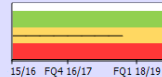
BO31 We have a culture of continuous improvement [CU Dept]

Aligns to Council Outcome MIH
Success Measure **A** ⇒



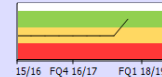
BO10 Quality of life is improved by managing risk [CU Dept]

Aligns to ABOIP Outcome No. 6
Success Measure **A** ⇒



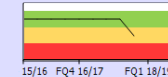
BO27 Infrastructure and assets are fit for purpose [CU Dept]

Aligns to Council Outcome MIH
Success Measure **A** ⇒



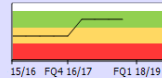
BO32 Our workforce is supported to realise its potential [CU Dept]

Aligns to Council Outcome MIH
Success Measure **C** ⇒



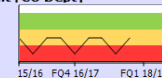
BO11 There is no place for discrimination and inequality [CU Dept]

Aligns to ABOIP Outcome No. 6
Success Measure **C** ⇒



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

Aligns to Council Outcome MIH
Success Measure **R** ↓



Key Successes**Business Outcome BO04 Benefits are paid promptly and accurately**

1. Benefit Changes in circumstances year to date take an average of 5.50 days, below target of 6 days. Accuracy year to date is 98.3% better than target of 95%. 100% of community care grants processed within 15 days for year; 99.9% of crisis grants processed within 1 day.

Business Outcome BO05 Information and support are available for everyone

1. Currently the most followed Local Authority in Scotland on Instagram with 1886 followers having only launched in November last year.
2. Anti-poverty strategy drafted to support Council's ability to report at end of 2018-19 on child poverty actions.

Business Outcome BO27 Infrastructure and assets are fit for purpose

1. Handover and transition to the New Campbeltown Grammar school
2. Concluded Microsoft Licensing audit satisfactorily
3. Finalised settlement with Capita for delays with Pathfinder North

Business Outcome BO28 Our processes and business procedures are efficient, cost effective and compliant

1. Paperless Committee roll out has been completed successfully
2. Dunoon BID Count completed successfully
3. Completed go live of replacement council tax and benefits system in February 2018 as planned achieving saving in system costs.
4. The Energy and Building Services Team successfully concluded and arranged the sign off of a Heat Supply Agreement for the Heat from Sewer Project at Aqualibrium. This project is now likely to be the first Heat from Sewer project to be delivered in Scotland that has been funded by the Scottish Government. The project will ultimately deliver annual revenue savings for the heating at Aqualibrium.

Business Outcome BO23 Economic growth is supported

1. For full year we have paid 96.46% of invoices within 30 days – above target of 94.5%.
2. 86% of council contracts awarded to SME businesses (above target of 70%).
3. 41% of suppliers bidding for council contracts are local businesses (above target of 16%)

Business Outcome B031 We have a culture of continuous improvement

1. Automation plan has been delivered to allow HR and OD service redesign to be implemented. During January to March the following automated/

streamlined processes have been rolled out:

- Manager Lead recruitment
- Online payslip
- 60% reduction in paper timesheet submission
- Online Temporary extensions

Business Outcome BO32 Our workforce is supported to realise its potential

1. The council's talent management team have been shortlisted in the S1Jobs Awards category for the best trainee/ apprenticeship scheme. Winners will be announced in April.

Short-term Operational Challenges

1. Review of Constitution to April 2018 Council
2. Support Members in uptake of Personal Development Plans
3. Complete corporate mail roll out in May
4. Finalise General Data Protection Regulation preparations for 25 May
5. Bus driver shortages in Lorn and the Isles, temporary transport contract put in place on Mull whilst carrying out recruitment drive, bank drivers from other areas used on a temporary basis in and around Oban.
6. QKr pilot in JLB and Rhu primary schools – the ongoing development and evaluation of the on-line payment facility has taken up more operational time and resources than expected both centrally and in kitchens, and the service specific business benefits have not been apparent.
7. The HROD team is running with a significant proportion of vacancies and sickness absence which is impacting on ability to meet peaks in demand.

Key Challenges and Actions to address the Challenges

Business Outcome BO09 (Our assets are safe, efficient and fit for purpose).

1. Challenge –Legionella Management - updated Management Standard on the Control of Legionella was agreed in principle by SMT the finer details have still to be agreed with client departments.
1. Action – Agree detail with Client Departments and update Management Standard accordingly.

Responsible Person: Andrew MacKrell/Craig Houston

Completion Due Date: On-going

Business Outcome BO18: Improved Lifestyle Choices are Enabled

1. Challenge -Catering and Cleaning Innovation Project is in progress.

1. Action -Catering and Cleaning Innovation Working Group continues to ensure that the project remains on track.

Responsible Person: Jayne Jones

Completion Due Date: On-going

Business Outcome BO28 Our processes and business procedures are efficient, cost effective and compliant

1. Challenge – Review Scheme for Community Councils
1. Action – Experienced team in place to deliver revised scheme and election arising therefrom

Responsible Person: Shirley MacLeod

Completion Due Date: 30th April 2018

2. Challenge: Recover from backlog in processing of council tax and benefits caused by 3 weeks downtime in migration to new system.
2. Action: Outsource of overflow work to Civica, overtime from staff, clearing of red flag indicators

Responsible Person: Fergus Walker

Completion Due Date: Aim to complete backlog by end of FQ1

3. Challenge: Complete preparations for go live of replacement online facilities for new council tax and benefits system
3. Action: Project team in place to ensure project keeps on track and all issues addressed as required within timeframe

Responsible Person: Fergus Walker

Completion Due Date: Portal first phase April 2018 for landlords; second phase July 2018

4. Challenge: Implement Barclay Review Non Domestic Rates changes for annual billing in April
4. Action: (1) Ensure new relief details in annual bills, (2) Targeted mailshots to businesses potentially eligible for new reliefs including application forms, (3) agree software amendment specification, test and implement updated software

Responsible Person: Fergus Walker

Completion Due Date: Portal first phase April 2018 for landlords; second phase July 2018

5. Challenge: Recover from backlog in processing of council tax and benefits caused by 3 weeks downtime in migration to new system.
5. Action: Outsource of overflow work to Civica, overtime from staff, clearing of red flag indicators

Responsible Person: Fergus Walker

Completion Due Date: Aim to complete recovery of backlog by end of FQ1

Business Outcome BO33 Information and support are available for our communities

1. Challenge – World War One Commemoration event Islay

1. Action – Officer Working Group liaising with key external partners and local organising committee to ensure successful delivery of project

Responsible Person: Charles Reppke/Angus Gilmour

Completion Due Date: 6th May 2018

2. Challenge - Transformation Activity/proposals for revenue budget strategy.

2. Action - Transformation Board established and meeting on a regular basis, work streams agreed and being taken forward.

Responsible Person: Douglas Hendry

Completion Due Date: On-going



Customer Services Scorecard 2017-20

FQ4 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 None	3.51 None	R	↓
CU % of PRDs completed			90 %	82 %	R	↓
<i>Financial</i>		<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals CU		£K 40,485	£K 40,093	R	↓	
Capital forecasts - current year CU						
Capital forecasts - total project CU						
Asset management red risks	6	On track	3	G	→	

IMPROVEMENT

						<i>Status</i>
		Total No	Off track	On track	Complete	
Improvement Plan Outcomes CU	Actions	24	0	8	16	A →
Customer Services Audit Recommendations		Overdue	Due in future	Future - off target		
		0 →	2 →	0 ↑		
Customer Service CU		Customer satisfaction	86 %	G	↓	
Customer Charter		Stage 1 Complaints	87 %	G	↑	
Number of consultations	3	Stage 2 Complaints	100 %	G	→	



Customer Services Scorecard 2017-20

Scorecard owned by: **Douglas Hendry**

FQ4 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](#)

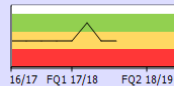
Making it happen

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

BO04 Benefits are paid promptly and accurately [CU Dept]

Aligns to ABOIP Outcome No. 5

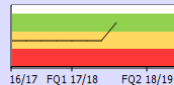
Success Measure **A** →



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

Aligns to ABOIP Outcome No. 5

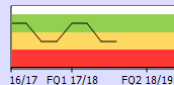
Success Measure **C** ↑



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

Aligns to ABOIP Outcome No. 6

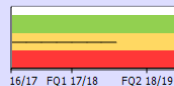
Success Measure **A** →



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

Aligns to ABOIP Outcome No. 6

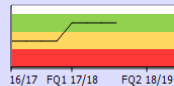
Success Measure **A** →



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

Aligns to ABOIP Outcome No. 6

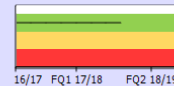
Success Measure **C** →



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

Aligns to ABOIP Outcome No. 4

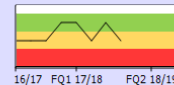
Success Measure **C** →



BO18 Improved lifestyle choices are enabled [CU Dept]

Aligns to ABOIP Outcome No. 4

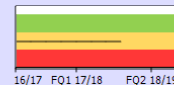
Success Measure **A** ↓



BO23 Economic growth is supported [CU Dept]

Aligns to ABOIP Outcome No. 1

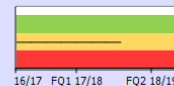
Success Measure **A** →



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

Aligns to Council Outcome MIH

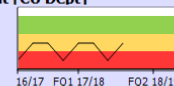
Success Measure **A** →



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

Aligns to Council Outcome MIH

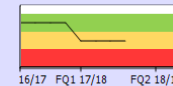
Success Measure **A** ↑



BO29 Health and safety is managed effectively [CU Dept]

Aligns to Council Outcome MIH

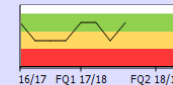
Success Measure **A** →



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

Aligns to Council Outcome MIH

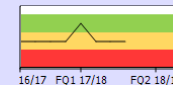
Success Measure **C** ↑



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

Aligns to Council Outcome MIH

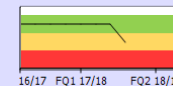
Success Measure **A** →



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

Aligns to Council Outcome MIH

Success Measure **A** ↓



Departmental Performance Report for: Strategic Finance	Period: October to December 2017
Key Successes	
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.	
<ol style="list-style-type: none"> 1. Audit Scotland has highlighted the need for local authorities to develop medium to long term financial strategies due to the challenges facing local government. Our Medium to Long Term Financial Strategy was approved by the Policy and Resources Committee on 19 October 2017. 2. Investment returns continue to exceed the benchmark rate of return – for the period to end of December 2017 return was 0.541% 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 0.357%. As at the end of December 2017 the level of investment was £79.5m. 3. As part of the work of the Transformation Board, further management/operational savings were identified for 2018-19 and reported to the Council meeting on 26 October 2017, these will be implemented as part of normal business. 4. Checking of the financial settlement highlighted distribution error in respect of supporting people that the Scottish Government agreed to correct, resulting in an additional £2m added to our 2018-19 settlement. 5. Created new company within the financial system to account for Live Argyll, set up new monthly reporting and completed mini year end to ensure that transactions around the Trust go live were accounted for correctly. 6. The new Chief Internal Auditor commenced in post and revised our audit approach to incorporate audit work programmes more aligned to control objectives, a more robust review process and a revised report template which provides greater clarity over audit conclusions. 7. The Audit and Scrutiny Committee held a development day to consider our approach to scrutiny and a new scrutiny framework was drafted and shared with members of the committee for comment. This will be further developed in Q4. 	
Short-term Operational Challenges	
<ol style="list-style-type: none"> 1. Staff absence and vacancies are having an impact on the service, particularly during the busy budget preparation time and there is difficulty recruiting to temporary positions. 2. The Money Skills Argyll Project team has undertaken a review of the project’s delivery model and outcomes following the end of the first year of the contract with the Big Lottery Fund. The review has highlighted issues in the project’s structure which are hampering service delivery. The team is working closely with our project partners as well as colleagues from the Big Lottery Fund and other projects in the wider program to redesign the project in order to improve its efficiency and effectiveness. 	
Key Challenges and Actions to address the Challenges	
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.	
<ol style="list-style-type: none"> 1. Challenge - Ensure next year’s budget estimates are underpinned by robust figures and assumptions. 1. Action - Budget preparation is well underway, focus will be on the finer detail following further confirmation of the funding. <p>Completion Due Date: Budget meeting 22 February 2018</p>	

1. Challenge - Implement Scrutiny Framework
 2. Action - Present finalised framework to the Audit and Scrutiny Committee and commence scrutiny work.
- Completion Due Date: Framework to be agreed at March Committee (20 March 2018) and scrutiny to commence after this time.

2. Challenge - Progress with restructuring proposals for Strategic Finance to ensure we have a service that is fit for purpose to support the organisation.
 3. Action - Finalise new structure and liaise with Trade Unions prior to implementation.
- Completion Due Date: For implementation Summer 2018.

Business Outcome BO05 – Information and support are available for everyone

1. Challenge - Implementing a new Client Management System for the Money Skills Argyll Project.
 1. Action - The MSA project team is working with the selected vendor and the Council's IT staff to configure and implement the system as quickly as possible, having to work around the school Easter holidays and financial year end in doing so.
- Completion Due Date: Targeting to have the system live by the end of April 2018.

Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan**

FQ3 17/18

[Click here for Full Outcomes](#)

[Corporate Support Team Scorecard](#)

[Departmental Support Team Scorecard](#)

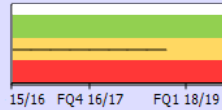
[Internal Audit Team Scorecard](#)

[Click here for Council Scorecard](#)

BO05 Information and support are available for everyone [SF]

Aligns to ABOIP Outcome No. 5

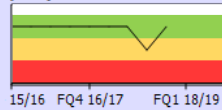
Success Measure **A** →



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

Aligns to Council Outcome MIH

Success Measure **A** ↓



Management Information

RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		1.5 Days	1.8 Days	R	↑
PRDs SF		90 %	97 %	G	↑

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

SF Service Improvements 2017-20	Total No	Off track	On track	Complete	Status
Actions	8	8			

Strategic Finance Audit Recommendations	Overdue	Due in future	Future - off target	Status
	0 →	0 ↓	0 →	

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

Customer Service SF	Customer satisfaction	98 %	G ↓
Customer Charter	Stage 2 Complaints	100 %	G →
Number of consultations	Stage 2 Complaints	100 %	G →

Departmental Performance Report for: Strategic Finance	Period: January to March 2018
Key Successes	
<p>Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.</p> <ol style="list-style-type: none"> 1. The Council set a balanced budget at its meeting on 22 February 2018 – officers within Finance spend a significant amount of time supporting the Council during the budget process. 2. Preparations in place for the year-end, planning timetable reported to the Council’s audit committee. 3. Investment returns continue to exceed the benchmark rate of return – for the period to end of March 2017 return was 0.618% 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 0.362%. 4. New scrutiny framework incorporating a scrutiny prioritisation process was approved by the Audit and Scrutiny Committee at its meeting on 20 March 2018. 5. Following a review of operational risk registers a new process and format was approved by SMT and will be implemented from Q4 2017-18. 	
Short-term Operational Challenges	
<ol style="list-style-type: none"> 1. Staff absence and vacancies are having an impact on the service and there is difficulty recruiting to temporary positions. 2. A meeting was recently held between the Money Skills Argyll (MSA) partnership and representatives from the Big Lottery Fund (BIG) regarding issues which need addressing if the project is to continue and deliver on its objectives. A number of action points were agreed and proposals needs to be submitted to BIG to resolve the issues and positively move the project forward. 	
Key Challenges and Actions to address the Challenges	
<p>Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.</p> <ol style="list-style-type: none"> 1. Challenge: Preparation of year end accounts for 2017-18 within statutory timescale. 1. Action: Year-end account preparation is well underway and resource will be focused to ensure that tasks are completed within planned timeframe. Completion Due Date: Council on 28 June 2018 2. Challenge: Audit and Scrutiny Committee to agree the first scrutiny topic. 2. Action: Chief Officers and Members have been asked for potential scrutiny topics and the Chief Internal Auditor will assess these through the scrutiny prioritisation process and present to Members at the June Committee meeting. Completion Due Date: Audit and Scrutiny Committee on 19 June 2018. 3. Challenge: Progress with restructuring proposals for Strategic Finance to ensure we have a service that is fit for purpose to support the organisation. 3. Action: Finalise new structure and liaise with Trade Unions prior to implementation. 	

Completion Due Date: For implementation Summer 2018.

Business Outcome BO05 – Information and support are available for everyone

1. Challenge: Implementing a new Client Management System for the Money Skills Argyll Project.
1. Action: The MSA project team is working with the selected vendor and the Council's IT staff to configure and implement the system as quickly as possible, having to work around the school Easter holidays and financial year end in doing so.

Completion Due Date: Revised target to have the system live by the end of May 2018.

Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan** FQ4 17/18

[Click here for Full Outcomes](#)

Corporate Support Team Scorecard

Departmental Support Team Scorecard

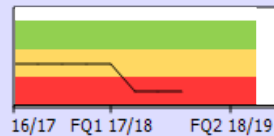
Internal Audit Team Scorecard

[Click here for Council Scorecard](#)

BO05 Information and support are available for everyone [SF]

Aligns to ABOIP Outcome No. 5

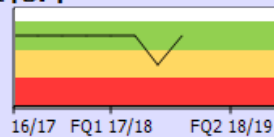
Success Measure  →



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



Aligns to Council Outcome MIH

Success Measure  ↑



Management Information




RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		1.5 Days	2.8 Days		↓
PRDs SF		90 %	93 %		↓

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	4	0	4	
Strategic Finance Audit Recommendations	0	0	0	0	→
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions					
H&S Investigation Actions	0	0	0	0	
Customer Service SF	Customer satisfaction				
Customer Charter	Stage 2 Complaints	100 %		→	
Number of consultations	Stage 2 Complaints	100 %		↑	

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****24 MAY 2018**

SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS – REPORT ON SPEND TO DATE AND FUTURE PROPOSALS

1.0 EXECUTIVE SUMMARY

- 1.1 The Council was allocated additional grant monies by the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs) to mitigate the impact of the spare room subsidy also known as the “bedroom tax” in Argyll and Bute. This was additional to the core DHP funding provided by The Department of Work and Pensions (DWP). In March 2017 Policy & Resources Committee approved the carry forward of the balance of earmarked funds estimated at £45.9k for a number of proposals for their use related to welfare reform mitigations. It also approved the carry forward of the balance of DHP monies estimated at £20k into 2017/18 to be used to maintain current priorities supported.
- 1.2 The carry forward underspend for DHP from 2016/17 was £19,918. So the total for DHP was £641,772 for 2017/18. There is £39,839 unspent at 31 March 2018, which could be carried forward to 2018/19 and approval is sought for this. This would allow continue of current priority groups supported to continue into 2018/19.
- 1.3 This report provides an update on the spending against welfare reform mitigations. It seeks approval for the carry forward of the unspent balance to be used in a continuation of this work. Monies carried forward for recruiting the Welfare Rights Assistants (£34,214) has been spent in 2017/2018. Additionally £18,595 originally carried forward to cover Scottish Welfare Fund overspends has not been required in 2017/2018. A new proposal is put forward to use these monies to provide digital training and support to claimants having to claim Universal Credit for the first time after we move to full service in September 2018.

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****24 MAY 2018**

**SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND
DISCRETIONARY HOUSING PAYMENTS – REPORT ON SPEND TO DATE AND
FUTURE PROPOSALS**

2.0 INTRODUCTION

- 2.1 The Council was allocated additional grant monies by the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs) to mitigate the impact of the spare room subsidy also known as the “bedroom tax” in Argyll and Bute. This was additional to the core DHP funding provided by The Department of Work and Pensions (DWP). In March 2017 Policy & Resources Committee approved the carry forward of the balance of earmarked funds estimated at £45.9k and a number of proposals for their use related to welfare reform mitigations. It also approved the carry forward of the balance of DHP monies estimated at £20k into 2017/18 to be used to maintain current priorities supported.
- 2.2 This report provides an update on the spending against welfare reform mitigations and estimates that £18,595 will be unspent at 31 March 2018. It seeks approval for the carry forward of the unspent balance to be used in a continuation of this work. Approval is also requested for the carry forward of the underspend of £39,839 DHP monies from this year end.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee is asked to note the information provided in respect of progress made, and the estimated unspent balance at 31 March 2018 of £18,595 from the balance of Scottish Government funding for welfare reforms of £52,809 carried forward as earmarked funds at 1 April 2017.
- 3.2 The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £18,595 and approves the proposals for their use for digital inclusion services as summarised at 4.9.
- 3.3 The Committee approves the carry forward of the balance of the unspent 2017/18 DHP monies of £39,839 as earmarked funds to be used to fund DHP payments in 2018/19 in order to help maintain current priority levels into 2018/19.

4.0 DETAIL

4.1 There are two figures for earmarked reserves that relate to the Discretionary Housing Payment (DHP) spend and to the UK government's wider welfare reforms. The first is in respect of DHPs which had an opening balance of £19,918. The second earmarked reserve is in relation to wider welfare reforms and had an opening balance of £52,809 at 1 April 2017.

DHPs

4.2 In 2017/2018, including the carry forward underspend from 2016/17 of £19,918, the total funding available for DHP was £641,772. At the end of March 2018, the council has paid a total of £601,932. We have £39,839 remaining in the fund (including the carry forward funding from last year of £19,918).

4.3 There has been an increase in the demand for DHPs in 2017/18 as a result of the implementation of the Benefit Cap in November 2016. Around 24 families are affected by the benefit cap in our area. We have not needed to draw down any of the earmarked reserve of £19,918 and we will have an underspend in the current year of £19,921 on top of the carry forward earmarking.

4.4 The first tranche of DHP funding has been announced for 2018/19 by Scottish Government. Whilst we are to receive more for bedroom tax cases, there will be a decrease of £24,114 for other types of cases on last year. There will be ongoing pressure on DHP funding next year as a result of restrictions to housing benefit payments for temporary accommodation and ongoing pressure to pay DHP to mitigate the Benefit Cap. Additionally Universal Credit Full Service comes in for Argyll and Bute in September 2018 and this will have an impact on the DHP fund. We therefore request approval to carry forward the £39,839 unspent earmarked reserve to 2018/2019 to enable us to continue to support current priority levels for as long as possible.

4.5 The table below summarises the position with respect to DHP earmarked reserve:

	Current earmarking 2017/2018 £	Est. Additional DHP not spent 2017/2018 £	Carry forward to 2018/2019 £
Discretionary Housing Payments	19,918	19,921	39,839

Wider Welfare Reforms Mitigations

4.6 In terms of the earmarked reserve set-aside for the wider welfare reforms, £52,809 was carried forward from 2016/2017 following approval of Policy and Resources Committee in March 2017. The original estimate was £45.9k and of this £30.2k was to be spent on 2 Welfare Rights Assistants to September 2017 and £15.7k on supplementing the Scottish Welfare Fund.

Welfare Rights Support

- 4.7 Demand for Welfare Rights support continues in light of the ongoing restrictions to welfare applied by the government. The move from Disability Living Allowance to Personal Independence Payments is still transitioning in Argyll and Bute and these earmarkings supported the employment of 2 temporary Welfare Rights Assistants at LGE6 to cover the Helensburgh and Islay localities in 2017/2018. £34.2k was drawn down and given to the Housing service to cover the costs of the posts in 2017/2018. The monies have been fully utilised in the year.

Extend Scottish Welfare Fund (SWF) support

- 4.8 £18,595 was carried forward to 2017/2018 and have not been required this year. SWF spend has been running at c. 5% below budget.

New Proposal – Provision of Digital Inclusion to claimants of UCFS

- 4.9 The proposal is now to carry forward the remaining £18,595 earmarkings to 2018/2019 and use these for bank tutors to help deliver the Council's commitment to providing Digital Inclusion training for claimants who will be required to sign up for Universal Credit online. This will really impact our claimants from September 2018 when Universal Credit Full Service goes live in our area. The work to upskill our claimants will be carried out by Adult Learning and Literacy and by Housing Services utilising the Housing Support contracts.

Summary of proposals

- 4.10 A summary of how the unspent monies could be utilised is set out below:

Ref	Proposal description	2018/2019 Proposed £'000s
1	Carry forward monies for DHP in 2018/2019	39.8
2	Digital Support for claimants of UCFS from September 2018	18.6
TOTAL		58.4

Carry forward of the funding

- 4.11 Approval is therefore requested to continue to carry forward £58,400 as earmarked reserves to 2018/2019 for the purposes outlined above.

5.0 CONCLUSIONS

- 5.1 The funds have not been fully utilised in 2017/18 as originally planned for a number of reasons explained above. This report seeks approval to carry forward £58,400 as earmarked reserves which will be utilised to support claimants affected by the government's welfare reforms. Proposals are put forward for how these remaining funds could be utilised.

6.0 IMPLICATIONS

- 6.1 Policy: In line with existing policy for DHPs. In line with corporate plan corporate objective 1 – working together to realise the potential of our people.
- 6.2 Financial: This paper provides proposals on utilising the balance of the monies received from Scottish Government in March 2014. It also seeks approval to carry forward the unspent balance of the DHP monies from Scottish Government received in 2017/18 to be spent on DHPs in 2018/2019 to offset new pressures.
- 6.3 Legal: None
- 6.4 HR: None
- 6.5 Equalities: Groups with protected characteristics are expected to benefit particularly from these proposals as they are more highly represented in benefit claimants adversely affected by welfare reforms
- 6.6 Risk: These proposals reduce the risk of more major interventions being required to support these vulnerable families at a later stage and will enable them to be better prepared for the introduction of Universal Credit in our area.
- 6.7 Customer Service: These targeted interventions provide valuable support to vulnerable citizens.

Douglas Hendry
Executive Director Customer Services
2 May 2018

Policy Lead: Councillor Rory Colville

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Scottish Government funding for Welfare Reform and Discretionary Housing Payments – report on spend to date and future proposals: Policy & Resources Committee 19 March 2015

Scottish Government funding for Welfare Reform and Discretionary Housing Payments – report on spend to date and future proposals: Policy & Resources Committee 17 March 2016

Scottish Government funding for Welfare Reform and Discretionary Housing Payments – report on spend to date and future proposals: Policy & Resources Committee 16 March 2017

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****24 MAY 2018**

Anti-Poverty Strategy 2018 – 2022

1.0 EXECUTIVE SUMMARY

The Child Poverty (Scotland) Act 2017 received Royal Assent on 18th December 2017. The aim is to eradicate child poverty in Scotland. Targets are set for achievement by 1 April 2030 with interim targets to be achieved by 1 April 2023. These are stretching given that Scotland has been going backwards against such targets in recent years.

The Act requires Scottish Ministers to prepare 4 yearly delivery plans, the first covering 1 April 2018 to 31 March 2022. Local authorities are required, along with the local Health Board, to publish jointly an annual local child poverty action report. This must set out the measures taken by each during the preceding year to contribute towards the targets and the measures proposed for the future.

Officers have prepared a draft Anti-poverty strategy and associated plan that covers the required factors and looks to demonstrate that poverty is being addressed in Argyll and Bute. The strategy sets out our vision as:

“We want an Argyll and Bute where no-one lives in poverty. Everyone should be able to achieve their potential and feel healthy, happy and valued. We want to be a place where everyone understands that tackling poverty is everyone’s responsibility. We believe that if we act locally, and in partnership, we can make a real difference.”

RECOMMENDATIONS:

- Policy & Resources Committee is asked to approve the draft Anti-Poverty Strategy and Plan attached at Appendix 1.
- The Committee notes that the strategy and plan, once approved, will be shared with community and participation groups, that mechanisms will be set up to monitor targets and milestones, and that a report will be brought back annually reviewing actions achieved at the end of each reporting year.

Anti-Poverty Strategy 2018 – 2022

2.0 INTRODUCTION

- 2.1 The Child Poverty (Scotland) Act 2017 received Royal Assent on 18th December 2017. The aim is to eradicate child poverty in Scotland. Targets are set for achievement by 1 April 2030 with interim targets to be achieved by 1 April 2023. These are stretching given that Scotland has been going backwards against such targets in recent years.
- 2.2 The Act requires Scottish Ministers to prepare 4 yearly delivery plans, the first covering 1 April 2018 to 31 March 2022. Local authorities are required, along with the local Health Board, to publish jointly an annual local child poverty action report. This must set out the measures taken by each during the preceding year to contribute towards the targets and the measures proposed for the future. Officers have prepared a draft Anti-poverty strategy and associated plan that covers the required factors and will facilitate the production of the required annual report. The draft strategy is now presented for consideration.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee is asked to approve the draft Anti-Poverty Strategy and Plan attached at Appendix 1.
- 3.2 The Committee notes that the strategy and plan, once approved, will be shared with community and participation groups, that mechanisms will be set up to monitor targets and milestones, and that a report will be brought back annually reviewing actions achieved at the end of each reporting year.

4.0 DETAIL

- 4.1 The Child Poverty (Scotland) Act 2017 requires Scottish Ministers to prepare 4 yearly delivery plans, the first covering 1 April 2018 to 31 March 2022. Amongst other matters these must set out the measures they propose to take to support local authorities to consider the automatic payment of benefits and support, and for setting the amount of revenue support grant payable to each local authority to ensure that resources are directed for the purpose of contributing to the meeting of child poverty targets. The first plan is due to be published before 1 April 2018.
- 4.2 Local authorities are required, along with the local Health Board, to publish jointly an annual local child poverty action report. This must set out the measures taken by each during the preceding year to contribute towards the targets and the measures proposed for the future. In particular, it has to cover measures taken to

provide income maximisation assistance for pregnant women and families with children, and measures to assist households where a member has protected characteristics and their income is adversely affected or expenditure increased as a result. In order to do this, we need to have a clear strategy and action plan relating to child poverty. As children are part of families and the wider community, officers have prepared a broader Anti-poverty strategy covering all these matters.

4.3 Poverty is an issue for our area. We are a relatively low wage economy with average gross weekly pay in Feb 2018 of £464.70 – 15% below the Scottish average of £547.70. The latest statistics for child poverty in Argyll and Bute (Source: End Child Poverty) show that 20.4% of children in our area are in low income households – a total of 3,176 in 2015. In addition, the Scottish Housing Condition Survey 2017 estimates that 48% of households in our area are in fuel poverty – well above the Scottish average of 30.7%. So there are a number of important drivers for bringing together a cohesive anti-poverty strategy in addition to the new legal requirement.

4.4 Officers have prepared a draft Anti-poverty strategy and associated plan that covers the required factors and looks to demonstrate that poverty is being addressed in Argyll and Bute. The strategy details the issues that we face, relating to geography, demographics and our economic base. It lists the current situation, our challenges and advantages. It emphasizes that despite challenges, we are able to demonstrate an organised approach in our council policies and plans that tackles the issues of poverty and deprivation. Key to this is our close working with community bodies, the Third Sector, The Strategic Housing Forum, The Department of Work and Pensions, Employers and Education establishments.

4.5 The strategy sets out our vision as:

“We want an Argyll and Bute where no-one lives in poverty. Everyone should be able to achieve their potential and feel healthy, happy and valued. We want to be a place where everyone understands that tackling poverty is everyone’s responsibility. We believe that if we act locally, and in partnership, we can make a real difference.”

4.6 To achieve this vision we have identified 6 key areas in which we feel our anti-poverty services and strategies should be focused:

- Children and Families
- Employment
- Finance
- Health and Wellbeing
- Home Energy and Fuel
- Travel and Transport

4.7 We believe that our current plans and strategies (for example: Local Housing Strategy 2016 - 2021; Children and Young Peoples Services Plan; Community Justice Outcome Improvement Plan; Education Services Plan 2017 – 2020; Customer and Support Services Plan 2017- 2020 and the Employability Team Plan) fit well with the chosen 6 areas and readily provide the measurable benchmarks and targets required for an effective Anti-Poverty Strategy. It is anticipated that the WRWG will provide leadership in this area and produce an

annual review plan that demonstrates our success with the targets already set and sets new ones as we move forward.

4.8 In order to organise our plan, we have set out 4 objectives as follows:

1. To listen to people and families experiencing poverty and make sure their voice is heard.
2. To support people experiencing poverty to move from dependence to independence.
3. To ensure our information and services are easy to access.
4. To provide services that meet the needs of people experiencing poverty.

4.9 These objectives are in line with those pursued by other Argyll and Bute Council bodies and our community and Third Sector partners. Namely to ensure participation and engagement, to empower our people. Also to make sure our services are fit for purpose and readily accessed and meet the needs of those in poverty and deprivation.

4.10 The strategy and plan reflects all 6 of the Outcomes identified in the Corporate Plan 2018 – 2022.

- Our Economy is diverse and thriving
- We have an infrastructure that supports sustainable growth
- Education skills and training maximise opportunities for all
- Children and young people have the best possible start
- People live active, healthier and independent lives
- People will live in safer and stronger communities

4.11 The Anti-Poverty Strategy and Plan is the product of involvement with a wide number of organisations within Argyll and Bute and the Third Sector. It is hoped that it will provide a starting point for good communication and concerted action to address the issues of poverty and deprivation within Argyll and Bute. It is acknowledged that this area faces particular problems, relating to being a low wage economy with marked housing and fuel poverty. Opportunities can be limited for our young people, particularly those who are care experienced. We have the additional challenges posed by being a large rural area, with more islands than any other authority, 23 of which are populated, and a sparse population of only 13 people per square kilometre.

4.12 It is acknowledged that some changes and additions to the strategy and action plan may be necessary when they are shared with the wider community. Updated versions will be brought back for further approval as required in addition to the required annual reports under the Child Poverty (Scotland) Act.

5.0 CONCLUSIONS:

5.1 A draft Anti-poverty strategy and action plan is presented for consideration. The strategy will facilitate meeting the new legal requirement to present an annual report jointly with the health board on local child poverty actions. It does however have a broader focus on anti-poverty generally as opposed to exclusively targeting child poverty, recognising that children are part of families and the wider community.

6.0 IMPLICATIONS

- 6.1 Policy: This sets out our policy for Anti-Poverty and is in line with the Council's Corporate Plan and Local Outcome Improvement Plan.
- 6.2 Financial: The draft strategy proposes actions solely from existing resources, with the intention of co-ordinating these better.
- 6.3 Legal: The Child Poverty (Scotland) Act 2017 requires the Council to produce its first local child poverty action report as soon as practical after 31 March 2019. The strategy and associated action plan will facilitate this requirement.
- 6.4 HR: No additional staff, or staffing changes proposed at this point
- 6.5 Equalities: The strategy strongly supports equality and diversity and respects the Protected Characteristics of: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation (Sec 149 (7) Equality Act 2010).
- 6.6 Risk: These proposals reduce the risk of lack of communication and integrated working between the relevant agencies, which could lead to a waste of resources and a failure to make progress.
- 6.7 Customer Service: These targeted interventions provide a focus to identify service delivery and support to people experiencing poverty and deprivation.

Appendix

1. Draft Anti-Poverty Strategy

Douglas Hendry
Executive Director Customer Services
16 May 2018

Policy Lead: Councillor Rory Colville

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Argyll and Bute Council

Anti-Poverty Strategy 2018-2022

APRIL 2018

Contents

1. Introduction	Page 1 - 2
2. Poverty in Argyll and Bute	Page 3 - 4
3. Our Vision	Page 4
4. Our Guiding Principles	Page 5
5. Challenges and Opportunities	Page 6 - 7
6. Our Four Objectives	Page 7 - 9
7. Supporting Strategies and Action Plan	Page 9 - 12
8. Conclusion	Page 12 -13

Appendices

1. Action Plan	Page 14 - 30
2. Supporting Strategies	Page 31 - 37

1. Introduction

- 1.1 This is the first comprehensive Anti-Poverty Strategy produced by Argyll and Bute Council. It comes at a time when Scotland as a nation has a growing awareness of the issue of poverty and is seeking to reduce its effects and increase the life chances and experiences of all its people. This comes with an acknowledgement that Scotland is a wealthy country but not everyone has a fair share. There is a total of £866 billion in total private wealth in Scotland's households. The wealthiest 10% of the population own 67% of the financial wealth whilst the least wealthy 50% own only 2%.
- 1.2 In this strategy we set out a clear vision of what Argyll and Bute hopes to achieve. We will use four objectives to frame a comprehensive Action Plan and we will make it clear how this is to be monitored and delivered. This report will be reviewed annually and key targets will be assessed. This strategy supports a broad range of targets including education, youth justice, community care, housing, health, fuel poverty, advice services and environmental factors. The targets and actions from this strategy will inform the Child Poverty Action Reports to be produced annually from 30th June 2019 jointly by the Local Authority and the Health Board and these will provide an additional focus on the needs of children and young people.

Definition

- 1.3 To begin to look clearly at the issue of poverty, it is important to first have a clear definition of what poverty actually is. The Joseph Rowntree Foundation defines poverty as 'When a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation).'
- 1.4 Poverty is, first and foremost, about household income. The Scottish Government (Annual Report for the Child Poverty Strategy for Scotland 2016) differentiates a number of categories:
- Relative Poverty – The percentage of children living in households with equivalised net income of less than 60% UK median household income in the same year.
 - Absolute Poverty – The percentage of children living in households with equivalised net income of less than 60% of UK median household income in the base year (2010 – 2011) adjusted for inflation.
 - Combined low income and material deprivation – The percentage of children living in low income households that lack certain basic necessities. Low income here is defined as an equivalised net household income of less than 70% of the UK median household income.
 - Persistent Poverty – The percentage of children living in a household in relative poverty for at least 3 years out of a four-year period.
- 1.5 However, the experience of poverty is often much wider and more complex than just having a low income, with some people experiencing a range of disadvantages that extend beyond just not having enough money. We

understand that many people that we might describe as 'living in poverty' do not consider themselves to be living in poverty, or don't associate with words like 'poverty' at all.

The National Picture

1.6 It is useful to look at the national picture in Scotland today.

1.7 **Health** - Men in the most affluent areas experience 23.8 more years of good health compared to men living in the most deprived areas. Similarly, women in the most affluent areas experience 22.6 more years of good health compared to women living in the most deprived areas. (The Socio-Economic Duty, a Consultation; July 2017; Page 10).

“Poverty puts considerable strain on family budgets and relationships. Children who grow up in low-income households have poorer mental health and physical health, on average, than those who grow up in better-off families.” (We Can Solve Poverty in the UK: a Strategy for Governments, Businesses, Communities and Citizens; Page 10. The Joseph Rowntree Foundation; 2016.)

1.8 **Education** – “From an early age, children in poverty are more likely to score worse in tests of cognitive, social and behavioural development. At age five, children who have had high-quality childcare for two to three years are nearly eight months ahead in their literacy development than children who have not been in pre-school.” (We Can Solve Poverty in the UK: a Strategy for Governments, Businesses, Communities and Citizens; Page 10. The Joseph Rowntree Foundation; 2016.)

54.3% of the poorest children perform well in numeracy. (Annual Report for the Child Poverty Strategy for Scotland 2016; Scottish Government Publication.)

In the most affluent areas, 81% of Scottish school leavers are qualified to Higher Level or above, compared with 43% in the most deprived areas. (The Socio-Economic Duty, a Consultation; July 2017; Page 10).

75% of Looked after Children left School aged 16-years or under in 2015 / 2016. In the same year 15% of Looked after Children left School with one or more qualification at SCQF 6 or better; as opposed to 62% of all School Leavers. (Children, Education and Skills; Education Outcomes for Looked after Children 2015 / 2016; Scottish Government.)

1.9 **Employment and Poverty** – In 2015 / 2016, after housing costs 64% of working age adults in poverty were living in working households, as were 70% of the children.

1.10 **Fuel Poverty** - the 2015 Scottish House Condition Survey showed that around 748,000 (30.7%) households were in fuel poverty.

2. Poverty in Argyll and Bute

- 2.1 Some areas of Argyll and Bute have much higher levels of poverty than others, and we often call these 'deprived neighbourhoods' as a result of area-based measures of poverty such as the Scottish Indices of Multiple Deprivation (SIMDs). In some cases, the actions in our strategy are focussed on areas where we know there are more people living in poverty. However, we recognise that there are people living in poverty in all of our communities, and therefore we challenge the view that poverty can solely be determined by where you live.
- 2.2 The results for Argyll and Bute from the SIMD 2016 shows
- 4 data zones in the 10% most overall deprived data zones
 - 11 data zones in the 20% most overall deprived data zones
 - 9 data zones are in the 20% most income deprived data zones.
 - 6 data zones are in the 20% most employment deprived data zones
 - 6 data zones are in the 20% most health deprived data zones
 - 10 data zones in Argyll and Bute in the 15% most overall deprived data zones.
 - 8 data zones are in the 15% most employment deprived data zones.
 - 12 data zones are in the 15% most health deprived data zones.
 - 41,738 people live in the 53 data zones (38%) that are amongst the 15% most access deprived data zones.
 - 13 of Argyll and Bute's data zones – more than 10% – are in the 1% most access deprived data zones.
- 2.3 The most access deprived data zone in Scotland covers the islands of Coll and Tiree. All of the data zones that are in the 15% most Overall, Income, Employment and Health deprived data zones in Scotland are in our main towns. Conversely, Access Deprivation is most pronounced in our rural areas.
- 2.4 National statistics tell us that families with children are very much the biggest group in poverty, followed a long way behind by single men and then pensioners. Much of this strategy therefore concentrates on child poverty, with a focus on prevention and early intervention in order to improve long term outcomes.
- 2.5 Also we need to be mindful that the budgets required by households to meet a minimum acceptable standard of living in remote and rural Scotland have been found to be between a tenth and a third more than in urban parts of the UK (Centre for Research in Social Policy, Loughborough University 2016). The additional costs come from costs of travelling, heating, and costs of delivery of goods.

Child Poverty

- 2.6 The latest statistics for child poverty in Argyll and Bute (Source: End Child Poverty) that 20.4% of children in our area are in low income households – a total of 3,176 in 2015. This is measured after housing costs. The Child Poverty (Scotland) Act 2017 received royal assent on 18 December 2017. It sets targets for child poverty for Scotland for 2030 to have less than 10% in relative poverty

(measured as in a household with less than 60% median UK equivalised income for the year), and less than 5% in absolute poverty, combined low income and material deprivation or persistent poverty. There are also interim targets to be met by 1 April 2023. Local authorities and health boards will be required to report on an annual basis on activity being undertaken to reduce child poverty levels.

- 2.7 The Child Poverty (Scotland) Act 2017 sets out targets for relative, absolute and persistent poverty to be met from 2030 and interim targets from 2023. Each local authority and health board has to prepare a local child poverty action report by 30 June annually starting from 30 June 2019 describing measures taken within the area in order to contribute to meeting the child poverty targets. The Scottish Government's first 4 year Tackling Child Poverty Delivery Plan 2018-22 entitled "Every child, every chance" identifies 3 drivers of poverty – employment; household costs; and social security. 15 key actions have been identified and local authorities and health boards expect to be involved in many of these including a new minimum payment for School Clothing Grant, school meals during holidays, fuel poverty programmes, healthier, wealthier children and the new employment support service, Fair Start Scotland. These poverty drivers are picked up in this strategy where relevant.
- 2.8 The council has another new duty from April 2018 – the Fairer Scotland duty. This requires the Council to consider how it can reduce inequalities of outcome caused by socio-economic disadvantage whenever strategic decisions are being made. This anti-poverty strategy and action plan will contribute to activity to meet the Fairer Scotland Duty.

3. Our Vision

- 3.1 We want an Argyll and Bute where no-one lives in poverty. Everyone should be able to achieve their potential and feel healthy, happy and valued. We want to be a place where everyone understands that tackling poverty is everyone's responsibility. We believe that if we act locally, and in partnership, we can make a real difference.
- 3.2 This is supported by the Local Outcomes Improvement Plan and its 6 long term outcomes that in Argyll and Bute:
1. The economy is diverse and thriving.
 2. We have infrastructure that supports sustainable growth.
 3. Education, skills and training maximises opportunities for all.
 4. Children and young people have the best possible start.
 5. People live active, healthier and independent lives.
 6. People live in safer and stronger communities.

4. Our Guiding Principles

4.1 It is recognised both at a national and a local level that change needs to happen; poverty in Scotland needs to be addressed. Argyll and Bute intends to take forward a strategy that will improve the lives of individuals and families who are experiencing poverty and deprivation for whatever reasons. We recognise that this can only be done by working together and involving all stakeholders in the process.

4.2 In seeking to achieve this we will be governed by a number of principles:

1. Respect

Treating everyone with dignity and valuing every contribution.

2. Resilience

Helping individuals and households to manage their own affairs and make informed choices and decisions about their lifestyle; building resilience in people and communities.

3. Person Focused

Tailoring services and support to the different types and places of poverty and the different needs and characteristics of all our communities and identities, acknowledging that one solution does not suit all.

4. Fairness

Removing barriers that prevent some people from taking part in life, socially and economically. Promoting a society in which individuals and groups are treated fairly and receive a just share of the opportunities that our region has to offer.

5. Sustainable

Plan our actions for the long term, in an ongoing discussion with our residents. Designing and building services, infrastructure and organisations that are affordable and accessible.

6. Shared

Making sure there is a joint understanding of the issues around poverty in our region and working together in partnership.

7. Communication

Listening to and involving our residents, understanding their experiences and using their advice.

4.3 These Guiding Principles will underpin everything we do to address the poverty issue. In doing so we face a number of challenges that we recognise and hope to overcome.

5. Our Challenges and Opportunities

Challenges

- 5.1 **Geography** – Argyll and Bute is the second largest local authority in Scotland at 690, 899 hectares. It is also the third sparsest populated area with only 13 people per square kilometre. Whilst there are a number of towns (Dunoon, Helensburgh, Oban, Campbeltown, Lochgilphead), 44% of people in Argyll and Bute live in remote areas. There are also 23 islands and we have more populated islands than any other local authority. Provision of services can be difficult and sometimes more costly, with issues such as recruitment and travel costs playing a part. There are many areas where transport links are limited and there is a greater reliance on the car, as a necessity not a luxury. Also delivery costs are higher making the price of goods in local shops higher than average. Where there are no shops individuals must find the cost of delivery on top of the goods they require. Some suppliers will not deliver to Island addresses.
- 5.2 **Fuel Poverty** – The Scottish Housing Condition Survey 2017 estimated that 48% of households in Argyll and Bute were in fuel poverty as opposed to the Scottish average of 30.7%. Approximately 42% of Argyll and Bute is off the gas grid and hence have to resort to more expensive fuels. High fuel bills combined with low incomes and energy inefficient properties leads to fuel poverty.
- 5.3 **Low Wage Economy** – Argyll and Bute is an area that lacks large scale industries and derives much of its employment from tourism (also Forestry, Fishing, Crofting, Public Sector Employment etc.). 14% of jobs in Argyll and Bute are in tourism as opposed to 8% in Scotland. The tourism sector is over-represented in Argyll and Bute compared with any other local authority in Scotland. Tourism is an extremely important sector for Argyll and Bute employing almost 25% of private sector jobs and 9% of our GVA compared to a 3% GVA average for Scotland¹. Such jobs tend to have a low skills base and be seasonal in nature. There is also the issue of young people in rural and island environments sometimes lacking in employment options and having to move to seek desired employment. Argyll and Bute is also more dependent on public sector employment than most areas. The UK average is 4.4% and in Argyll and Bute it is 11.1%.
- 5.4 **Population Change** – Like the rest of Scotland, Argyll and Bute is experiencing an ageing workforce; with the related economic and resource issues that this brings. There is an expected 14.4% decrease in the working age population by 2035. In addition every area except Oban has a reducing population.
- 5.5 **Equality and Diversity** – Argyll and Bute strongly supports equality and diversity and respects the Protected Characteristics of: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation (Sec 149 (7) Equality Act 2010). Ensuring equity in delivery of

¹ Source: Impact of AITC on Argyll and Bute, 2011 to 2016, Grampian Highland Resources Limited (GHRL), 2016

services and reaching people to offer advice and support, is problematic when dealing with such a large, diverse area that includes 23 islands.

Opportunities: What we can and will do

- 5.6 **Working together** – Argyll and Bute has a number of active community groups and individuals; we work well together. We are able to use this to our advantage in forwarding the Anti-Poverty Strategy and getting feedback from stakeholders. We have eight local Health and Well Being Networks and nine Locality Planning Groups. For example Locality Planning Groups for The Isles, Mull and for Oban. Professionals, Community Councils and others work together for local aims. We also engage well with our Third Sector colleagues and local employers.
- 5.7 **Health and Social Care Partnership** – The integration of social and health into a unified partnership has led to closer, more effective working, tailored to the individual's needs in a holistic way. For example the co-location of Health Visitors and Social Workers allowing for joint working to support vulnerable families.
- 5.8 **Service Review and redesign** – Argyll and Bute Council will review and, if necessary redesign its health, adult and childcare community services in order to ensure effective working with stakeholders and value for money.
- 5.9 **Raise Awareness of Poverty** – We can engage with people, through a number Advisory and Support Groups. We can support and advise those in poverty and raise awareness of issues that relate to the causes of poverty and deprivation. For example: C.A.B.; ABAN (Argyll and Bute Advice Network); Money Skills Argyll, Bute Advice Centre, AliEnergy, Argyll and Bute Council Welfare Rights Officers, Carrgomm, Women's Aid, The HELP Project.
- 5.10 **Use our Leadership to Influence People** – We will use the WRWG (Welfare Reform Working Group) to provide leadership on the Anti-Poverty Strategy. We will promote this and other messages by supporting both local and national campaigns. We will, through messages from our staff and in our leaflets and literature make it clear to all stakeholders that we are committed to addressing the causes of poverty and supporting people to improve the quality of their lives. In doing this we will champion equal rights and the value of all of our people in Argyll and Bute.

6. Our Four Objectives

- 6.1 We will focus our Anti-Poverty Strategy by using four key objectives which set out what we hope to achieve:
1. To listen to people and families experiencing poverty and make sure their voice is heard.
 2. To support people experiencing poverty to move from dependence to independence.
 3. To ensure our information and services are easy to access.

4. To provide services that meet the needs of people experiencing poverty.

To listen to people and families experiencing poverty and make sure their voice is heard.

6.2 In Argyll and Bute we think it is important to listen to people and to learn from them directly what they perceive the challenges and opportunities in their lives. We serve a large number of diverse and different communities, including town, large rural areas and 23 island communities. This gives us challenges that are perhaps unrivalled in Scotland. We place emphasis on consultation, joined up working and planning in order to meet these challenges. Importantly we work with our communities to deliver services to them that will help them to increase their independence, achieve their potential and lead happy and fulfilled lives. We understand that that no two communities are the same and if we are to address the causes and symptoms of poverty; we must listen and try to provide solutions to fit each one.

6.3 We will engage with our people and communities by:

- Finding better ways to use the feedback that we get from people using our services (welfare advice services, fuel advice; money matters; community and health services etc.).
- Talking to those who are experiencing deprivation and poverty. How can we make things better? What can we change in order to achieve more for individuals and communities?
- Consulting with the users of front line services during our review and re-design processes.

To support people experiencing poverty to move from dependence to independence.

6.4 We noted earlier in this Strategy that the experience of poverty is often much wider and more complex than just having a low income, with some people experiencing a range of disadvantages that extend beyond just not having enough money. We understand that many people that we might describe as 'living in poverty' do not consider themselves to be living in poverty, or don't associate with words like 'poverty' at all. Hence we need to encourage people to use available services, supports and advice and see this as their right. We need to deliver services and advice in a way that will respect dignity and encourage independence.

6.5 Our Services and Stakeholders will:

- Ensure that our staff understand the nature of poverty and are aware of its causes and impacts.
- Ensure that our staff use positive, person focused language when dealing with people who are experiencing the effects of poverty.
- Ensure that our strategies and plans incorporate ways of increasing resilience and independence in people.

To ensure our information and services are easy to access.

- 6.6 The earlier that people access our services, the more likely it is that outcomes may prove to be positive. The research done on the impact of Adverse Childhood Experiences (ACEs) shows that those who have experienced four or more “ACEs” have a 2.3 times increased risk of unemployment; four times increased risk of depression and a 12 times increased risk of suicide. Argyll and Bute recognises this and places emphasis on early years support and encouraging parents to make early and effective use of our services in order to effect change in their lives and the lives of their children. In order to achieve this we have to make sure that we make services accessible and our staff trusted and approachable. We will ensure that our staff and partners are aware of the ACEs research.

Scottish Public Health Network (ScotPHN): 'Polishing the Diamonds' Addressing Adverse Childhood Experiences in Scotland. Sarah Couper, Phil Mackie; May 2016

- 6.7 We look to improve access and uptake by:

- Ensuring that our services are properly integrated and working together (e.g. the Argyll and Bute Advice Network)
- Ensuring that staff are fully aware of service provision and are able to signpost people to other organisations.
- Ensuring that we work closely with Third Sector organisations.
- Identifying and reducing barriers to engagement.

To provide services that meet the needs of people experiencing poverty.

- 6.8 Poverty does not have a single cause, a single effect or a single solution. It is therefore important to ensure that all the plans that we make are sensitive to the issue of poverty. It is equally important to ensure that when we make decisions in any area of policy and practice, we pause to consider what impact they will have on those experiencing poverty. This has been recognised by the Scottish Government and this “duty” will shortly become necessary for all Scottish Councils.

- 6.9 It is also important to ensure that both universal and targeted services meet the needs of those experiencing poverty and that targeted services avoid any sense of stigma or cause people to be reluctant to engage.

7. Supporting Strategies and Action Plan

- 7.1 We have identified six key areas in which to focus our anti-poverty action plan:

- Children and Families
- Employment
- Finance
- Health and Wellbeing
- Home Energy and Fuel
- Travel and Transport

- 7.2 **Children and Families:** We will work to improve the experiences and life changes of our children and families. It is acknowledged that our efforts must cover a wide range of services; we must ensure that our children live in good, sustainable houses and environments. We must ensure that they live in homes where income is maximised (The Child Poverty Strategy for Scotland 2014-2017). We will also ensure that children are not excluded in any part of their day to day lives and that our Schools can help them to meet their potential, feel confident and listened to. We will also embrace the learning from the “Adverse Childhood Experiences” research and look to train our staff to recognise barriers to positive childhood experiences. Where children are in receipt of targeted services, we will ensure that joint working is effective, their needs are met and they are kept safe.
- 7.3 **Employment:** We will ensure that our Employment Activity Plan, hosted by the Argyll and Bute Employability Partnership, works to strengthen the links between, education, employability and employment to create economic growth. In this plan we make the following commitments:
- All individuals will have the opportunity to acquire, develop and apply career management skills which will inspire and enable them to make informed choices on the learning, training and employment options open to them leading to sustained positive destinations.
 - The Corporate Parenting Board will provide a planned, coherent and individualised approach to post school transition for individuals who have been Looked After.
 - Partners will provide training and work experience directly to help individuals make informed choices on the training and employment options open to them and by so doing allow some individuals to gain their first critical experience of the world of work.
 - Partners will encourage employers and developers to provide opportunities for individuals through the use of grant and loan finance and through promotion of corporate responsibility.
 - Partners will influence suppliers and contractors to provide training, work experience and jobs for individuals through its purchase of goods and services.
- 7.4 **Finance:** Many families in Argyll and Bute struggle financially. The average house price in Argyll and Bute is £150,178 and 66.4% of households would not be able to afford this. Almost 57% would not afford the median house price; and even the lower quartile house price is out with the affordable range of over 38% of local households. 24,610 households are below the average income in Argyll & Bute (60.6%). On February the 1st 2018 the gross weekly pay in Argyll and Bute was £464.70, as opposed to £547.70 in Scotland. We will ensure that we will closely monitor the state benefit system and ensure that people have access to a good level of advice and support through a number of our services. We will work with the Department of Work and Pensions to address any problems.

- 7.5 **Health and Wellbeing:** It is now widely acknowledged and recognised that there is a link between reduced levels of health and wellbeing and poverty. Both men and women are likely to die younger if they come from an under privileged area and experience deprivation. The Scottish Health Survey 2016 recognises this and states that: “Of the 16 National Outcomes allied to the Government’s strategic objectives, those of greatest relevance to health are:
- We live longer, healthier lives
 - We have tackled the significant inequalities in Scottish society.
- 7.6 Further, the Joseph Rowntree Foundation (2014) also recognised the connection between poor health and its impact on income and the ability to undertake paid employment. In childhood poor health may prevent people from achieving their educational potential. In Argyll and Bute we will ensure that we work with our partners and communities to focus our resources on the causes of ill health and also on positive, healthy activity and choices.
- 7.7 **Home Energy and Fuel:** Fuel poverty is an important issue in Argyll and Bute and it has already been noted that it is higher than the national average. Many areas do not have access to mains gas and there is a significant level of disrepair and poor condition in our housing. We recognise these as key areas and our Local Housing Strategy 2016 – 2021, has the following amongst its strategic objectives:
- Fuel poverty reduced
 - Improved Private Rented Sector
 - Green House gas emissions reduced.
 - Improved energy efficiency across all tenures
 - Stock conditions in town centres and rural settlements improved
 - Home Owners more aware of responsibilities in respect of their properties
- 7.8 **Travel and Transport:** Our transport system must function effectively to keep our communities connected to each other and other parts of the country. It must be fit for purpose as it is critical for the development of our economy. Our roads that connect our rural areas and our ferries that service our islands are vital, enabling Argyll and Bute to become a cohesive whole. We have in total 1,617 miles of road. We have infrastructure challenges that are unique, including the upkeep of 41 piers and harbours. We recognise the importance of this area and the fact that a higher than normal proportion of our population must rely on the car, placing greater pressure on their household costs. Whilst this may be unavoidable we will work with our partners to try to ensure that vulnerable people are assisted to manage and do not become isolated or excluded because of this factor.
- 7.9 **These key areas** have been at the forefront of our thinking in developing our anti-poverty action plan. These key areas cover a wide spectrum of activities

carried out by different Services across the Council and supported by our Community Planning Partners. Many of these have their own focussed strategies and plans, and it is important to be aware of these and how they interact.

- 7.10 Some of the most important strategies and plans that support the delivery of the vision and objectives within this plan are detailed in Appendix 2. As there is no one single, comprehensive measure of poverty or deprivation, it is therefore important to have a number of well-coordinated strategies and plans that combine to produce a network of anti-poverty actions that will, over time, work to reduce poverty and enhance people's life chances and positive experiences in Argyll and Bute.
- 7.11 These various plans and strategies have provided the starting point to develop key anti-poverty actions which will allow us to monitor and report on our performance across our anti-poverty work. They will be monitored and progress collated in an annual report produced by the Welfare Rights Working Group. Through this and the feedback from people and communities engaging with our services we hope to move forward and both be able to make significant progress in tackling poverty and demonstrate clearly where and how progress has been made.
- 7.12 The action plan is set out at Appendix 1. It is organised under our four objectives which we described at section 6 of this report.

8 Conclusion

- 8.1 Poverty is an issue for our area. We are a relatively low wage economy with average gross weekly pay in February 2018 of £464.70 – 15% below the Scottish average of £547.70. The latest statistics for child poverty in Argyll and Bute (Source: End Child Poverty) show that 20.4% of children in our area are in low income households – a total of 3,176 in 2015. In addition, the Scottish Housing Condition Survey 2017 estimates that 48% of households in our area are in fuel poverty – well above the Scottish average of 30.7%.
- 8.2 So there are a number of important drivers for bringing together a cohesive anti-poverty strategy in addition to a new legal requirement under the Child Poverty (Scotland) Act 2017 to prepare an annual local child poverty action report. This must set out the measures taken by each during the preceding year to contribute towards the targets and the measures proposed for the future. In order to do this, we need to have a clear strategy and action plan relating to child poverty. As children are part of families and the wider community, officers have prepared a broader Anti-poverty strategy covering all these matters.
- 8.3 This anti-poverty strategy and associated plan demonstrates that poverty is being addressed in Argyll and Bute. The strategy details the issues that we face relating to geography, demographics and our economic base. It lists the current situation, our challenges and advantages. It emphasizes that despite challenges, we are able to demonstrate an organised approach in our Council policies and plans that tackles the issues of poverty and deprivation. Key to this is our close working with

community bodies, the Third Sector, The Strategic Housing Forum, The Department of Work and Pensions, Employers and Education establishments.

8.4 The strategy sets out our vision as:

“We want an Argyll and Bute where no-one lives in poverty. Everyone should be able to achieve their potential and feel healthy, happy and valued. We want to be a place where everyone understands that tackling poverty is everyone’s responsibility. We believe that if we act locally, and in partnership, we can make a real difference.”

8.5 In order to organise our plan, we have set out 4 objectives as follows:

1. To listen to people and families experiencing poverty and make sure their voice is heard.
2. To support people experiencing poverty to move from dependence to independence.
3. To ensure our information and services are easy to access.
4. To provide services that meet the needs of people experiencing poverty.

8.6 The Anti-Poverty Strategy and Plan is the product of involvement with a wide number of organisations within Argyll and Bute and the Third Sector. It is hoped that it will provide a starting point for good communication and concerted action to address the issues of poverty and deprivation within Argyll and Bute. It is acknowledged that this area faces particular problems, relating to being a low wage economy with marked housing and fuel poverty. Opportunities can be limited for our young people, particularly those who are care experienced. We have the additional challenges posed by being a large rural area, with 23 populated islands and a sparse population of only 13 people per square kilometre. The strategy will be updated annually in line with the preparation of the required annual reports under the Child Poverty (Scotland) Act.

Appendix 1: Anti-Poverty Action Plan

Objective 1: To listen to people and families experiencing poverty and make sure their voices are heard.

1.1 Improving ways of getting feedback from people who use our services

1.2 Listening to the experiences of people experiencing poverty and learning what we can do better

1.3 Working with people experiencing poverty and helping them to find solutions. Ask them to tell us what front line services work for them.

Project or Plan	Actions / Milestones: Objective 1	Responsible Department / Service	Progress / Performance Measure.
<p>Children and Young Peoples Service Plan 2017 – 2020.</p> <p>Encouraging participation and feedback from children, young people and families</p>	<p>Develop the use of Rights Respecting Schools Programme.</p> <p>Promote understanding of the wellbeing indicators with children , young people and their families</p> <p>Provide communication tools for children and young people at the Children’s Plan meetings</p> <p>Develop a consistent approach for the involvement and engagement of children and young people in decision making across all services</p> <p>Children’s Panel members prioritise children and young people expressing their views at children’s hearings and record this in the Record of Proceedings from Hearings</p> <p>Young people and their families are supported to express their views and are supported to participate in individual and service planning</p> <p>Provide communication tools for children and young people at Child’s Plan meetings e.g. measuring outcomes and an introduction to well-being tools</p> <p>Develop a consistent approach for the involvement and engagement of children and young people in decision making across all services</p>	<p>Argyll and Bute’s Children’s Strategic Group</p> <p>Argyll and Bute’s Children’s Strategic Group</p> <p>GIRFEC Implementation Group – Annual Reporting</p> <p>Youth Services</p> <p>Scottish Children’s Reporter’s Administration</p> <p>GIRFEC Implementation Group</p> <p>Youth Services</p>	<p>CYP Feedback – Annual Report.</p> <p>CYP Feedback – Annual Report.</p> <p>Child’s Plan Audit</p> <p>CYP Feedback – Annual Reporting</p> <p>Audit</p> <p>Childs Plan Audit</p> <p>Children and Young People’s Feedback</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 1	Responsible Department / Service	Progress / Performance Measure.
	Promote the use of 'Having Your say' forms or appropriate alternative ways of communication for children attending hearings	Argyll and Bute Children's Strategic Group	Audit
Corporate Parenting Plan. Providing leadership and listening to those experiencing poverty and deprivation.	To support and develop our Champions Board Support Forum and Young People's Participation Group to empower and support children and young people's access to health services and health information.	Corporate Parenting Board – nominated board member as lead person.	By June 2018 – The CPB will establish a progress report and discussion as a fixed agenda item.
1,000 Voices Supporting the needs of older people and listening to their experiences.	Listening to older people and meeting their needs. Community Resilience work helps older people in the community live independent, happier lives for longer. This programme brings together the work of the hundreds of volunteering hours spent, formally and informally, supporting older people, and developing new projects to cover areas where support is currently needed, but not given Time banking is key to this project and there are a range of services which can be matched, based on requests from older people and the skills members have.	Third Sector Interface – Argyll and Bute	Annual Reporting
Local Housing Strategy 2016 -2021. Advising people and helping them to find solutions to welfare and monetary issues.	Continuing to develop and promote information and advice on sustainable housing solutions, including welfare rights and energy advice.	Argyll & Bute Strategic Housing Forum.	Feedback / service usage statistics Income maximisation - £10m generated by welfare Rights activity by 2020. Fuel poverty is maintained at or below baseline levels.
Education Services Plan 2017 – 2020. Listening to children, young people and families; helping them to	We engage with our customers, staff and partners: The Education Management Team recognises the need to include the views of parents, children, young people and community partners in a structured way in their self-evaluation process to inform planning for the future.	Argyll and Bute Council Education Department	Consult with stakeholders to establish their views on the quality of education provision and learning experiences. Undertake a minimum of 3 surveys on the quality of

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 1	Responsible Department / Service	Progress / Performance Measure.
find out what services work for them.	Hold authority wide capacity building courses for young people to encourage involvement in local and national decision making.		education provision and learning experiences. Target - 3 per annum

Appendix 1: Anti-Poverty Action Plan

Objective 2: To support people experiencing poverty to move from dependence to independence.

2.1 Promote the use of positive language and messages

2.1 Develop understanding and awareness of poverty

2.2 Work with partners, communities and individuals on resilience and capacity building initiatives

Project or Plan	Actions / Milestones: Objective 2	Responsible Department / Service	Progress / Performance Measure.
Children and Young Peoples Services Plan 2017 -2020.	Our children and young people’s wellbeing and resilience is supported through physical activity and sport		
Helping children and young people to realise and reach their full potential.	Design and deliver specific target group developments to create inclusive programmes. Including: child healthy weight, disability, teenage girls, non-participants of physical education, health inequalities	Active Schools	Sport and Leisure Service Plans / Education Data
Creating programmes that will support children and young people facing challenges, including poverty and deprivation.	Deliver outdoor learning programmes for children and young people across Argyll and Bute	Education Management Team	Education Data
	Engage looked after and accommodated children (LAAC) in activity. Children and young people who are looked after have better long-term outcomes	Corporate Parenting Board	Corporate Parenting Data – 6 monthly reporting LAAC Plans Audit
Working on a multi-agency basis to support and empower families facing difficulties.	Deliver family interventions that work to strengthen families so that children can safely stay with them	Social Work	
Working in partnership to improve the outcomes for our children and young people in education and work.	Work with education partners such as Argyll College to ensure Looked After Children have equitable advice and guidance re progression to post-school Further Education and Higher Education opportunities	Education Management Team	Positive destinations data

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 2	Responsible Department / Service	Progress / Performance Measure.
<p>Local Housing Strategy 2017 – 2020.</p> <p>Working with our partners and communities to improve outcomes for those facing challenges including poverty and deprivation.</p>	<p>Ensuring housing partners support Multi Agency Public Protection Arrangements (MAPPA) to promote community safety and reduce re-offending.</p> <p>Delivering a person centred approach to meeting the housing and underlying support needs of potentially homeless households in partnership with external support services.</p>	<p>Argyll & Bute Strategic Housing Forum.</p>	<p>Homeless presentations remain at or below baseline levels.</p> <p>100 % of homeless households are assessed for support needs.</p> <p>The % of clients with planned departures from tenancy Support Services increases.</p>

Appendix 1: Anti-Poverty Action Plan

Objective 3: To ensure our information and services are easy to access

3.1 Improved availability of information

3.2 Improved signposting between services

3.3 Increased number of integrated services

3.4 Reduce barriers to accessing information and services

Project or Plan	Actions / Milestones: Objective 3	Responsible Department / Service	Progress / Performance Measure.
<p>Children and Young Peoples Services Plan.</p> <p>Improve children and young people's understanding of their rights and responsibilities.</p> <p>Work with our partners in an integrated way to help young people to access accommodation on leaving care. Working to reduce barriers to service uptake.</p>	<p>Children and young people understand their rights as laid out in the United Nations Convention on the Rights of the Child (UNCRC)</p> <p>Develop use of Rights Respecting Schools programme</p> <p>Young people are safe and can access appropriate accommodation on leaving care</p> <p>Increased availability of specialist housing provision for young people who are looked after</p>	<p>Argyll and Bute Children's Strategic Group</p> <p>Through care Aftercare Forum</p>	<p>Children and Young Peoples Feedback</p> <p>Audit Report</p>
<p>Local Housing Strategy 2017 – 2020</p> <p>Work with our partners in an integrated way to help young people to access accommodation on leaving care.</p> <p>Working to reduce</p>	<p>Improving awareness of, and enabling access to, housing options services for people with particular housing needs.</p> <p>Putting protocols in place to ensure that Looked After Children and Care Leavers have adequate access to housing.</p>	<p>Argyll & Bute Strategic Housing Forum.</p>	<p>The percentage of elderly and disabled persons receiving a positive outcome via PREVENT 1 assistance will be sustained or increased above the baseline.</p> <p>Protocols for Looked After Children and Care Leavers successfully implemented.</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 3	Responsible Department / Service	Progress / Performance Measure.
<p>barriers to service uptake.</p> <p>Reducing barriers to accessing information and services; encouraging engagement for particular equalities groups.</p>	<p>Housing and Health inequalities are eradicated.</p> <p>Monitoring and encouraging regular engagement with equalities groups, including Gypsy / Travelers, to inform service improvement.</p> <p>Further research will be undertaken on specific equalities groups, as required to enhance the evidence base and inform future updates of the HNDA.</p>		<p>The provision of specialist resources to meet a variety of different needs (Accessible and adapted houses; Supported provision; Site provisions).</p> <p>Levels of Gypsy / Traveller satisfaction with sites and services will be sustained or increased.</p>
<p>Community Justice Outcome Improvement Plan 2017 -2018.</p> <p>Ensure that barriers to information and services are reduced for those involved with Community Justice. Working in partnership to provide an appropriate range of supports quickly and reduce factors that contribute to offending and to poverty and deprivation.</p>	<p>Partners have identified and are overcoming structural barriers for people accessing services.:</p> <ul style="list-style-type: none"> • Improved understanding of barriers to employment, training and education as a result of previous convictions. • Improved understanding of barriers to financial and welfare services as a result of previous convictions. • Improved understanding of barriers to health services as a result of previous convictions. • Joint working arrangements exist to ensure access to appropriate services at all points of the criminal justice pathway. • Existence of joint-working arrangements such as processes/ protocols to ensure access to services to address underlying needs <p>Speed of access to mental health services</p>	<p>Argyll and Bute Community Justice Partners</p>	<p>Identified improvement actions for 2018-19</p> <p>90 per cent of patients commence psychological therapy based treatment within 18 weeks of referral, recognising that the data will include the whole community</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 3	Responsible Department / Service	Progress / Performance Measure.
	<p>Speed of access to drug/alcohol services</p> <p>Access to services on release from prison. Percentage of people released from a custodial sentence who are</p> <ul style="list-style-type: none"> •Registered with a GP •Have suitable accommodation •Have had a benefits eligibility check 		<p>90 per cent of clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery, recognising that the data will include the whole community</p> <p>A range of partner input requirements will begin to build this new indicator, progress to date reporting measure</p>
<p>Education Services Plan 2017 – 2020.</p> <p>Develop strategies that support children, young people and parents. Improve signposting to other services and work in a multi-agency environment.</p>	<p>The support needs of children and their families are met:</p> <p>Develop a Parental Involvement Strategy to improve engagement and support with families and parents.</p> <p>Deliver 1140 hours of early years child care by 2020.</p>	<p>Argyll and Bute Council Education Department</p>	<p>Target approved – 2017 – 2018. No benchmark</p> <p>(a) Complete scoping exercise for Early Learning and Childcare (ELC). 2017-2018 (b) Implement Pilot programme (pending Scottish Government agreement). 2018-2019 (c) Evaluate Trial. 2018-2019 (d) Implement ELC models. 2020-2021</p>
<p>Advice Services Action Plan 2017</p> <p>Work in a multi-agency way to provide increased advice and support to island and</p>	<p>Improve services to Islands and remote Areas. Develop a bespoke solution for advice services for each island and remote location based on identification of the most appropriate community anchor organisation in that location to act as Lead Agency and be the referral agent for that area via ABAN. Actions to be taken: Increase awareness of how to access services for remote communities, and willingness</p>	<p>WRWG / Subgroups</p>	<p>30/04/2018</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones: Objective 3	Responsible Department / Service	Progress / Performance Measure.
<p>remote rural areas. Improve awareness of how to access services.</p> <p>Financial education is key to reducing poverty. Work with partners and communities to achieve this objective.</p>	<p>of advice agencies to use new technology. Investigate potential for local lead / coordinator with support of local elected members and role of community planning.</p> <p>Look to provide services essential to the reduction of poverty such as affordable credit programmes; and access to web based information and Technology.</p> <p>Implement a Financial Education Project. Investigate options for external funding for financial education projects and decide on who the best partners are to co-ordinate this.</p> <ul style="list-style-type: none"> • Education and Community Services to consider the most effective programme to provide learning to prevent financial exclusion. • Argyll and Bute Third Sector Interface to work with partners to improve volunteering capacity to deliver financial education programmes. 	<p>Regulatory Services Manager</p> <p>Corporate Support Manager</p>	<p>1/04/19</p> <p>31/01/2018</p> <p>30/04/2018</p>
<p>Money Skills Argyll</p> <p>Reduce barriers to engagement with services and increase positive outcomes for people.</p> <p>Advise and signpost people to schemes that could help them to improve their resources and reduce poverty and deprivation.</p>	<p>They will work to digitally include people and listen to what people say they need and helps them towards greater independence.</p> <p>They will increase the number of people engaging with the service over the next 3 years.</p> <p>They will demonstrate an increase in those with improved money management skills and positive outcomes as a result of engagement.</p> <p>It is a target to improve coverage to the islands.</p> <p>Advise / signpost people to the following schemes to reduce fuel poverty: Home Energy Efficiency Programmes for Scotland; Warmer Homes Scotland Scheme; Equity Loan Scheme; Home Energy Scotland.</p>	<p>Money Skills Consortium (C.A.B., Bute Advice, Carrgomm, KYES, HELP,RSL'S, ALI Energy, ACHA, A. & B. Council, Comm. LRNG (adult).</p>	<p>Annual Reporting; demonstrate increase in numbers of people engaging with services over the next 3 years from current baseline figures.</p>

Appendix 1: Anti-Poverty Action Plan

Objective 4: To provide services that meet the needs of people experiencing poverty.

- 4.1 Children and families
- 4.2 Employment
- 4.3 Finance
- 4.4 Health and Wellbeing
- 4.5 Travel and transport

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
<p>Local Housing Strategy 2016 -2021</p> <p>Address the housing needs of families and individuals. Ensure that children from low income households live in well-designed sustainable places.</p>	<p>A minimum of 550 affordable homes completed over the initial 5 years (with at least 80% for social rent). 4,000 households have their needs met through the operation of the common housing register.</p> <p>A programme of at least 50 potential housing projects available in anticipation of new budgets</p> <p>A completed review of the effectiveness of existing LDP housing sites, in terms of infrastructure delivery and consumer interest.</p> <p>A minimum of 125 long term empty homes in the private sector brought back into use over the next 5 years.</p> <p>Promoting a housing strategy that prioritizes housing and support activities for those with an assessed need for specialist provision.</p> <p>Improving energy efficiency across both public and private sectors by utilising national funding programmes (such as HEEPS: ABS, the Home Energy Efficiency Programmes for Scotland: Area Based Schemes).</p>	<p>Argyll & Bute Strategic Housing Forum.</p>	<p>Achieve the Housing Supply Target for Argyll and Bute as follows: Annual 240-300; 5 Year Total 1,200-1,500; 10 year Total 2,400-3,000</p> <p>At least 10% of new builds should comprise some form of specialist provision.</p> <p>HEEPS: ABS programme covers all 9 HMAs by 2020 and 1,500 private sector properties / households have received practical assistance.</p> <p>100% of all eligible RSL stock is EESSH compliant by 2020.</p> <p>Energy Efficiency ratings for dwelling stock improved by 2021.</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
			Fuel poverty is maintained at or below baseline levels. Satisfaction among PRS tenants remains at or above baseline levels.
Argyll Community Housing Association: Provide housing services via grant funded projects.	ACHA will seek to provide income maximisation services to over 5000 ACHA households, via grant funded projects.	Argyll Community Housing Association	Annual Reporting
Children and Young Peoples Services Plan Meet the health needs of women and children and ensure that there is equality in the delivery of health services. Work in a multi-agency manner to ensure that all children and young people have the opportunity to reach their educational, health and developmental milestones.	Women are supported during pregnancy and the post-natal period. Promote use of continuity of planned antenatal care packages with Midwifery teams. Children and young people are supported to be healthy and their well-being needs are met. Promote the benefits of breastfeeding across all agencies; promote and teach breastfeeding with antenatal women Train education staff to deliver 'good to go' programme in all schools across Argyll and Bute Implement the Pregnancy and Parenthood in Young People (PPYP) Strategy Children achieve their appropriate developmental milestones by Primary 1 : Implementation of the Universal Health Visiting pathway for all children, with increased home visiting contacts Children and Young People reach their potential for their age and ability: Continue to support and challenge schools to raise attainment overall as measured by national examinations and the National Improvement Framework	Consultant Lead Midwife Consultant Nurse Children and Families Lead Paediatric Dietitian Argyll and Bute Children's Strategic Group Consultant Nurse Children and Families Education Management Team	Number of Care packages in place Number of training sessions delivered Number of training session delivered in schools Action Plan Data Number of Home Visits undertaken Benchmark Data

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
<p>Help to reduce disadvantage by providing access to parenting classes and raising awareness of attachment issues.</p> <p>Working to ensure that services exist, in a timely fashion, to address the mental health needs of children, young people and their families.</p>	<p>Children experience positive parenting and good attachment: All parents of 3, 4 and 5 year olds have access to Incredible Years or Triple P Parenting programmes (Psychology of Parenting Programme (PoPP))</p> <p>Children and young people’s mental health and wellbeing outcomes improve : Percentage of children and young people waiting less than 18 weeks to access a Primary Mental Health Worker</p> <p>Percentage of children and young people waiting less than 18 weeks to access Child and Adolescent Mental Health Services (CAMHS) Brian (IJB)</p>	<p>Children and Young People Improvement Collaborative</p> <p>NHS Highland Argyll and Bute HSCP</p> <p>NHS Highland Argyll and Bute HSCP</p>	<p>PoPP data</p> <p>Baseline – 42%. Target – 90% (monitored)</p> <p>Baseline 63%; Target – 90% (monitored)</p>
<p>Community Justice Outcome Improvement Plan.</p> <p>Working in partnership to ensure that the right staff, services and strategies are in place to assist families affected by offending.</p> <p>Ensure that there is good access to services and advice.</p> <p>Ensure that we engage with our third sector</p>	<p>Argyll and Bute Community Justice Outcome 3: Improve access to community justice services: Develop a consistent approach to the engagement with the children and families of people who have committed offences</p> <p>Support the development of effective mentoring and “through-the gate” models developing a collaborative model that:</p> <ul style="list-style-type: none"> • Facilitates the early assessment of individual housing need • Improves access to financial and welfare advice services • Promotes health improvement opportunities • Promotes employment opportunities <p>Argyll and Bute Community Justice Outcome 4: Improve understanding and use of community justice evidence-based interventions:</p>	<p>Argyll and Bute Community Justice Partners</p> <p>Argyll and Bute Community Justice Partners</p>	<p>Action Due Date 31 March 2018</p> <p>Action Due Date 31 March 2018</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
partners who engage with those involved with community justice.	<ul style="list-style-type: none"> • Capitalise on third sector interventions • Develop and review the evidence base to scope for areas of improvement in community justice early intervention and diversion • Collaborate with local Alcohol and Drug Partnerships to scope, review and monitor the effectiveness of interventions for drug and alcohol use 		
<p>Education Services Plan 2017 – 2020</p> <p>Provide opportunities for young people to reach their potential.</p>	<p>We wholly embrace our Corporate Parenting responsibilities: Provide a Looked After Children - Annual Performance Report to the Corporate Parenting Board.</p> <p>Increase the number of looked after young people participating in the 2017 Summer Internship Programme.</p> <p>Increase positive destinations for looked after children in Argyll and Bute</p> <p>Improved lifestyle choices are enabled: To increase the skill and confidence in effectively identifying and responding to mental health issues, bespoke intervention training will be delivered to all secondary establishments by Educational Psychology Team.</p> <p>All children and young people are supported to realise their potential: multi-agency guidance reviewed and implemented, leading to increased numbers of children having effective transitions from primary to secondary to post school.</p>	Argyll and Bute Council Education Department	<p>Completion and presentation of report annually.</p> <p>10 looked after young people participate on the programme. Timescale - 2017/18 Benchmark - 7 looked after young people completed the Summer Internship Programme in 2016</p> <p>Target – 2017-2018 – 80%. 2018-2019 – 84%. Benchmark 2016 – 76%.</p> <p>Target -100%. 2017-2018. No benchmark</p> <p>Complete – 2017-2018. No benchmark</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
	<p>Increase the percentage of school leavers attaining vocational qualifications at SCQF level 5 and above.</p> <p>Our young people participate in post-16 learning, training or work: Increase the number of young people on Activity Agreements (AA) progressing into positive destinations.</p> <p>We engage with our customers, staff and partners: All secondary establishments have a minimum of 3 DYW (Developing Young Workforce) partnership agreements for School - employer collaboration in supporting knowledge and understanding of world-of-work and applicable skills.</p>		<p>17%. 2017-2018. Benchmark – 10.6%.</p> <p>Greater than 70% -2017-2018. Benchmark – 69%.</p> <p>100%. 2017-2018. No Benchmark.</p>
<p>Advice Services Action Plan.</p> <p>Look to provide services essential to the reduction of poverty; such as affordable credit programmes; and access to web based information and technology.</p>	<p>Argyll and Bute Council through the WRWG (Welfare Rights Working Group) or ABAN (Argyll and Bute Advice Network), develop a business case to identify the level of demand for a new web-based affordable credit scheme for Argyll and Bute, including funding arrangements.</p> <p>Investigate further the options available from the interested Community Development Financial institution</p> <p>Report to SMT / identify possible funding avenues for capital and revenue costs</p>	<p>Argyll and Bute Council; Lead Money Advice Officer / Subgroup</p> <p>Lead Debt Counsellor / WRWG / Subgroup</p> <p>Strategic Head of Finance</p>	<p>30/06/2018</p> <p>30/06/2018</p> <p>30/09/2018</p>
<p>Employability Team Plan</p> <p>Looks to provide skills and employment to those struggling to enter</p>	<p>Delivers a number of contracts to assist individuals, many long-term unemployed with significant barriers to work, to gain sustainable employment. Progress and performance measures for these contracts are dependent on referrals received coupled by the policy decision that all these programmes are voluntary.</p>	<p>Argyll And Bute Council Employability Team</p>	

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
	<p>complex barriers at risk of becoming long-term unemployed to find and retain work. The service will offer pre-work support of 12 to 18 months. The service will offer high quality in-work support for 12 months. Will work closely with specialist health services, specialist intervention partners and experts in this field.. For disabled customers who require intensive support, supported employment and individual placement and support will be available.</p>		
<p>Customer and Support Services Plan 2017-2020.</p> <p>Ensure benefits are maximised and reach recipients quickly.</p>	<p>Benefits are paid promptly and accurately: Scottish Welfare Fund claims processed promptly.</p> <p>The annual spend of the Scottish Welfare Fund programme is maximised.</p> <p>Distribute as much of the Discretionary Housing Payment (DHP) fund as possible to the most in need.</p>		<p>Target - 99% of Crisis Grants within 1 day. Benchmark - Scottish avg. 2014/15 CG: 94% within 2 days.</p> <p>Target Minimum of 97.5% of annual funding. Benchmark - Scottish avg. 2014/2015 is 95%.</p> <p>Target - Minimum of 95% of annual funding. Benchmark - 97% of Scottish local authorities spent 100% of DHP funding in 2015/2016; source SG statistics.</p>
<p>Facilities Services 2017 – 2020.</p> <p>Ensure that services required by children and young people reach all who are entitled and are fit for purpose.</p>	<p>Improved lifestyle choices are enabled: The uptake of free school meals provided to eligible primary pupils is maintained and, where appropriate, increased to maximise the number of pupils benefitting from a nutritional lunch.</p> <p>The uptake of free school meals provided to eligible secondary pupils is maintained and, where appropriate, increased to maximise the number of pupils benefitting from a nutritional lunch.</p>	<p>Argyll and Bute Council; Facilities Services</p> <p>Argyll and Bute Council; Facilities Services</p>	<p>Target – 86%; benchmark - 86% (Scottish average uptake 2015/16 APSE benchmarking data).</p> <p>Target = 65%; benchmark - 55% (Scottish average uptake 2015/16 APSE benchmarking data).</p>

Appendix 1: Anti-Poverty Action Plan

Project or Plan	Actions / Milestones – Objective 4	Responsible Department / Service	Progress / Performance Measure.
Governance and Law 2017 – 2020. Ensure that our services meet the needs of children and families and feedback is positive.	The support needs of children and their families are met: Percentage of Children’s Panel members /Area Support team that are satisfied with the Council support.	Argyll and Bute Council; Governance and Law services	Target – 75%; benchmark – previous years data.
Planning and Regulatory Services 2017 - 2020. Ensure that the health needs of our people are met and that this is done in a fair and equitable manner.	The health of our people is protected through effective partnership working: Protecting health through the delivery of the formally approved Joint Health Protection Plan with NHS Highland, Highland Council and Argyll and Bute Council.	Argyll and Bute Council; Planning and Regulatory Services	Target - 40% of plan achieved by 31/3/2018. No benchmark.
Roads and Amenity Services 2017 – 2020. To ensure that children and their families live in hygienic and sustainable places.	Access to and enjoyment of the natural and built environments is improved: Percentage of overall street cleanliness - measured against Keep Scotland Beautiful national criteria.	Argyll and Bute Council; Roads and Amenity Services	Target – 74%; benchmark - 67% LEAMS (Keep Scotland Beautiful).

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
Argyll and Bute Corporate Plan	2017 - 2022	Argyll and Bute Council	<p>The plans' agreed priorities demonstrate the importance of tackling poverty for Argyll and Bute.</p> <ul style="list-style-type: none"> • The education we provide meets the needs of all our young people and their families • We make the most of our assets to build the local economy • We support individual and community wellbeing • We strengthen and empower our communities • We ensure there are homes for all, we tackle poverty and build opportunity • We have greener and cleaner communities • We are an employer of choice • We manage our finances prudently 	Currently in draft
Argyll and Bute Community Planning Partnership (CPP)	2016-2023		<p>The Community Partnership has as its objectives: Income is not a barrier to lead a healthy, active and independent life; People are empowered to maintain their independence and have the options to be an integral part of their local communities; people have positive and flourishing mental health. Indicators to be monitored to note progress include: percentage of households in fuel poverty; percentage of adults stating their neighbourhood is a good place to live; use of food banks; achieve average national uptake figures for free School meals.</p>	Active
Money Skills Argyll	2017 - 2020	Money Skills Argyll Consortium (C.A.B., Bute Advice, Argyll Networks, Carrgomm, ALI Energy, ACHA, Council)	<p>Money Skills Argyll project is about helping people who live across Argyll and Bute, aged 16 and over, living in a jobless household, living in a single adult household with dependent children, or low income employed. They will help people to be more in control of their money with help, advice and support with Debt Advice, Money Advice, Computer Skills, Money Management, Income Maximisation and Affordable Warmth / Fuel Poverty. It looks to digitally include people and listen to what people say they need and helps them towards greater independence. Hence it fits into all 4 of our objectives. They will increase the number of people engaging with the service over the next 3 years. They will demonstrate an increase in those with improved money management skills and positive outcomes as a result of engagement. It is a target to improve coverage to the islands.</p>	Active
Advice Services Action Plan	2017 Reporting Annually	Argyll and Bute Council	<p>Argyll and Bute Council is a significant provider and funder of advice services that help to address deprivation and meet the anti-poverty strategy objectives. Areas covered include: Housing (Welfare Rights Service); Planning and Regulatory Services – Debt Counselling; Social Work – Welfare Rights Service; Community Learning and Development – financial education; Customer and Support Services – provision of Scottish Welfare Fund and Crisis Grants. Youth Services. An objective is to ensure that there is good access to services and advice.</p>	Active and on-going services

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
Third Sector: Money Management / Skills Advice	Annual Reporting	HELP Project; Women's Aid; Rape Crisis; Home Start; ABCAB.	There are a number of Third Sector organisations in Argyll and Bute who contribute significantly providing money / debt advice, support and education to a wide range of people. Networking between these services and with Council Departments is a strength. ABCAB, for example, currently sees around 1800 clients a year and around 43% are for debt (approx. 750). They also have a Money Advice service which is unique to Argyll and Bute and specialist Pension advice service.	Active
Financial Products	2018 - 2019	Bute and Cowal Credit Union Ltd.; Islay and Jura Credit Union Ltd.	It is recognised that there is a lack of credit Unions and other organisations in Argyll and Bute offering affordable credit and loans to those who require them. This limits achievement of Objectives 2-4. The Welfare Reform Working Group (WRWG) will consider solutions to this problem.	Active group involving Council and Third Sector Officers.
Children and Young People's Service Plan	2017-2020 Annual Review and reporting	H.S.C.P. Education Third Sector	A multi-agency approach, key to addressing all of our 4 objectives. Some of the important areas covered include: Women are supported during pregnancy and post-natal period; Children and young people reach their potential for their age and ability; Children and young people experience positive parenting and good attachment; Children and young people's mental health and wellbeing outcomes improve; Children, young people and their families are supported to overcome inequalities and poverty; young people are safe and can access appropriate accommodation on leaving care; children and young people are safe at home, at school and in the community.	Active
The Corporate Parenting Plan	2017 Annual Review	Argyll and Bute Corporate Parenting Board	This is the body that ensures that Argyll and Bute fulfil the Corporate Parenting duties laid down in the Children and Young People (Scotland) Act 2014. It is committed to providing meaningful and supportive services to vulnerable children and their families in our communities. Some of their key actions from their plan include: To support the Alternative to Care Team; to develop and support the holistic health and well-being assessment and health care plan for every looked after child; to ensure care experienced children and young people have a Coordinated support Plan (CSP); to develop the system, process and practice for a Care Leaver applying for a tenancy; Youth Justice – to develop recognised Risk Assessment Tools; integrated Care Planning; and, the delivery of specific Programme's to meet the assessed risk and needs.	Currently in Draft
Local Housing Strategy	2016 - 2021	Local Housing Strategy Team	The Local Housing Strategy sets out Argyll and Bute Council's vision for housing over the next five years; which is: "A housing system that makes a strong contribution to thriving and sustainable communities	Active

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
			and supports economic growth.” The main purpose of the LHS is to: Set out a shared understanding of the need and demand for all types of housing, and for related services such as housing support, now and in the future; Set out actions and targets to improve the standard and condition of housing; Provide clear strategic direction for housing investment; Focus on the outcomes required to achieve the vision.	
Joint Health Improvement Plan	2017 - 2022	Health and Wellbeing Partnership	The JHIP The health improvement approach favoured n Argyll and Bute centres on building better communities with a wide range of services and activities in these communities. We call this an “Assets based approach”. There are 8 local networks for health and wellbeing that contribute to the plan and to local activities. There are 4 key themes that will govern the work of the next 5 years: Getting the best start in life; Working to ensure fairness; Connecting people with support in their community; Focusing on wellbeing not illness.	Active
Health and Social Care Partnership Strategic Plan	2016 / 17 – 2018 / 19	Argyll and Bute Health and Social Care Partnership	The Strategic plan is key to meeting the aims of the Anti-Poverty Strategy as it looks to focus health and social care services and set targets for positive change. The Health and Social Care Partnership will work within the six principles of integration which are that health and social care: 1. is integrated from the point of view of recipients 2. takes account of the particular needs of different recipients 3. takes account of the particular needs of recipients in different parts of the area in which the service is being provided 4. is planned and led locally in a way which is engaged with the community and local professionals 5. best anticipates needs and prevents them arising 6. makes the best use of the available facilities, people and other resources The plan looks to engage people with services. “Delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours. Where activities are co-produced in this way both services and neighbourhoods become far more effective agents of change”.	Active
Community Justice	2017 - 2018	Council , Argyll and Bute Health	It is important to note that this first improvement plan is building on the existing extensive range of activity and engagement already delivered by partners and stakeholders within	Updated

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
Outcome Improvement Plan		and Social Care Partnership, Police Scotland - Argyll and West Dunbartonshire Division, Crown Office and Procurator Fiscal, NHS Highland, Scottish Prison Service, Scottish Fire and Rescue Service, Scottish Courts and Tribunals service, Skills Development Scotland.	Argyll and Bute. This activity contributes towards supporting, managing and supervising people who have committed offences, providing services to victims of crime and engaging with communities on the causes, prevalence and impact of crime. A&B CPP Community Justice Partner's continuous improvement programme will bring together the wide range of key partners required to improve outcomes which focus on the following: <ul style="list-style-type: none"> • Victims of crime and their families; • People with convictions and their families; • People who live in the community; • community bodies; Local businesses. 	annually
Education Service Plan	2017 - 2020	Argyll and Bute Council Education Department	Education Services are responsible for the delivery of all aspects of Education. The Service provides Early Learning and Child Care, Primary Education, Secondary Education, Education Psychological Services, 16+ Learning Choices and Youth Services. The Service contributes to the following Business Outcomes: <ul style="list-style-type: none"> • We wholly embrace our Corporate Parenting responsibilities; • The support needs of children and their families are met; • Improved lifestyle choices are enabled; • All children and young people are supported to realise their potential; • Our young people participate in post-16 learning, training or work; • We engage with our customers, staff and partners; • We have a culture of continuous improvement; • Our workforce is supported to realise its potential. 	Active and monitored
Local Policing Plan; Argyll	2017 - 2020	Police Scotland	Police in Argyll and Bute constantly engage with the local communities by means of the "Your View Counts" Survey. They also regularly seek the views of their key partners	Active

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
and Bute			<p>including Community Councils, and use qualitative and quantitative data to create our 2017-2020 Divisional Strategic Assessment to identify the most important policing priorities for Argyll and Bute. Currently the local Policing priorities are:</p> <ul style="list-style-type: none"> • Drug dealing/ drug misuse • Antisocial Behaviour • Road Safety/Road Crime • Acquisitive Crime – Homes being broken into • Protecting People at Risk and Harm. 	
Strategic Economic Development Action Plan (and four specific area-based EDAPs)	2016-2021	Argyll and Bute Economic Development and Strategic Transportation Service	<p>The Plan (EDAP) provides a framework for sustainable economic growth aligned to the four priorities presented in Scotland’s Economic Strategy. Argyll and Bute is recognised as an area that promotes fair and equitable inclusive growth. Many of the outcomes for 2021 articulated in the Strategic EDAP are pertinent to addressing poverty/access poverty/fuel poverty in Argyll and Bute: For example:</p> <ul style="list-style-type: none"> • Integrated sustainable transport networks; • Full coverage of superfast broadband connectivity across Argyll and Bute; • Increase coverage of mobile connectivity across Argyll and Bute. • Sustainable and growing businesses in Argyll and Bute, where the area is recognised as a key location for enterprise and entrepreneurship. • The islands in Argyll and Bute are thriving through taking advantage of opportunities to diversify their economic base; • Thriving, sustainable and successful Argyll and Bute communities and the Third Sector. • Education and skills training opportunities are aligned to economic development opportunities within the Argyll and Bute area; • Robust and sustainable engagement between employers and education; • Sustainable growth in tourism through skills development; • A sustainable food and drink industry supply chain. • Forestry industry has moved up the value chain. 	Active
Employment Activity Plan	2017/18	Argyll and Bute Employability Partnership	<p>The Argyll and Bute Employability Partnership has developed an Employment Activity Plan (EAP) which maps the provision and products of all delivery agents and partners within the region across the five stages of the Strategic Skills Pipeline (SSP). The delivery of the SSP is factored around five strategic commitments: career skills management; corporate parenting responsibility; education and training; job creation and community benefit. The main drive is to create a diverse and thriving economy, based on the principles</p>	updated every quarter for each financial year

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
			of social justice, through the provision of suitable opportunities for all individuals, including under-represented groups. The EAP (updated on a quarterly basis) is to be developed into a digitally accessible and interactive reference tool where individual customers and partner agencies will be able to view the appropriate provision at each stage.	
Roads and Amenity Service Plan	2017	Argyll and Bute Council	This plan fits with our objectives and also the Child Poverty Strategy objective of: “Places – to ensure that children from low income households live in well-designed sustainable places”. One of the services outcome targets is: Access to and enjoyment of the natural and built environments is improved. Also that: Infrastructure and assets are fit for purpose. Importantly in this region where distance and remoteness represents a challenge for both individuals and businesses, this plan aims to ensure that: Our transport infrastructure is safe and fit for purpose.	Active
Customer and Support Services Plan	2017	Argyll and Bute Council; Customer and Support Services	This service is important to a number of key areas, including communication, employment and monetary advice. 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. The service contributes to the following business outcomes; <ul style="list-style-type: none"> • Benefits are paid promptly and accurately • Information and support are available for everyone • Economic growth is supported • Infrastructure and assets are fit for purpose • Our processes and business procedures are efficient, cost effective and • compliant 	Active
Planning and Regulatory Services Plan	2017	Planning and Regulatory Services; Argyll and Bute Council	This is an overarching service that seeks to harness development Opportunities, support businesses, protect the public and improve the economic, social and environmental wellbeing of the area by ensuring that development takes place in a sustainable manner. The Service contributes to the following Business Outcomes: <ul style="list-style-type: none"> • The health of our people is protected through effective partnership working • Information and support are available for everyone • High standards of Public health and health protection are promoted • Our built environment is safe and improved • Argyll and Bute is open for business • Economic growth is supported • Access to and enjoyment of the natural and built environments is improved • Infrastructure and assets are fit for purpose 	Active

Appendix 2: Other strategies and plans which have links to Anti-Poverty

Strategy / Plan	Time Frame	Who	Links to Argyll & Bute Anti-Poverty Strategy	Status
Recovery Outcomes Web	2017	Argyll and Bute Alcohol and Drug Partnership	<p>The Recovery Outcomes Web is a tool developed by the Scottish Government in partnership with a broad range of Stakeholders. Its purpose is to help plan, implement and measure areas of recovery for individuals using services for issues relating to their use of alcohol and other drugs.</p> <p>A multi-agency approach that assist people by offering support and advice in areas including; substance misuse, self-care and nutrition, relationships, physical health and wellbeing, offending, money matters, occupying time and achieving goals, housing and independent living, mental health and emotional wellbeing.</p>	Annual Reporting
Live Argyll	2017	Live Argyll	<p>Live Argyll was established by Argyll and Bute Council and is a company which is limited by guarantee, governed by its articles of association. This charitable company is fully incorporated and commenced trading on 2nd October 2017. There are a wide range of services being delivered within the Trust for the benefit of local residents and visitors: Libraries; Leisure Facilities; Active Schools; Archives; Halls; Sport Development; Museum; Community Centres; Community Lets</p>	Active
A.C.T.	2017	Argyll and the Isles Coast and Countryside Trust	<p>We have a board with 8 members representing key sectors and areas within Argyll and Bute. This includes 4 public agency partners – Argyll and Bute Council, Scottish Natural Heritage, Forestry Commission Scotland, and NHS Highland. The Board is supported by an advisory group comprising people with expertise in areas relevant to ACT. Our vision is to maintain, enhance and promote the coast and countryside of Argyll so that it can be enjoyed by residents and visitors forever</p>	Active

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****CUSTOMER SERVICES****24 MAY 2018**

PUBLIC ROOM BOOKING IN HELENSBURGH AND LOMOND CIVIC CENTRE

1. EXECUTIVE SUMMARY

- 1.1 The Helensburgh and Lomond Civic Centre became fully operational for all Council Services in November 2015, however the facility offers not only office accommodation for Council services but also public rooms that are bookable for classes, community use, events and functions. The charges applied for the use of these rooms were developed based on estimated operational costs, and it was agreed that the rates would be reviewed after the building had been operational for some time. This report sets out new proposals for a revised charging structure following the benchmarking of similar properties in the Helensburgh and Lomond area.
- 1.2 As part of the Catering and Cleaning Innovation Project, the service has been developing opportunities to generate income from events, which has led to the creation of an Events Management post based at Helensburgh and Lomond Civic Centre.
- 1.3 The Trainee Events Manager has conducted a benchmarking exercise, comparing the chargeable room rates at Helensburgh and Lomond Civic Centre with other community facilities in Helensburgh including the Victoria Halls and church and community halls. . The main findings of the exercise were:
1. Most facilities offer a two tier rate structure, one for community and charity groups and another for commercial and business groups.
 2. The rates applied at Helensburgh and Lomond Civic Centre are higher than community/charity groups would pay for similar facilities elsewhere in the Helensburgh and Lomond area.

There is scope to introduce a higher charge rate for use of rooms later in the evening or at weekends to account for the additional staff time required to facilitate these lets.

- 1.4 The Policy and Resources Committee is asked to approve:
1. The revised charges for booking each of the public rooms, with separate rates for:
 - a. Community Use
 - b. Commercial Use
 2. The introduction of different charges for day time use, and for evening

and weekend use

3. The ability to offer Annex Room 2 at a discount to users when booking Annex 1.
-
- 1.5 If approved, these rates will be used to develop the charge rates for overall events packages for corporate events and for weddings, which will incorporate the development of catering and drinks packages, tailored to suit the needs of individual customers.
 - 1.6 It is anticipated that, should these be approved, the new charging structure will be applied from 1 August 2018.

PUBLIC ROOM BOOKING IN HELENSBURGH AND LOMOND CIVIC CENTRE

2. INTRODUCTION

- 2.1 The Helensburgh and Lomond Civic Centre became fully operational for all Council Services in November 2015, however the facility offers not only office accommodation for Council services but also public rooms that are bookable for classes, community use, events and functions. The charges applied for the use of these rooms were developed based on estimated operational costs, and it was agreed that these rates would be reviewed after the building had been operational for some time.
- 2.2 This report sets out new proposals for a revised charging structure following the benchmarking of similar properties in the Helensburgh and Lomond area.
- 2.3 In developing the Fees and Charges for 2018/19 the Council noted that the proposals for charge rates at this property would be developed as part of the Council's Transformation Programme.

3. RECOMMENDATIONS

- 3.1 The Policy and Resources Committee is asked to approve:
1. The revised charges for booking each of the public rooms, with separate rates for:
 - a. Community Use
 - b. Commercial Use
 2. The introduction of different charges for day time use, and for evening and weekend use
 3. The ability to offer Annex Room 2 at a discount to users when booking Annex 1.

If approved, these rates will be used to develop the charge rates for overall events packages for corporate events and for weddings, which will incorporate the development of catering and drinks packages, tailored to suit the needs of individual customers.

4. DETAIL

4.1 Background

4.1.1 As part of the Council's office rationalisation project, the Helensburgh and Lomond Civic Centre was built to house the majority of Council Services delivered throughout the Helensburgh and Lomond area. This project was part funded by Anderson family who agreed that money from the sale of the old Templeton Library could be used for the community annexe in the new building. As a result of this, there are dedicated spaces which can be booked exclusively by members of the public.

4.1.2 Booking charges were initially developed to ensure that the operational costs for room hire were met, and these rates took into account staff costs, cleaning, utilities and on-going maintenance.

4.2 Events Management

4.2.1 Since the establishment of these original charges, the Catering and Cleaning Service has developed its Innovation Project, which has included the development of various options to change how the service is delivered. There has been a focus on developing opportunities for income generation, specifically by using the facilities available at the Helensburgh and Lomond Civic Centre.

4.2.2 In line with this, a Trainee Events Manager has been appointed and the successful candidate took up their post in January 2018. Since then, they have been carrying out preparatory work to launch Helensburgh and Lomond Civic Centre as an events venue by developing a marketing and brand identity strategy as well as developing relationships with vendors and suppliers in the Helensburgh and Lomond area. The Trainee Events Manager must ensure that the services offered at Helensburgh and Lomond Civic Centre cover all operational costs, with a break even position expected at the end of 2018/19.

4.2.3 The Trainee Events Manager has conducted a benchmarking exercise, comparing the chargeable room rates at Helensburgh and Lomond Civic Centre with other community facilities in Helensburgh including the Victoria Halls and other church and community halls. The main findings of the exercise were:

1. Most facilities offer a two tier rate structure, one for community and charity groups and another for commercial and business groups.
2. The rates applied at Helensburgh and Lomond Civic Centre are higher than community/charity groups would pay for similar facilities elsewhere in the Helensburgh and Lomond area.
3. There is scope to introduce a higher charge rate for use of rooms later in the evening or at weekends to account for the additional staff time required to facilitate these lets.

4.3 Booking Charges

- 4.3.1 Following this benchmarking review, it is proposed that the pricing structure is reviewed to account for the two distinct markets, as follows:

Room Name	Concession rate per hour			
	Mo - Fri 09:00 - 20:00		Sat - Sun & Mo - Fri after 20:00	
	ex VAT	inc VAT	ex VAT	inc VAT
Annex Room 1	£16.25	£19.50	£21.25	£25.50
Annex Room 2	£12.92	£15.50	£17.92	£21.50
Assembly Hall	£25.00	£30.00	£30.00	£36.00
Community Room	£17.92	£21.50	£22.92	£27.50
Marriage Suite / Function Room	£22.50	£27.00	£27.50	£33.00

The concession rates outlined in the table above would be applied to community groups and charities, and offer a reduction on the current charge rates. This should assist in attracting more local community groups who have shown an interest in the facilities but have been unable to pay the charge rates applied at present. The higher rates for late evening and weekend use reflect the additional staff requirements for opening and closing the facilities to accommodate the user groups out with normal operational hours.

Room Name	Commercial rate per hour			
	Mo - Fri 09:00 - 20:00		Sat - Sun & Mo - Fri after 20:00	
	ex VAT	inc VAT	ex VAT	inc VAT
Annex Room 1	£21.13	£25.35	£27.63	£33.15
Annex Room 2	£16.79	£20.15	£23.29	£27.95
Assembly Hall	£32.50	£39.00	£39.00	£46.80
Community Room	£23.29	£27.95	£29.79	£35.75
Marriage Suite / Function Room	£29.25	£35.10	£35.75	£42.90

The commercial rates outlined in the table above would be applied to businesses and other commercial groups and profit making events, and the charges for day time use are in line with the current charge rates. The higher rates for evening and weekend use are an increase on the existing charge rates.

- 4.3.2 To accommodate the current use of the building, the Assembly Hall and Gallery will only be available for public lets after 4pm on weekdays and all day at the weekend, as it is in use by the café Monday to Friday.
- 4.3.3 In order to increase the number of bookings in Annex Room 2, it is also

proposed that the room be discounted to half price is being booked in combination with Annex Room 1.

4.3.4 The charge rate for the Marriage Suite/Function Room is for room hire only, and not the rate for a wedding. The existing charge for a wedding remains as detailed in the Fees and Charges Schedule.

4.3.5 The breakeven point for room booking usage to cover the Events Manager post would be as follows:

A minimum of 35 hours of concession bookings per week, or

A minimum of 27 hours of corporate bookings per week, or

A minimum of 25 evening/weekend corporate events or weddings per year, plus room bookings remaining at 2016/17 levels

A combination of concession and corporate bookings are anticipated.

Any bookings over the minimum levels above would result in additional income being generated. This would, in the first instance, be used to repay the Innovation Funding of £15,000 which has been secured for the initial outlay costs for events management.

4.3.6 This basic pricing structure will allow the Events Manager to develop bespoke pricing packages for larger events and activities such as corporate events and weddings. This may include the application of additional charges for services such as:

1. vendor pitch fees, sales percentages and box office split
2. the use of additional equipment such as flipcharts, projector with screen and link speakers

4.3.7 The requirement for these will be monitored over the coming year, and any changes to the proposed charge rates as a result of this will be brought to a future Transformation Board meeting for consideration.

The public rooms will become bookable through the Helensburgh and Lomond Civic Centre website. The public will also be able to make direct enquiries to the HLCCEvents@argyll-bute.gov.uk inbox. This inbox will be advertised for public room bookings and event enquiries within the Helensburgh and Lomond Civic Centre.

It is anticipated that the revised rates will apply from 1 August 2018 to ensure that any changes are advised to existing user groups in advance. These revised rates and their impact will be closely monitored during 2018/19 to ensure that they are appropriate, and any future changes will be proposed as part of the Fees and Charges review.

5 CONCLUSION

5.1 In order to compete with the surrounding area and generate more business a

new pricing structure has been developed for the rooms bookable by the public in the Helensburgh and Lomond Civic Centre.

By creating two pricing structures, one for commercial lets and one for concessions, smaller community groups will be able to hire the rooms at a reduced rate. This will encourage more community engagement with the Helensburgh and Lomond Civic Centre and will raise its profile in the local area.

- 5.2 It is anticipated that, should these be approved, the new charging structure will be applied from 1 August 2018.

6. IMPLICATIONS

- 6.1 Policy – None
- 6.2 Financial – The likely costs associated by this will be offset by income generated by the lets
- 6.3 Legal – none
- 6.4 HR – none
- 6.5 Equalities – none
- 6.6 Risk – none
- 6.7 Customer Service – none

Douglas Hendry
Executive Director for Customer Services

Policy Lead for Corporate Services
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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT &
INFRASTRUCTURE SERVICES****24 MAY 2018**

REVIEW OF STRATEGIC EVENTS AND FESTIVALS GRANT PROCESS

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government has identified tourism and events as one of Scotland's most important industries, helping to create wealth and jobs and build upon our strong international reputation.
- 1.2 In light of the importance of the events and festival industry to economic development and tourism the Council considers that it is important to continue to provide a budget to support the delivery of a strategic portfolio of events and festivals across Argyll and Bute beyond 2018/19.
- 1.3 In addition it is also considered necessary to review the process by which funding is currently allocated to strategic events and festivals to ensure that the maximum economic benefit is secured from the limited funding available and the many competing demands. The focus will therefore be on strategic events and festivals that are primarily focussed on attracting visitors from outwith the area and increasing the appeal of Argyll and Bute as a world class tourist destination.
- 1.4 The new strategic events and festival grant process referred to in this paper excludes the Council funding currently provided to the Royal National Mod (£40,346.67) as it is proposed that discussions are held with organisers of the Mod to determine if and when Argyll and Bute could next be host to the Mod. Given current commitments the earliest that this would be possible will be 2023.
- 1.5 It is recommended that members agree to:
1. Recommend to Council that the 19/20 budget be set at £113k (excluding the Mod), and note that future budget levels will be subject to decisions taken as part of the Council's budget process;
 2. Consider and approve the key principles of the new grant application process;
 3. The new grant application process being fully developed by officers over the next two months and open for 2019/20 bids in August 2018 for a period of 6 weeks (allowing sufficient lead in time to allow organisers to

apply to and be given a decision well in advance of any events being held in 2019/20);

4. Following assessment of the funding bids received a report will be brought back to P & R Committee for consideration and endorsement by members;
5. That discussions are held with the Royal National Mod in regard to future plans for Argyll and Bute to host the Royal National Mod and that a report is brought back to members for consideration following these discussions to determine the best course of action.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

DEVELOPMENT & INFRASTRUCTURE
SERVICES

24 MAY 2018

REVIEW OF STRATEGIC EVENTS AND FESTIVALS GRANT PROCESS

2.0 INTRODUCTION

2.1 The Scottish Government has identified tourism and events as one of Scotland's most important industries, helping to create wealth and jobs and build upon our strong international reputation.

2.2 Scotland – The Perfect Stage, published in 2015, seeks to ensure that

“Scotland’s reputation as the perfect stage for events is recognised nationally and internationally”.

The strategy covers local, regional and national sports and cultural events and it is aimed at organisers, facility owners and public sector partners.

2.3 At the time of the publication it was estimated that Scotland’s events industry was worth £3.5 billion to reflect the significance of events in providing opportunities to drive additional tourism in particular. Tourism Scotland 2020 identifies festivals and events and business events as two of the four key assets that provide ‘authentic experiences’ for Scotland’s visitors and which underpin the industry’s growth ambitions.

2.4 In light of the importance of the events and festival industry to economic development and tourism the Council consider that it is important to continue to provide a budget to support a strategic portfolio of events and festivals across Argyll and Bute beyond 2018/19.

3.0 RECOMMENDATIONS

3.1 It is recommended that members agree to:

1. Recommend to Council that the 19/20 budget be set at £113k (excluding the Mod) and note that future budget levels will be subject to decisions taken as part of the Council's budget process;
2. Consider and approve the key principles of the new grant application process;
3. The new grant application process being fully developed by officers over the next two months and open for 2019/20 bids in August 2018 for a period of 6 weeks (allowing sufficient lead in time to allow organisers to apply to and be given a decision well in advance of any events being held in 2019/20);
4. Following assessment of the funding bids received a report will be brought back to P & R Committee for consideration and endorsement by members;
5. That discussions are held with the Royal National Mod in regard to future plans for Argyll and Bute to host the Royal National Mod and that a report is brought back to members for consideration following these discussions to determine the best course of action.

4.0 DETAIL

- 4.1 In December 2014 the Council agreed to support a 3 year (2015/16,2016/17 & 2017/18) programme of funding for 10 major events and festivals (excluding the Mod) in Argyll & Bute on the basis of the economic impact and lifestyle legacy that would be achieved in the area.
- 4.2 It was subsequently agreed in 2016 to apply a 20% saving to the annual 10 SLA payments for 2016/17 and 2017/18.
- 4.3 This time limited funding package expired 31 March 2018. Following consideration of this matter at the Councils budget February meeting in 2018 it was agreed to extend the grant payment and associated Service Level Agreement's (SLA's) to the existing 10 events and festivals for a further year and that thereafter a new competitive application process would be introduced.
- 4.4 The SLAs were supported by a post event analysis to ensure the anticipated benefits were realised – this included an understanding of the impact of the events on the local business economy. It is estimated that the annual programme of events and festivals brings in significant economic benefit to the local economy as a consequence of increased visitor numbers from outwith the area as well as across the area including spend in the area from those taking part in the events.
- 4.5 It should be noted that the SLA for the Royal National Mod did not require to be re considered in 2014 nor in 2018 given that it commenced in 2013/14 and is valid until 31 March 2019. The current SLA for the MOD was agreed on the basis that the MOD comes to Argyll and Bute every three years. The MOD was held in Oban in 2015 and will be held in Dunoon in October 2018. In addition the annual payment to the MOD is based on an uplift of 2.5% per annum as an

allowance for inflation, providing funds are available and the objectives have been met in the previous years.

- 4.6 Based on current information available Glasgow are due to host the MOD in 2019, Inverness in 2020, Paisley in 2021 and Perth 2022. https://www.highland.gov.uk/news/article/10525/the_royal_national_mod_announces_2021_and_2022_plans. For the purposes of this paper the funding currently allocated to the Mod has been removed from the strategic events and festival funding pot and this matter will be considered separately following discussions with the Royal National Mod association in regard to the possibility of Argyll and Bute hosting a future Mod, the earliest opportunity for this being 2023.
- 4.7 The council previously considered that the added value provided through these strategic events and festivals was considered to be significant and an essential element in promoting Argyll & Bute as an attractive area to live and work in, and for tourists to make repeat visits to. Organisations such as HIE and Creative Scotland (CS) also provide funding for major events and festivals and also considered that there is significant value to the local economy from such events.
- 4.8 There continues to be demand for council funding support to the strategic events and festivals covered by the current SLAs as well as to other new and emerging events and festivals not previously supported. It is therefore considered appropriate to review the current process and those events and festivals that the council supports, and to develop and introduce a competitive application process for strategic events and festivals to create a robust and well managed funding programme that will support economic growth and ensure that the Council and the area maximise the benefit from the support that it provides.
- 4.9 The fund will be focused on strategic events and festivals that:
- Attract visitors from outwith the area and bring inward investment by increasing Argyll and Bute's visitor and tourism offer
 - Can demonstrate a good range of multiplier effects for the local economy
 - Market to a quantifiable target of out of region visitors
 - Demonstrate a good return on public investment (leverage)
 - Demonstrate the economic, cultural, social, environmental and promotional value of the event to Argyll and Bute
- 4.10 It is intended to further develop the new grant application process with a full set of criteria based on the above key principles to enable organisations to apply for the fund on a competitive basis each year the fund is in operation. Council officers will undertake the annual assessment process based on the published criteria and grants will be awarded based on an objective assessment and in line with Council objectives.

- 4.11 Local and small scale events are already supported through the former third sector grant funding which is currently being taken forward through participatory budgeting process. Given that these have a much more local focus and respond to local needs the use of participatory budgeting is justifiable. However in determining which strategic events and festivals will bring the biggest economic benefit to the area it is considered that this should be driven forward through a competitive grant funding process and associated assessment process adopted by other councils (North Ayrshire) and organisations such as Creative Scotland and HIE.
- 4.12 In the development of any new grant funding process and associated scoring mechanism we would seek to work closely with existing colleagues in the council and organisations such as Creative Scotland who provide funding for events through the National Events Programme and HIE as well as local organisations such as AITC and CHArts. The objective in working collaboratively will be to secure best value.
- 4.13 This new grant funding process will support the strategic development of events and festivals and will be designed specifically to support cultural, sports and heritage based events which take place across our area and drive domestic tourism and economic growth with a focus on attracting external visitors from within Scotland and beyond.
- 4.14 Any new scoring criteria developed could be used to inform measurable outcomes that would be incorporated within the Service Level Agreements (SLAs) between the Council and any third party organisation. Additions to this which we would look to include a Business Planning and Marketing section, as well as a section on number of 'Bed Nights' forecast, a Return on Investment section (North Ayrshire Council work on anything over £1.10 for every £1 of grant given), and a Net impact assessment on the event or festival's local economy, with any displacement taken into account.
- 4.15 In terms of the new annual grant funding application process itself Officers consider, following careful consideration of the funding available and likely demand that the following new funding grant scheme represents the best way forward for the fund.

Proposed new funding grant scheme process

It is proposed that two grant pots would be created with the expectation that the lower level grant pot (maximum £5,000 award per event) will account for a minimum of 20% of the available budget with a minimum of 60% being available for the larger grants (greater than £5,000 per event). The remaining 20% of the budget will be available to allow the council to respond appropriately to the scale and number of grant funding bids received. The allocation of budget between the two pots can be reviewed and amended as part of the annual budget process.

There will be different requirements that applicants will require to meet depending on the level of grant being sought. These are as follows

- **Events and festival £5,000 maximum grant available per event and festival.**

For grants of £5,000 and less the application process would be more straightforward and these applications would be scored by officers on an agreed matrix. There would be no need for the submission of a complex business plan, but instead a more basic business plan, cash flow forecast and budget breakdown including other funding sources and anticipated economic impacts would be requested and evaluated. It should be noted that currently of the 10 grants provided 5 are under £5,000 per annum.

- **Events and festival grant of more than £5,000**

For grants in excess of £5,000 there would be a more detailed application process. These applications would be scored using a similar matrix but would require a more detailed business, marketing plan with a cash flow forecast (including other funding sources), anticipated economic impact and evidence of sustainability. Consideration will also be given to the economic benefit that will accrue to the area including bringing skills development to the local economies in which they are taking place.

It should be noted that of the 10 grants currently awarded there are 5 grants in excess of £5,000 ranging from £6,400 - £55,000.

Grant funding would be awarded based on bids that were successfully scored against the criteria and where sufficient funding was available.

5.0 CONCLUSION

- 5.1 Over the last six years the Council has made a major contribution to the development of major events and festivals and this has provided a successful economic stimulus within the area. It has also enhanced cultural and sporting activity.
- 5.2 The Scottish Government have confirmed that culture is a helpful route to support the delivery of national and local outcomes. In addition to the organisations which make provision for culture and creativity, many of those responsible for delivering wider public services have discovered the benefits of working with, and through, creative and cultural activity and local and national well-being can be enhanced in this way. At the time the council considered providing a second tranche of 3yrs of funding it was stated that the Council had been one of the lowest spenders in Scotland in cultural activities from the revenue budget over the last decade, but the recent significant contributions to major/strategic events and festivals has made a very positive

impact on the cultural community in the area and it is felt that it is important to continue to build on the previous investment.

- 5.3 Without agreement to allocate a budget for strategic events and festivals there are no other central/corporate routes/mechanism available for the council to support strategic events and festivals. It is therefore recommended that the fund continue at this time with distribution of available funding delivered through a competitive annual process taking account of published criteria and assessed by council officers on that basis.

6.0 IMPLICATIONS

- | | |
|----------------------|---|
| 6.1 Policy | The provision of support to strategic events and festivals fits with SG and Council objectives of making our area more attractive to visitors and increasing the spend into the local area and the resulting economic benefit |
| 6.2 Financial | The budget will require to be confirmed for financial year 2019/20 before any new process is launched otherwise there could be a reputational risk to the council if grant is awarded and then not forthcoming, this would however require an agreement in isolation of the budget setting process and would represent a risk. This would also mean staff being involved in a lot of work that would result in wasted resource. |
| 6.3 Legal | Any new process will require the drawing up of individual grant contracts for each successful grant application. |
| 6.4 HR | Resource will be required to manage this process however this is currently managed from existing staff |
| 6.5 Equalities | |
| 6.6 Risk | See 6.2 above |
| 6.7 Customer Service | None |

Pippa Milne, Executive Director of Development and Infrastructure
Policy Lead – Cllr Aileen Morton
May 2018

For further information contact:

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEEDevelopment and Infrastructure
Services24th May 2018

Progress of Rural Resettlement Fund (RRF)

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to provide members with an update on the performance of the one-off Rural Resettlement Fund (RRF) of £500,000, announced in the Argyll and Bute Council budget 2016/2017, to examine current outputs so far and recommend a redirection of the remaining funds to support the vision and key themes of the emerging Rural Growth Deal.
- 1.2 The May 2016 Policy and Resources Committee agreed that the main focus of the RRF should be to incentivise new residents and/or businesses to relocate to Argyll and Bute. The committee also agreed the outline conditions of the fund, including allocation £10,000 for marketing, giving officers the remit to proceed with the development and delivery of the fund.
- 1.3 RRF was formally launched on 31st October 2016 during Argyll Enterprise Week. The fund has been very successful in attracting new residents to Argyll and Bute with a number of positive case studies on how the fund has helped move families to our area. RRF has been less successful in attracting new businesses to Argyll and Bute and consequently there is a need to re-direct the funding to better support the growth of businesses and the vision and key themes of the Rural Growth Deal.
- 1.4 **Table 1** below provides an update on performance of the fund so far. It should be noted that the grant awarded figure presented below is less than that claimed. Claims can be submitted as required by the applicant; noting that 25% of any grant awarded is retained until after the applicant has remained in Argyll and Bute for over a year. Therefore, the monthly ledger figures will not necessarily reconcile with the claim figures which can be paid out on a daily basis. As of 12th April 2018 the total claims paid is £161,975.15.

RRF applications	Received	Approved	Withdrawn	Rejected	Pending	Grant Awarded
Personal relocation grant	95	61	9	14	11	£299,948.05
Self-employed	6	5	0	1	0	£25,000.00
Business	0	0	0	0	0	0

Total	101	66	9	15	11	£324,948.05
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Note: Data up to 12th April 2018

Table 2 below provides an update on the number of new residents that have relocated to Argyll and Bute:

Table 2: Summary of new residents in Argyll and Bute		
Number of adults	Number of children	Total number of new residents
111	66	157

Note: Data up to 12th April 2018

1.5 Members are asked to:

- Consider the outputs of the Rural Resettlement Fund (RFF) that has helped to attract 157 new residents to Argyll and Bute;
- To close the RFF to applications from new residents with immediate effect;
- To approve the re-direction of remaining funds to assist the growth of small and medium sized businesses that support the emerging vision and key themes of the Rural Growth Deal.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**Development and Infrastructure
Services**

24th May 2018

Progress of Rural Resettlement Fund (RRF)

2.0 INTRODUCTION

2.1 The purpose of the report is to provide members with an update on the performance of the one-off Rural Resettlement Fund (RRF) of £500,000, announced in the Argyll and Bute Council budget 2016/2017, to examine current outputs so far and recommend a redirection of the remaining funds to support the vision and key themes of the emerging Rural Growth deal.

2.2 The May 2016 Policy and Resources Committee agreed that the main focus of the RRF should be to incentivise new residents and/or businesses to relocate to Argyll and Bute.

2.3 The August 2016 Policy and Resource Committee agreed:

- RRF will support micro and SMEs (including social enterprises) relocating their business to Argyll and Bute; economically active people and economically active families relocating to take up employment in Argyll and Bute;
- RRF will operate on a first come first served basis;
- £10,000 of the RRF will be allocated to marketing;
- RRF will be administered within Economic Development and Strategic Transportation using existing structures; and
- Officers will proceed with the development and delivery of RRF.

2.4 RRF was formally launched on 31st October 2016 during Argyll Enterprise Week 2016.

3.0 RECOMMENDATIONS

3.1 Members are asked to:

- Consider the outputs of the Rural Resettlement Fund (RFF) that has helped to attract 157 new residents to Argyll and Bute;
- To close the RFF to applications from new residents with immediate effect;
- To approve the re-direction of remaining funds to assist the growth of small and medium sized businesses that support the emerging vision and key themes of the Rural Growth Deal.

4.0 DETAIL

- 4.1 **Table 1** below provides an update on performance of the fund so far. **Table 1** below provides an update on performance of the fund so far. It should be noted that the grant awarded figure presented below is less than that claimed. Claims can be submitted as required by the applicant; noting that 25% of any grant awarded is retained until after the applicant has remained in Argyll and Bute for over a year. Therefore, the monthly ledger figures will not necessarily reconcile with the claim figures which can be paid out on a daily basis. As of 12th April 2018 the total claims paid is £161,975.15.

Table 1: Summary of Rural Resettlement Fund applications						
RRF applications	Received	Approved	Withdrawn	Rejected	Pending	Grant Awarded
Personal relocation grant	95	61	9	14	11	£299,948.05
Self-employed	6	5	0	1	0	£25,000.00
Business	0	0	0	0	0	0
Total	101	66	9	15	11	£324,948.05

Note: Data up to 12th April 2018

- 4.2 **Table 2** below provides an update on the number of new residents that have relocated to Argyll and Bute:

Table 2: Summary of new residents in Argyll and Bute		
No. of adults	No. of children	Total number of new residents
111	46	157

Note: Data up to 12th April 2018

- 4.3 **Table 3** provides a breakdown of approvals and new residents per administrative area

Table 3: Breakdown of RRF approvals per administrative area					
	B&C	H&L	MAKI	OLI	Total
No. of approvals	19	5	19	23	66
No. of relocated residents	45	16	41	55	157
Value	£95,000	£25,000	£94,000	£110,948.05	£324,948.05

Note: Data up to 12th April 2018

- 4.4 Since the launch, officers have been working with partner organisations to promote the fund:
- Highlands and Islands Enterprise is continuously promoting the fund to account managed businesses who may be recruiting new staff;
 - Key local businesses known to be recruiting new staff are contacted directly;
 - Community planning partners were provided with information on the RRF;
 - All local estate agents were mailed with information about the fund and posters for their offices; and
 - RRF is promoted at events attended by EDST including university recruitment events.

- 4.5 The website was refreshed last year to feature case studies and photographs supplied by families who have moved here. A range of marketing techniques were then used to drive people to the website to raise awareness of the fund and promote Argyll as a great place to live and work. The S1 Jobs and Homes promotion that ran between July and September 2017 reached 19,170 individuals and resulted in 660 clicks through to the website. In November 2017, after the completion of the highly successful BBC series, the Country Council, an advertising feature was commissioned in The Herald to promote the RRF.
- 4.6 An Instagram promotion in March 2018, focused on UK key cities and job seekers with interests in outdoor activities and working primarily in healthcare, teaching, administration, reached over 20,000 people and resulted in 871 clicks through to the website. A Facebook promotion at the same time, to a similar audience, reached 20,695 and generated 928 clicks to the website. 38% of visits to the website have been generated by digital marketing.
- 4.7 In February 2018, an audit of the Rural Resettlement Fund was undertaken by the Council's Internal Audit team. The overall audit opinion was that the council can take a substantial level of assurance on delivery of the fund. This means that internal control, governance and the management of risk is sound. Internal Audit outlined two low risk recommendations for improvement which officers are currently addressing.
- 4.8 To date the dissemination of the fund has in the main only attracted individuals being in receipt of the personal relocation grant and five self-employment grants. The fund has attracted a high number of enquiries that has involved more staff resource than anticipated over and above current workloads. The fund has generated positive publicity for the council and provided a small increase in the population as noted in **Table 2** with a number of positive case studies generated on moving to Argyll and Bute.
- 4.9 Unfortunately, RRF has not attracted new businesses to Argyll and Bute other than five self-employed businesses. It is the professional opinion of Business Gateway and other Economic Growth staff that the current offer of £10k to move an established business into Argyll and Bute in order to meet the following criteria associated with the RRF is insufficient:
- An established business trading for at least two years with less than 250 employees;
 - Actively trading with an annual turnover in excess of £80,000 (trading at a profit);
 - Employing at least 1 Full Time Equivalent member of staff, in addition to business owner, paid at least the Scottish Living Wage;
 - Currently based outwith Argyll and Bute;
 - Relocating permanently to premises within the Argyll and Bute Council area;
 - Able to demonstrate sustainability and growth potential via a business plan;
 - Able to identify relocation costs you are seeking support for;
 - Business owners expected to become a resident in Argyll and Bute; and
 - Not yet committed to relocation or set-up costs.

- 4.10 That said, the RRF has met our aspirations through the fund helping to attract 157 new residents to Argyll and Bute linked to at least one member of the household having a local employment offer.
- 4.11 Given that the RRF has now committed circa £325k of the total £500k allocation in order to focus on supporting the aims and key themes of the Rural Growth Deal it is recommended that the fund be closed to new resident applicants with immediate effect and any remaining funds be re-directed to support the further develop of small and medium sized businesses that can help support the emerging vision and key themes of the Rural Growth Deal. Further information on the future distribution of the remaining funds in RRF will be brought to members for a future decision as the Rural Growth Deal is finalised. The RRF will continue to be monitored as per the conditions on any offer of grant are fulfilled.

5.0 CONCLUSION

- 5.1 The RFF was formally launched in October 2016 and has attracted 157 new residents to Argyll and Bute through the personal relocation grant and a strong interest in this element of the fund is continuing. Every Rural Resettlement Fund grant, on average, results in an additional 2.4 residents into Argyll and Bute. This element of the fund has been very successful with a number of positive case studies to support the use of funding that have been placed on our web site. Unfortunately, the take up of the self-employment relocation grant has been slow with only five successful applications and no larger businesses have relocated to Argyll and Bute on account of the grant. Ideally the RRF should be able to attract more businesses to relocate to Argyll and Bute but the level of grant did not appear to be attractive to businesses considering relocation to our region. Consequently, officers consider that the RFF be re-directed at this time to support small and medium sized businesses linked to the emerging key themes of the Argyll and Bute Rural Growth Deal such as in the key including the growth sectors such as tourism, food and drink, including aquaculture, renewables, marine science and engineering. Additional information on the distribution of the remaining funds of the RRF will be brought back to members for a future decision.

6.0 IMPLICATIONS

- | | | |
|-----|-------------------|--|
| 6.1 | Policy | The fund offers the opportunity to support the objectives and long term outcomes of the Local Outcomes Improvement Plan together with the revised Corporate Plan, Local Development Plan and current strategic Economic Development Action Plan. |
| 6.2 | Financial | An allocation of £500k was identified in the 2016/2017 budget. No additional funds are being sought. |
| 6.3 | Legal | None at this time. All fund documentation was shared with the Council's Legal Team, prior to launch. Officers are aware of State Aid implications of providing grants to businesses and carry out the necessary checks. |
| 6.4 | HR | To date staff within EDST Service has administered the fund on behalf of the council. |
| 6.5 | Equalities | The dissemination of the RRF complies with all Equal Opportunities policies and obligations. Applicants to the fund must be over 18 years with no upper age limit. |
| 6.6 | Risk | The efficient delivery of this fund continues to be critical to its success in assisting population growth In Argyll and Bute. |
| 6.7 | Customer Services | None. |

Pippa Milne, Executive Director of Development and Infrastructure Services
Cllr Aileen Morton, Leader and Policy Lead for Economic Development
11th May 2018

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE**

**DEVELOPMENT &
INFRASTRUCTURE SERVICES****24th MAY 2018**

LORN ARC - UPDATE REPORT AS AT MARCH 2018

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the Policy and Resources Committee on progress with the Lorn Arc programme and latest budget position as at the end of March 2018.
- 1.2 Members will be aware that the funding for this project relies on forecast incremental Non-Domestic Rates (NDR) being sufficient to service debt before a project can be taken forward to implementation stage. Tax Incremental Financing (TIF) was regarded as an innovative approach to exploring a potential funding mechanism for a range of economic development and infrastructure projects that otherwise could not be delivered within available Council budgets. The original programme consisted of 9 individual projects across various locations, namely: Barcaldine, Oban Airport, Dunbeg Corridor, and Oban town centre. This list of 9 projects was reduced to 7 following agreement from the Scottish Government and the Council in recognition of private investment coming forward for Barcaldine which is now on site.
- 1.3 This original TIF business case has proven to be non-viable due to changes in anticipated rateable values, rates and reliefs, and significant changes in the National economy.
- 1.4 Following agreement from the Scottish Government (SG) in February 2017 and the Council in March 2017 to continue to support the social and economic objectives of the Lorn Arc Programme work has been progressing to find alternative routes for funding of the programme including examining the use of alternative innovative funding models to support inclusive growth.
- 1.5 At the March 2017 Policy & Resource Committee meeting, the Lorn Arc team was authorised to engage with SG and the Scottish Future Trust (SFT) to progress alternative solutions for the delivery for the Lorn Arc programme. This engagement has been progressing including a number of discussions on a possible growth accelerator model or being part of the emerging Rural Growth Deal. In order for this to be progressed further greater clarity will have to be given to the list of potential projects that can take best advantage of this approach
- 1.6 The TIF Programme Board have noted that the likely solution for the programme would be the progression of a case for use of a growth model such as the Growth Accelerator or a Rural Growth Deal. Moving forward with an alternative funding model, however, would require clarity on the projects that would form the basis of

that deal. Work on this has been ongoing, and is being developed in parallel with the Scottish Government and Scottish Futures Trust. A list of potential projects is currently being developed.

- 1.7 Individual projects are being progressed in different ways that are detailed in the report.
- 1.8 Budget: Detailed below is the current budget position for both the revenue and capital approved budget allocations.

REVENUE	£000s
Total approved funds	1,607
Total project spend to date March 2018	618
Balance	989
CAPITAL	£000s
Total borrowing approved	1,388
Total project spend to date March 2018	869
Balance	519

- 1.9 It is recommended that the Policy and Resources Committee:
- Note the updates on the Lorn Arc programme provided in the paper.
 - Approve the Oban Strategic Development Framework Initiation Document contained in **Appendix A**

LORN ARC - UPDATE REPORT AS MARCH 2018

2. INTRODUCTION

- 2.1 This report provides the Policy and Resources Committee with an update on progress in relation to the Lorn Arc TIF, and the latest budget position as at the end of March 2018.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee:
- Note the updates on the Lorn Arc programme provided in the paper.
 - Approve the Oban Strategic Development Framework Initiation Document contained in **Appendix A**

4. DETAILS

- 4.1 Members will be aware that approval for the Lorn Arc Tax Incremental Financing ("TIF") Business Case was given approval on the 8 May 2014 by the Scottish Government ("SG"). Selection of the project as a pilot project provided SG and Scottish Futures Trust ("SFT") with an opportunity to assess how the TIF model might operate on a smaller scale project in a rural setting. This was regarded as an innovative approach to exploring a potential funding mechanism for a range of economic development and infrastructure projects that otherwise could not be delivered within available Council funding. The TIF pilot project consisted of 9 individual projects across various locations, namely: Barcaldine, Oban Airport, Dunbeg Corridor, and Oban town centre. This list of 9 projects was reduced to 7 following agreement from SG and the Council in recognition of private investment coming forward for Barcaldine which is now on site.
- 4.2 This original business case has proven to be non-viable due to changes in rateable values and significant changes in the National economy. Whilst the full programme has been assessed as financially unviable, it should be noted that the current level of approved drawdown (£1.388m. of which £0.869m has actually been drawn down and spent), is forecast as being capable of being paid from TIF income over the life of the project, based on the current NDR assumptions. Key projects are still being progressed through various means and details are outlined below. Notwithstanding this progress the project team continues to take a cautious and prudent approach in terms of delivery and the drawdown of any further TIF debt will continue to be subject to affordability testing and internal governance processes as outlined in the Project Initiation Document ("PID").

- 4.3 At the March 2017 Policy & Resource Committee meeting the Lorn Arc team was authorised to engage with Scottish Government (SG) and Scottish Future Trust (SFT) to progress alternative solutions for the delivery for the Lorn Arc programme. The team met with SFT in March 2017 and a Council TIF Programme Board was subsequently held in April 2017.
- 4.4 The TIF Programme Board have noted that the likely solution for the programme would be the progression of a case for use of a growth model such as the Growth Accelerator or a Rural Growth Deal. Before the Council can progress an alternative funding model, there needs to be internal agreement on the projects that would form the basis of any proposed deal. Work on this has been ongoing in conjunction with SG and SFT, with a tentative list of projects being developed. The paragraphs below outline the position in relation to the projects currently being taken forward or are subject to further consideration by Council officers and representatives of SG and SFT. These projects will enable a wide range of outputs including growth in the tourism, marine science, aquaculture and skills sectors and will support general growth in the area by removing barriers such as a lack of housing and road capacity.
- 4.5 **North Pier Extension:** With the recent opening of the CHORD Transit Berthing Facility and North Pier Harbour Building on the 6th of April 2018, the North Pier is becoming more tourist focused with potential for a new hotel on the adjacent vacant site.
- 4.6 During the final phases of construction on the pontoons in July 2017, it was decided that a defect noted in the North Pier face should be repaired while the opportunity was available with all the contractors, engineers, and equipment on site. As part of this in December 2017 the consulting engineers for the pier extension were stood down while the defect in the wall was monitored and surveyed. Council officers and contractors took this forward by temporarily relocating pontoons and services and instructing pointing and surveys to assess the extent of the defect. Whilst the outer wall survey was completed in January 2018 showing no movement, the inner structural survey work is will continue until the end of April 2018. The final repair works will commence in October to the North Pier to avoid the busy summer season. It is intended however to put the pontoons back to their intended position April/May when any risks to the pontoons have been mitigated.
- 4.7 Officers had previously reported that an update would be given on the potential pier extension options in December 2017. Due to the timings and extent of surveys required for the defect this was not possible. It is anticipated that an update on the potential extension options will be presented to members in September 2018.
- 4.8 The success of the pontoons last summer, and the high level of interest from new businesses wishing to operate from the facility and new cruise liner bookings, have proven the attractiveness of Oban and the North Pier as a substantial marine visitor hub for the West of Scotland. The success of the breakwater for large vessel use has also resulted in interest from multiple users wishing to relocate their itineraries to Oban and we are experiencing an increase in enquiries from world wide cruise ship companies and marine tourism operators from Scandinavia and the Benelux

countries.

- 4.9 The project manager, in partnership with Stewart Clark, Service Manager of the council's Piers and Harbour's service and his team, continue to keep BID4OBAN and the Oban Cruise Group updated. Weekly updates are ongoing with Stewart Clark with regards to potential for impacts on the future Statutory Harbour Authority and its members regarding an anticipated increase in traffic in the bay.
- 4.10 **South Oban Development Zone:** The original TIF business case did not identify a specific project in the south of Oban but made assumptions about the potential investment and returns. The view is that in terms of Oban South Development Zone, the development of a **Strategic Development Framework** is now essential for the future growth of Oban and wider Lorn. An internal working group of Council Officers have been meeting on a regular basis to help identify the critical actions to create the framework. The Strategic Development Framework is intended to:-
- 4.11 Establish a collaborative way forward to ensure the potential for sustainable economic and population growth in Oban and wider Lorn, as identified in the Argyll and Bute Outcome Improvement Plan, is maximised and the potential for conflict between projects is minimized;
- Promote delivery through an action plan identifying actions, resources, partners and timeframe;
 - Help identify critical projects that need to be taken forward to secure the future growth of Oban and wider Lorn.
 - Act as a catalyst for additional private sector led investment
 - Ensure the strategic integration of projects such as the emerging Rural Deal;
 - Support funding bids with a clear strategy and identified priorities.
 - Provide a vehicle for joint working both internally and with our external partners such as Transport Scotland and HIE.
 - Perform the role of a pilot for long term vision and strategies for other towns and settlements.
- 4.12 An initiation document for the Oban Strategic Development Framework is included in **Appendix A** of this report for member's consideration and approval. This Framework deals with a complex range of issues that require to be tackled through a partnership approach to enable the growth of Oban to continue. It is intended that the Oban Strategic Development Framework will act as a pilot for further regeneration work in Argyll and Bute given the need for council services to collaborate internally together with key stakeholders to address complex issues and deliver a long term vision for Argyll and Bute communities. It is intended that the Framework be finalised by April 2019 and any funding for this work will be subject to separate budget approval and not taken forward through TIF funding.
- 4.13 **Oban Airport Business Site:** An access road has been built as envisaged in the original TIF business case and further work has been ongoing to inform options for marketing and developing the site. Commercial Agents, Ryden have completed a report assessing the property market and considering options for development of the site that has informed the site masterplan. In summary, the report findings suggest that a public/ private joint venture, utilising a phased development of the

site is likely to represent the preferred option from the Council's perspective. The development of the site is most likely to be a mixed use development, offering some class 4 (office) and class 5/6 (industrial) space, while hopefully also reserving land for some airport related uses. This approach aligns with Private Sector interest already on the site which has shown demand for class 5/6 (industrial / storage and distribution).

- 4.14 A detailed development brief document has been produced by the Lorn Arc team that will inform a future Masterplan or detailed planning consent undertaken by the successful bidder for the site that will be subject to public consultation. This development brief will include the identification of possible constraints on the site and likely acceptable uses.
- 4.15 Discussions are ongoing between Development and Infrastructure Services and Customer Services with regard to the marketing of the site informed by the detailed development brief. Through Business Days, OLI Members will be kept updated on this process as it develops.
- 4.16 **Dunbeg Lorn/ Kirk Road:** Previously, Council Housing Officers submitted an expression of interest to Scottish Government for up to £1.9m in grant funding to upgrade the Dunbeg Lorn / Kirk Road under the SG Housing Infrastructure Fund ("HIF") and this was successful with notification being received from SG at the end November 2017. Work then took place to start project alignment with the Public Utility companies (it had to wait for SG award to avoid cost risk to the Council), with a project start January 2018. There was some slippage in the SG award timeline, which in turn has delayed engagement with the preferred contractor, utilities companies and the Council. Despite this, Scrub clearance and tree felling works have been concluded and Scottish Water has commenced works on site with regard to both the sewer and the water main (a temporary footpath has been provided during the duration of these water main works). Work is ongoing with the preferred contractor who has signed the main contract with the council, utilities companies and the Council on finalising the program for the main construction works with a likely end date of construction in October 2018. LINK Housing Association has submitted a detailed planning consent for 300 new homes in April that will now be considered through the planning process and if approved will be accessed by the improved Kirk Road. It should also be noted that the Scottish Government has approved funding of £35m to help deliver this housing development by 2021.
- 4.17 A communications strategy is in place, with bi-weekly updates being provided to Members, the Community Council and placed as posters in the village shop (and elsewhere if distributed by the Community Council). The Council's Twitter and Facebook accounts will also be utilised for particular events / updates.
- 4.18 The SG Housing Infrastructure Fund funds the construction of the Lorn / Kirk Road only to the road junction with the road serving the existing housing estates, and not to the European Marine Science Park which is a further circa 170m of road. The upgrade of this additional section of road is the responsibility of HIE as it is a requirement of any further development of the European Marine Science Park. HIE are therefore presently actively looking at their options for the upgrade of this section of road and working with the Council Design Services to move things

forward.

- 4.19 **Dunbeg Halfway House Roundabout:** The developer planning a large scale luxury hotel and spa resort at the Dunbeg/Halfway House site has renewed the planning permission in principle approval for the roundabout and it is our understanding that they are also seeking to renew planning consent for the spa resort development, both of which are positive signals of intention from the developer.
- 4.20 In addition, a commercial area sub-committee of the Dunbeg Working Group which is chaired by Link Group, met at the end of January 2018. Participants included representatives of the Council, Link Group and Dunstaffnage Estate. The meeting was positive and there was an accepted understanding that the roundabout was very much a development all parties wish to see taken forward but that the principal barrier to the roundabout's construction was funding. Accordingly, a focused working group was held on the 8th Feb 2018 to look at how this project can be taken forward and options relating to funding of the project. It should be noted that the Council reconfirmed its willingness to invest as soon as a practical and affordable solution was identified for the financing of the project. Such a solution is most likely to involve the private sector coming forward with a reasoned and justified financial proposal that identifies what this project would enable in terms of development potential and also identifies any funding gap that would require to be filled by the public sector through a number of possible funding options including TIF, a Rural Growth Accelerator Model, Housing Infrastructure Fund or as part of a Rural Growth Deal.
- 4.21 **Programme Risks:** A number the risks to this project have been mitigated due to changes in timelines, progress with certain projects and a recognition that the TIF funding model on its own is not sufficient to deliver a number of the projects. All projects are regularly monitored with movements reported to Members, the TIF Executive and TIF Programme Board. It should also be noted that in relation to Kirk Road that contingencies relating to the construction of the road is limited to £90k made available through TIF approved draw down. The Scottish Government Housing Infrastructure Fund only funds contingencies retrospectively on a fully justified basis and there is a risk the council will have to cover the costs of any overspend above the £90k approval before claiming back from the Scottish Government. This risk was made clear when the council accepted the grant offer and the costs of delivering the road improvement are being carefully monitored.
- 4.22 **Financial Model Summary Output:** The TIF financial model calculates the affordability of the programme over the life of the TIF Agreement. Amendments to timescales, cost of the TIF investment, projected incremental NDR and their timing, cost of borrowing and inflation can all change the output of the programme financial model.

As reported in March 2017, the Commercial Agent's (Ryden) report, taken together with Argyll & Bute Council's own knowledge of the prevailing local market conditions, suggested that the timing and magnitude of future development and the associated incremental NDR generation is unlikely to be forthcoming as anticipated in the 2013 TIF business case. The result of this re-modelling exercise was that in

all cases (best to worst case scenarios), there was a deficit over the 25 year TIF period for the full potential capital spend programme of £14.74m. This exercise demonstrates that, in the present form, the full TIF programme of £14.74m is not currently affordable, based on those NDR assumptions. It should be noted however, that the current level of approved drawdown (£1.388m, of which £0.824m has actually been drawn and spent), is forecast as being capable of being repaid from TIF income over the life of the project based on current NDR assumptions.

4.23 **Budget:** Detailed below is the current (March) budget position for both the revenue and capital approved budget allocations.

REVENUE	£000s
Total approved funds	1,607
Total project spend to date March 2018	618
Balance	989
CAPITAL	£000s
Total borrowing approved	1,388
Total project spend to date March 2018	869
Balance	519

5. CONCLUSION

- 5.1 The team's current focus for delivery of projects in the Oban area is the Dunbeg corridor, which would see development of the Halfwayhouse roundabout (potentially via a combination of funding mechanisms, including the private sector, TIF, Growth Accelerator, Scottish Government Housing Infrastructure Fund and Rural Growth Deal Lorn Road/ Kirk Road development (via SG's Housing Infrastructure Fund), and the Oban Airport Business Park (via a potential public private joint venture or delivered by solely the private sector following an open marketing exercise) that will be informed by market reports, development options and a detailed development brief covering Oban Airport Business Park. The Council is also taking forward a Strategic Development Framework for Oban that will be coordinated by the Lorn Arc team and working with a number of Council services with an aim to finalise by September 2019. It is anticipated that an update to members for the extension of the North Pier with the substantiation will be presented at the end of September 2018.
- 5.2 In view of progress to date and reported changing market conditions, the team continues to review projects to analyse the potential of them being delivered under current TIF arrangements (with an initial focus on the Dunbeg corridor and commercial/ leisure development, which this would unlock). However, work continues to explore all potential projects which could deliver economic and social benefits for the Lorn Arc area and this exploratory work will be undertaken with cognisance of the work that is ongoing with regards to attracting additional inward investment both private and public including potential for a Growth Accelerator initiative and/or the Rural Growth Deal.
- 5.3 Work is consequently continuing with the Scottish Government and Scottish Futures Trust to identify projects that can be included within a Growth Accelerator

programme and/or Rural Growth Deal for the Oban and Lorn area. Any subsequent Growth Accelerator business case for Oban would require Council and Scottish Ministerial approval.

6. IMPLICATIONS

- 6.1 **Policy** - The delivery of this project fits with the Council's Corporate Plan, Local Outcomes Improvement Plan, Economic Development Action Plans (EDAPS) and approved Local Development Plan. The economic outcomes from this project will contribute to the Scottish Government's National Economic Strategy.
- 6.2 **Financial** - Note affordability of NDR uplift, also alternative funding sources being pursued, and that the current level of approved drawdown (£1.388m, of which £0.824m has actually been drawn down and spent), is forecast as being capable of being repaid from TIF income over the life of the project under current NDR assumptions.
- 6.3 **Legal** - Each project will have differing legal requirements; this will be laid out in each project's PID. No legal issues at Programme level.
- 6.4 **HR** - None.
- 6.5 **Equal Opportunities** - There are no equal opportunities implications.
- 6.6 **Risk** - As outlined in 4.11.
- 6.7 **Customer Service** - There are no customer service implications.

Executive Director Development and Infrastructure Services: Pippa Milne.

Policy Lead: Aileen Morton.

April 2018

For further information - please contact:

Fergus Murray

Head of Economic Development and Strategic Transportation

Economic Development and Strategic Transportation,

Development and Infrastructure Services. 01546604293

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Oban Strategic Development Framework : Project Initiation Document

Background :

Oban is a Main Town that is experiencing population growth and lies within an area with significant potential for economic growth. A number of actions are being progressed by different sections of the Council and its partners in this area to achieve growth but these are not necessarily happening in a coordinated manner. Therefore, the opportunity to capitalize on synergies may be missed. There is also a risk factor in that the aims of one project may have a negative impact on the delivery of another.

Preferred Approach : The preparation of an Oban Strategic Development Framework (OSDF) would address these issues and enable the strategic potential of Oban and its hinterland to be delivered. This would provide a vehicle for joint working both internally and with our external partners such as Transport Scotland and HIE. The OSDF should be developed as a dynamic document that can be flexible and responsive to changes within its lifetime. It needs to be aligned to Community Planning objectives as identified in the Argyll and Bute Outcome Improvement Plan.

Objective, Output and Outcomes

The objective of this project is to establish a collaborative way forward to ensure the potential for sustainable economic and population growth is maximised and the potential for conflict between projects is minimised.

The output of this project will be the Oban Strategic Development Framework, including a delivery Action Plan. It is recommended that this is adopted as planning guidance to give it appropriate status to support its delivery. The OSDF will be fully integrated with the transformation projects for Oban and its hinterland as identified in the emerging Rural Deal. The OSDF will act as a pilot for long term vision and strategy for other towns and settlements in Argyll and Bute.

The outcome of this project is delivery of economic growth in Oban that has been maximised through a strategic and co-ordinated approach. OSDF identified partnership actions, supported where appropriate through the Rural Deal, will act as a catalyst and provide direction to this growth.

The OSDF will also play a promotional role to attract additional investment and provide supporting information for the Strategic Transportation Projects Review and National Planning Framework 4.

Scope

Area: The OSDF should be focused on Oban (see diag 1) taking in the main areas of proposed change [Glenshellach – industry/business, Oban South area (including hospital, commercial/business area, firestation), Depots, Corran Halls/hotel/B&B area, Town Centre, relocation industrial/business/quarry area to south of Oban, Dunbeg, Ganavan, top of the town and Saulmore]. Connectivity, resilience of the road network, and traffic management are key issues and therefore the strategic routes and critical points on these routes also need to be included. The OSDF needs to integrate with the Tobermory to Dalmally proposed Growth Corridor

Content:

- Identification of the opportunities, constraints, restructuring potential within Oban,
- Provide a strategic framework that depicts what can be achieved
- Contain an action plan that shows how this can be delivered, identifying:-
 - Actions, including associated infrastructure requirements and integration with the emerging Rural Deal priorities.
 - Priorities – High, Medium, Low
 - Timeframe for delivery and critical path - Short, medium and long term
 - Costs and funding sources
 - Resource, assigning an owner and partners to deliver.

Who should be involved : Users and other interested parties - listed in Appendix 1

Linkage to other projects – the OSDF links to wider projects. These need to be taken into account to ensure integration of aims and actions where necessary. They include:-

- Dunbeg – connectivity, potential for park and ride, interrelationships e.g. further education;
- Lorn Arc –Halfwayhouse Roundabout (Dunbeg); Pilot project – Oban Ultrafast Broadband/ 5G; North Pier Extension (c. £5-8m) (Tourism); North Lorn Port (Commercial); Town Centre Traffic Improvements; Oban Active Travel Network; Craignure Pier (Mull); Oban University Town
- CHORD – town centre improvements (nearing completion).
- Oban Airport Masterplan – potential for relocation of industry/business to airport business park.
- Community Planning Partnership LOIP for Oban
- Growth Corridor – Tobermory to Dalmally
- External – Lochaber (lessons from comparative analysis)
- Build on existing studies

Case

This project has the support of the DMT. It also has wider support from the local communities and key stakeholders as demonstrated by responses to the Main Issues Report question on this issue. 93% of respondents were in favour of the preparation of an OSDF to deliver a co-ordinated approach to the strategic development of the area.

Costs: Internal resource required to deliver the OSDF (see Project Management Team Structure). Financial resource required for the studies needed to inform the OSDF (see OSDF Products). Resource requires to be identified in the OSDF for delivery of any identified actions e.g. traffic management solutions. It is anticipated that the emerging Rural Deal as well as partnership funding could act as a lever for additional investment.

Benefits: A co-ordinated approach to delivering development and growth within the strategically important Main Town of Oban. Ensuring synergies are exploited.

Project Management Team Structure:

Project Board

Executive - Pippa Milne (Executive Director); Senior Users and Senior Suppliers - Angus Gilmour (Head of Planning); Fergus Murray (Head of Economic Development); Jim Smith (Head of Roads and Amenity Services); David Logan (Special Project and Quality Improvement Manager)

Project Manager

Kirsteen Macdonald (Regeneration Project Manager) **subject to capacity/resourcing**

Project Team

This team will be dynamic as the project moves through its various phases and dependent on the skill sets/knowledge required at each stage. The following members have been identified.

Matt Mulderrig (Development Policy and housing Manager) – strategic planning, Dunbeg project and delivery input

Sybil Johnson (Senior Planning and Strategies Officer) – LDP2 planning input

Ross McLaughlin (Property Development Manager) – Council land and estates input

Stuart Watson (Traffic and Development Manager) – Roads

Arthur McCulloch (Principal Engineer)

Lynne Marie Thom (Lorn Arc Project Manager) - co-ordinating linking Lorn Arc projects, economic development input

Adrian Jackson-Stark – (Lorn Arc Regeneration Project Manager) Dunbeg, Oban Airport Masterplan
Jonathan Welch (Senior Transportation Policy Officer) – alignment of transformational projects, rural growth deal - funding

Colin Young (Senior Transportation Delivery Officer) Strategic transportation input

Stuart Green (Corporate Support Manager) SMARTER Places information

Anne Paterson (Acting Head of Education) School capacities, education infrastructure development potential input

Rona Gold (Community Planning Manager) Community Development and interrelationship to LOIP input

Project Support

Administration Officers – Sharepoint updates, administration

Technical Officers (Econ Dev, Planning, Roads) – digitising, preparation of storymap, document preparation, statistics and presentation materials

Partners:

Transport Scotland

Hitrans

Morag Goodfellow, Highlands and Islands Enterprise

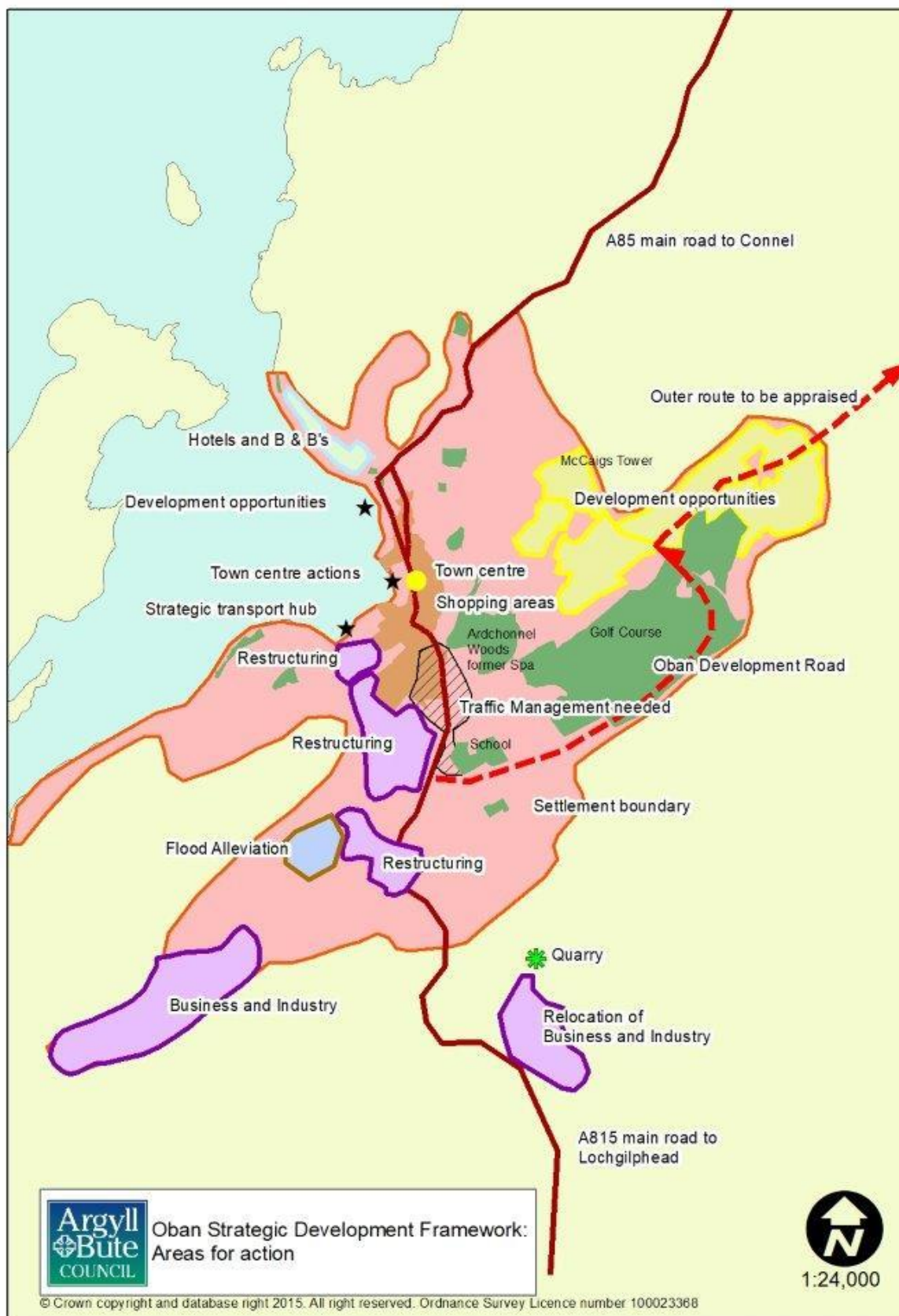
BIDS

Note there are wider interests to be engaged in this project, potentially through stakeholder consultation – see Appendix 1.

Risk Management Approach: Risk register to be set up. PM to monitor risk register and manage risks appropriately.

Communications Management Approach: [Sharepoint](#) site set up to disseminate information to project team. Highlight Reports to be prepared quarterly for Project Board. Full round the table team meetings as required with subgroups for specific areas of action. Engagement Strategy to be drawn up for wider consultation with known interested parties. Project Board to be involved at key approval stages.

DIAGRAM 1 – Area for focus of OSDF – **REVISE TO INCLUDE WIDER PROJECTS.**



DRAFT OBAN STRATEGIC DEVELOPMENT FRAMEWORK : PROJECT INITIATION DOCUMENT

Draft Project Plan - to be revised by Project Manager

May 18	June 18	July 18	August 18	Sept 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	March 19	April 19
Collation of Evidence base											
Project Set up including communications strategy											
Land ownership											
Map opportunity sites, constraints & areas for restructuring											
	Collate information on opportunity sites, constraints and areas for restructuring										
	Origin – destination and analyse										
STAG											
Preparation of draft OSDF											
			INTERIM REPORT FEEDS SHORT TERM PROPOSALS AND OVERARCHING PROJECT INTO CAPITAL PLANNING		Analyse all collated material.						
					Engagement Strategy						
						Work up Strategic Development Framework					
								Action Plan – identify actions, prioritise, resource, timeframe, owners			
						Engagement Strategy			Project Board		
								Consultation on Draft OSDF			
										Revisions to OSDF	
											Project Board
											Adoption of OSDF
											DMT, PPSL/PRS Council

OSDF Products

Background evidence base :

Updated STAG appraisal – Estimated cost £?K – Source for funding? To Be Scoped. Time scale?

Costing of both ODR routes and any amendments (e.g. Achavaich Rd)

Origin / Destination Survey – Estimated cost £50K – Source for funding? Time scale?

JSMITH info re discussion with Transport Scotland and Origin and Destination

Opportunities/Constraints/Restructuring mapping – interactive Storymap

Land ownership schedule/mapping – internal resource – 1 month

Current proposals audited and interrelationships analysed

Oban Strategic Development Framework – Explanation of aims; Identification of key elements – Opportunities, Constraints, Restructuring; Critical Path Analysis; Action Plan – overview of actions with timeframe, costing, assigned resource, owner, partners

Resource

To prepare the OSDF

- Project team noted in PID
- HIE
- HiTrans
- BID
- Transport Scotland

NOTE: All partners to be confirmed

Potential Financial Resource: For preparation of OSDF and ultimately delivery of identified actions

- Earmarked Oban CHORD underspend circa £400K
- Potential Rural Growth Deal
- Partnership match funding
- Private Sector
- Other funding sources to be investigated as part of OSDF preparation

Appendix 1

Users

Argyll and Bute Council

 Planning – Development Management

 Economic Development

 Strategic Transportation

 Roads

 Estates

 Community Planning and Development

Highland and Islands Enterprise

Transport Scotland

Interested parties

Oban Community Council

Dunbeg Community Council

BIDS Oban

Community Planning Partnership

HiTrans

Woodlands Trust

SNH

C-MAL

University of the Highlands and Islands

Ballet West

Argyll College

Scottish Water

SEPA

SAMS

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****Development and Infrastructure
Services****24th May 2018**

Rural Growth Deal Update

1.0 Executive Summary

1.1 Argyll and Bute Council and key stakeholders are in the process of negotiating a Rural Growth Deal with the Scottish and UK Governments which will follow similar principles to the City Deals either agreed or in development for other Local Authority areas in Scotland. The focus of the deal has to be delivering innovative and inclusive economic growth for Argyll and Bute.

1.2 Following discussions with the UK and Scottish Governments, a draft vision and key themes have been developed which we believe support examples of potentially transformational projects. Feedback is sought from the P&R Committee regarding the emerging vision and key themes which it is intended will form the basis for continued negotiation for the Rural Growth deal. The vision and themes will continue to evolve as further information is gathered and consultation with our key stakeholders continues, and further project proposals will be developed.

1.3 The emerging overarching vision of the Rural Growth Deal is:-

”Argyll, the natural place to live, learn, visit and do business.”

1.4 The following key growth sectors and project themes are emerging for the Argyll and Bute Rural Growth Deal focusing on the regions key economic strengths and the critical infrastructure, skills and education required for growth;-

Key Growth Sectors**Innovation**

- Marine / aquaculture / seaweed
- Defence / engineering
- Food and Drink
- Space industry
- Renewables

Food and Drink

- Whisky /Gin
- Aquaculture
- Food from Argyll

Culture / Sense of Place

- Area and Building Regeneration projects

Tourism

- Adventure tourism
- Food & drink
- Marine tourism

Project Themes

Transport infrastructure

- Roads/Rail/Air/ Marine assets

Skills and education

- Learning pathways
- Employment skills gaps
- STEM education

Digital connectivity

- 4G / fibre infill
- Digital pilots / service delivery

Accommodation

- Housing to facilitate economic growth
- Business site improvements / Innovative sectoral hubs

Promotion and Marketing

- As a place to live, invest, do business work, learn and visit

Low Carbon

- Decarbonising transport
- Addressing fuel poverty

1.5 In addition to the Scottish and UK Governments key economic priorities, the Rural Growth Deal will assist Argyll and Bute Council achieve some the following key objectives;-

- Grow our population by increasing the number of economically active residents;
- Increase the numbers of students living and studying in Argyll;
- Increase the productivity of our key sectors and grow the regions GVA.

1.6 In summary, approval is sought from the P&R Committee regarding the following:-

- Endorse further development of the draft vision, key sector support and themes and note that a further report will be brought to the October P&R Committee Meeting;
- Approve the proposed consultation approach set out in Appendix 3 ;

- Approve the additional criteria for the Inward Investment Fund that any future release of funding from this fund be limited exclusively to projects included as part of the Rural Growth deal proposals in order to maximise the level of match funding available from the Council.
- Approve the proposals that certain projects may be accelerated ahead of the Rural Deal process where they are deliverable using alternative funding sources.
- Approve that where considered relevant to the draft vision, key sector support and project themes that the Council's committed capital and revenue expenditure counts as match funding to the Rural Growth Deal.

Rural Growth Deal Update

2.0 INTRODUCTION

2.1 Argyll and Bute Council and key stakeholders are in the process of negotiating a Rural Growth Deal with the Scottish and UK Governments which will follow similar principles to the City Deals either agreed or in development for other Local Authority areas in Scotland. This report provides a briefing on progress with the emerging Argyll and Bute Rural Growth Deal including recommendations regarding the emerging, overarching vision, key growth sectors that we are aiming to support through the deal, together with a list of potential project themes. The report also seeks approval from the Committee to add additional criteria for the Inward Investment Fund that any future release of funding from this fund be limited exclusively to projects included as part of the Rural Growth Deal proposals in order to maximise the level of match funding available from the Council. The report also seeks approval from the Committee to accelerate certain projects linked to the deal where opportunities present themselves and alternative funding sources are identified and approve that the Council's committed capital and revenue expenditure counts as match funding to the Rural Growth Deal.

3.0 RECOMMENDATIONS

3.1 Approval is sought from the P&R Committee regarding the following:-

- Endorse further development of the draft vision, key sector support and themes and note that a further report will be brought to the October P&R Committee Meeting;
- Approve the proposed consultation approach set out in Appendix 3 ;
- Approve the additional criteria for the Inward Investment Fund that any future release of funding from this fund be limited exclusively to projects included as part of the Rural Growth deal proposals in order to maximise the level of match funding available from the Council.
- Approve the proposals that certain projects may be accelerated ahead of the Rural Deal process where they are deliverable using alternative funding sources.
- Approve that where considered relevant to the draft vision, key sector support and project themes that the Council's committed capital and revenue expenditure counts as match funding to the Rural Growth Deal.

4.0 DETAIL

4.1 In developing the Rural Growth Deal proposals, meetings have been held between Council Officers and representatives from the Scottish and UK Governments, Transport Scotland and the Scottish Futures Trust (SFT) on the 10th May, 23rd August and 22nd November 2017. In discussions undertaken to date, both the UK and Scottish Governments have advised that projects included in Argyll and Bute's Rural Growth Deal must be:-

- Transformational as opposed to business as usual;
- Consistent with Scottish and UK Government economic policies (see **Appendix 1** for a summary of the relevant strategies);
- Able to demonstrate clear links across Argyll and Bute Rural Deal projects which in combination will make the greatest economic return (As per Scottish Government criteria (**Appendix 2**);
- Where possible be pan-regional and compliment other City Deal investment in neighboring areas.
- Projects focusing on devolved matters should be consistent with the Scottish Governments policy on inclusive growth.
- The Rural Deal could include additional policy powers as well as funding for infrastructure projects.

4.2 From discussions to date the following has been ascertained:-

- The Scottish and UK Governments will not advise on specific projects to be included as part of a deal, this is a matter for Local Authorities and partners to decide. However, projects that do not support the aims of objectives of the UK and Scottish Government respective economic strategies in terms of delivering economic growth are unlikely to get support;
- Projects within the Rural Growth Deal must have impact or be transformational.
- The predicted timescale, over which the projects contained within a Rural Growth Deal will ultimately be delivered, is 10 years.
- It has been made clear that not all projects included in the original draft Single Investment Plan (SIP) will be financed by the Scottish and UK Governments through a Rural Growth Deal. As such, whilst it is anticipated that some of the projects featured in the SIP will be included in the final Rural Growth Deal proposals it is not intended to use the SIP as the basis for future negotiations with the Scottish and UK Governments.
- The UK Government also requires to be satisfied with the concept of what the projects will deliver in combination in order to agree a Heads of Terms. This is the stage at which the Governments will commit to the deal however, we understand that thereafter further development work will still be required for specific projects e.g. Treasury 5 Business Cases.
- Business cases and funding mechanisms will require to be approved by both Governments prior to funding for specific projects being agreed and

work commencing.

- Transport Scotland have indicated that full Strategic Transport Appraisal Guidance (STAG) will require to be undertaken for transport related projects that will be the responsibility of Transport Scotland to deliver e.g. trunk road investment.
- The Rural Growth Deal also allows the opportunity, as part of the negotiation, to consider areas of policy or the governments operational approach e.g. location of government agencies in the area.
- That the scale of the deal in terms of potential funding is proportionate to the level of a region's population and the ability of the Council to provide match funding (see table 1 below).

Table 1: City Deal Funding Examples

City Deal	Pop of City Deal Area	Total Value (£m)	UK Gov Funding	Scot Gov Funding	Council and Partners	UK Gov funding per head (£)	Scot Gov Funding per head	Council Funding per head
Glasgow	1,790,600	1,130	500	500	113	279	279	63
Inverness	234,100	315	53	135	127	226	577	543
Aberdeen	484,800	595	125	379	91	258	782	187
Edinburgh	1,330,500	1,101	300	300	501	225	225	377

*Figures provided by Scottish Futures Trust

4.3 To date, the following key work has been undertaken which as informed the evolving Rural Deal proposals;-

1. EKOS undertook detailed economic profiling and analysis of the challenges facing Argyll and Bute. The full suite of reports can be found on the website <https://www.argyll-bute.gov.uk/compelling-argyll-and-bute>;
2. Using these findings, ABC developed a Single Investment Plan that was also a distillation of Argyll and Bute Community Planning Partner's strategic plans which set out the vision/priorities and objectives for the region. This plan also captures the level of public and private investment made to date across the region. The SIP also identified an extensive list of projects to consider for action/delivery to achieve growth outcomes.
3. The projects within the SIP that were transformational were identified at a national and regional level. The projects were individually appraised against Affordability, Deliverability, Risk, Interdependencies (with other transformational investment projects) and Inclusive Growth Outcomes, in effect Initial Business Cases.
4. Consultation has been undertaken with key stakeholders .
5. A vision and key themes were developed based on our known economic strengths and opportunities linked to known private sector investment and Government economic and social priorities.
6. Projects were economically assessed to ascertain the outputs in GVA and job creation with input from the Councils Strategic Finance Team (as per other projects taken forward by Economic Development e.g. Lochgilphead and Tarbert Regeneration funding projects).

4.4 The emerging overarching vision of the Rural Growth Deal is:-

“Argyll, the natural place to live, learn, visit and do business.”

4.5 From the evidence gathered through analysis of available data, existing plans and approved strategies, consultations with stakeholders including the UK and Scottish Governments together with a number of feasibility studies on emerging projects the following key growth sectors are considered worthy of support, together with a number of project themes:-

Key Growth Sectors

Innovation

- Marine / aquaculture / seaweed
- Defence / engineering
- Food and Drink
- Space industry
- Renewables

Food and Drink

- Whisky /Gin
- Aquaculture
- Food from Argyll

Culture / Sense of Place

- Area and Building Regeneration projects

Tourism

- Adventure tourism
- Food & drink
- Marine tourism

Project Themes

Transport infrastructure

- Roads/Rail/Air/ Marine assets

Skills and Education

- Learning pathways
- Employment skills gaps
- STEM education

Digital connectivity

- 4G / fibre infill
- Digital pilots / service delivery

Accommodation

- Housing to facilitate economic growth
- Business site improvements / Innovative sectoral hubs

Promotion and Marketing

- As a place to live, invest, do business work, learn and visit

Low Carbon

- Decarbonising transport
- Addressing fuel poverty

- 4.6 It should be noted that the above are the emerging vision and themes for the Rural Growth Deal and it is intended that further development work and engagement with key stakeholders will be undertaken over the next few months to determine if these are the correct priorities.
- 4.7 Inclusive economic growth is a key priority set out in Scotland's Economic Strategy and the Scottish Government have advised that they will give weight to activities which score well in inclusive growth terms. The UK Government emerging UK Industrial strategy focuses on innovation and that all parts of the UK can benefit from a modern economy. Officers from the Economic Development Service are engaging with representatives of the Scottish and UK Governments to ensure that inclusive growth is an integral part of the Argyll and Bute Rural Deal Process.
- 4.8 As with the existing City Deals, any future funding deal for Argyll and Bute will require to be delivered in partnership with key public, private and third sector stakeholders. As such, both the Scottish and UK Governments have stressed the importance of wider consultation in order to demonstrate support for the Rural Growth Deal proposals.
- 4.9 Extensive consultation has previously been undertaken with key stakeholders as part of the Rural Growth Deal / SIP process with a pro-forma questionnaire sent to key business and public agency stakeholders in May 2017. In addition to the stakeholder consultation undertaken, Council Officers have taken advice from the Scottish Futures Trust (SFT) regarding a proportional level of public consultation based on best practice from other City and Regional Deals. Following advice received, an engagement strategy has been developed (with input from the Council's Communications Team) for the Rural Growth Deal and this is included in **Appendix 3** of this briefing paper.
- 4.10 It should be noted that directing resources into securing a Rural Growth Deal may impact on the capacity of the Economic Development team's capacity to deliver on all existing areas of work.

5.0 Inward Investment Fund

- 5.1 In February 2016 the Council approved the £1m Inward Investment Fund to support projects that deliver tangible economic benefits that can attract inward investment. In May 2016 a set of criteria was approved by the Policy and Resources Committee:-
- Their ability to create jobs, grow the population and/or stimulate private sector activity or additional public sector intervention that will deliver these results;
 - Extent to which they support the delivery of the Single Outcome agreement

(now the Argyll and Bute Outcome Improvement Plan) particularly in terms of the overall objective (Argyll and Bute's economic success is built on a growing population) as well as long term outcomes 1, 2 and 3 (The economy is diverse and thriving; We have infrastructure that supports sustainable growth; and education, skills and training maximizes opportunities for all);

- Their ability to attract matching funding from partners;
- Its potential to help deliver transformational projects that make a substantial difference to the Argyll and Bute economy;
- Demonstration of SMART economic and social outcomes for each community; and/or
- Their contribution to overcoming barriers to economic growth and sustaining prosperous communities.

5.2 Only one award has so far been forthcoming from this fund for a sum of £40k in relation to feasibility studies in relation to the potential Spaceport at Machrihanish that has potentially transformational positive economic impacts and is still ongoing. It is now intended to add an additional criteria to the fund requiring any further release of funding from this fund to be limited exclusively to projects included as part of the Rural Growth deal proposals in order to maximise the level of match funding available from the Council.

6.0 Next Steps

6.1 Further discussions regarding a Rural Growth Deal for Argyll and Bute are in the process of being arranged with both the Scottish and UK Government representatives at a political and officer level together with input from the SFT. The basis for these discussions, following approval from the P and R Committee, are the vision, key themes and list of potential projects included in this report. It should be noted that these discussions will influence the content of the deal including our vision, key themes and what projects could ultimately be supported by the UK and Scottish Governments. It is intended to come back to the Policy and Resources Committee in October to seek approval for the finalised Rural Growth Deal proposals prior to bid submission to the respective Governments for their consideration. Following this, it is hoped that a Heads of Terms Agreement will be negotiated with both governments.

6.2 The Council also continues to work in partnership with a number of key public, private and third sector stakeholders via the Rural Growth Deal Steering Board. The Steering Board is a working group which has been established to improve collaboration between key Rural Growth Deal stakeholders and it is intended that the Steering Board will help inform the content of Rural Growth Deal but has no decision making powers. It should also be noted that certain projects fitting with our vision and key themes may also advance prior to the final deal being agreed where opportunities present themselves. This has happened with other approved city deals and would be subject to separate committee approval.

7.0 CONCLUSION

7.1 The Council is committed to delivering a Rural Growth deal for Argyll and Bute that involves all key stakeholders in developing a deal that can be supported by

both the Scottish and UK Governments. The focus of the deal has to be delivering innovative and inclusive economic growth for Argyll and Bute. Following discussions with the UK and Scottish Governments, a draft vision and key themes have been developed which we believe support examples of potentially transformational projects.

- 7.2 The Committee is asked to approve the vision, identified key sectors and project themes as the basis for continued negotiation for the Rural Growth Deal on the understanding that they will continue to evolve as further information is gathered and consultation with our key stakeholders continue. A final proposition for the UK and Scottish Governments will be submitted for further approval in October following the conclusion of these negotiations in order to achieves a Heads of Terms Agreement as soon as practicable.
- 7.3 The Committee is also asked to approve the additional criteria for the Inward Investment Fund (originally approved in May 2016 by the Policy and Resources Committee) that any future release of funding from this fund be limited exclusively to projects included as part of the Rural Growth deal proposals in order to maximise the level of match funding available from the Council. In addition the Committee is also asked to identify committed capital and revenue expenditure counts as match funding to the Rural Growth Deal

8.0 IMPLICATIONS

- 8.1 **Policy** The Rural Growth Deal supports the council's overarching aim to deliver economic growth in Argyll and Bute through a rising population and aims to support the key aims of the UK and Scottish Government Economic policy in relation to inclusive economic growth, innovation and internationalisation.
- 8.2 **Financial** There are no financial implications directly arising from this report other than an additional criteria added to the release of future funding from the approved Inward Investment Fund.
- 8.3 **Legal** None directly arising from this report however there are likely to be legal implications associated with the Rural Growth Deal following final agreement of Heads of Terms and subsequent approvals of Business cases..
- 8.4 **HR** None directly arising from this report
- 8.5 **Equalities** Equalities will be considered as part of each Rural Deal project with inclusive growth a key aspect of any deal.
- 8.6 **Risk** Full business cases will be developed for Rural Growth Deal

projects following submission of the final Heads of Terms.

8.7 Customer Services None

**Executive Director of Development and Infrastructure Pippa Milne
Councilor Aileen Morton, Policy Lead for Economic Development**

For further information contact: Moya Ingram, Strategic Transportation Manager,
[Tel:- 01546604190, moya.ingram@argyll-bute.gov.uk](mailto:moya.ingram@argyll-bute.gov.uk)

APPENDICES

Appendix 1 – Scottish / UK Government Economic Development Policy Summary.

Appendix 2 - Scottish Government Growth Deal Criteria.

Appendix 3 – Proposed Rural Growth Deal Engagement (paper by Communications Manager).

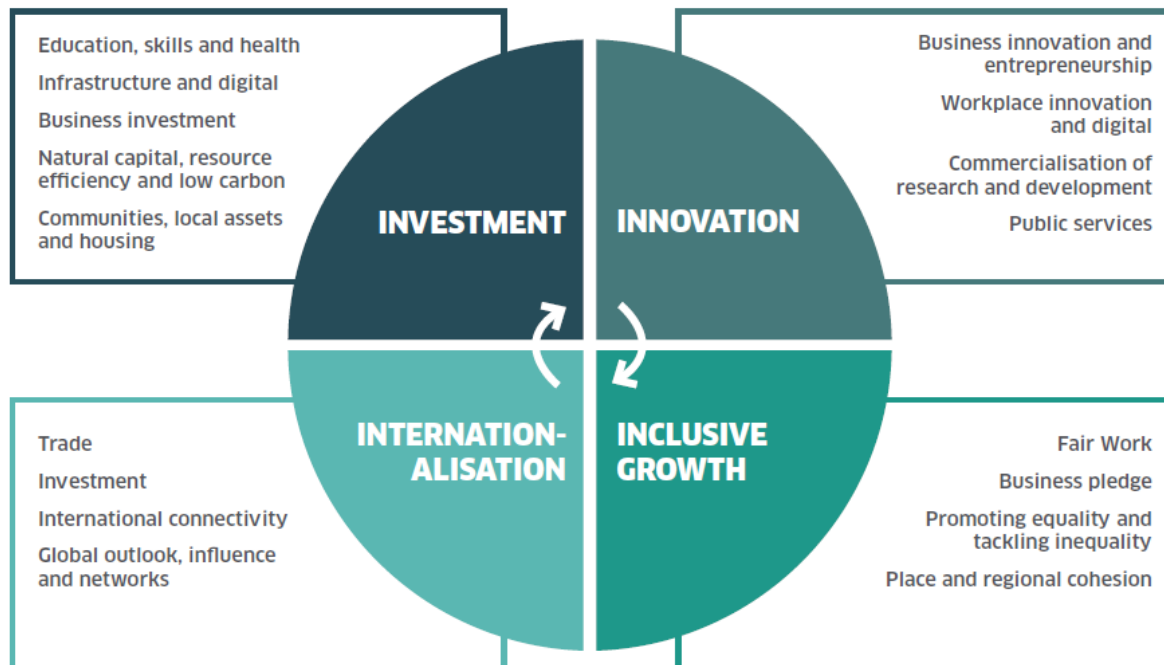
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Appendix 1: Scottish / UK Government Economic Themes

In negotiations undertaken to date, both the UK and Scottish Governments have advised Argyll and Bute Council that projects included in proposed Rural Growth Deal must be consistent with and support Scottish and UK Government economic policies.

Scotland's Economic Strategy – March 2015

Scotland's Economic Strategy sets out an overarching framework for how the Government aims to achieve a more productive, cohesive and fairer Scotland. It forms the strategic plan for existing and all future Scottish Government policy. Within Scotland's Economic Strategy there are four broad priority areas where actions will be targeted and collectively these are known as the 4i's. The diagram below is included in Scotland's Economic Strategy and sets out further details regarding the Scottish Governments four priority areas:-



In summary, the Scottish Governments approach to delivering sustainable economic growth is characterised by:-

- An economy where growth is underpinned by long-term sustainable **investment** in people, infrastructure and assets;
- An economy where growth is based on **innovation**, change and openness to new ways of doing things;
- A society that promotes **inclusive growth** and creates opportunity through a fair and inclusive jobs market and regional cohesion to provide economic opportunities across all of Scotland; and
- A country with an **international** outlook and focus, open to trade, migration and new ideas.

UK Government - Industrial Strategy: building a Britain fit for the future

This white paper sets out a long-term plan to boost the productivity and earning power of people throughout the UK. The strategy sets out how the Government will help businesses create better, higher-paying jobs with investment in the skills, industries and infrastructure of the future. The Industrial Strategy focuses on the following 5 Foundations of Productivity:-

- **Ideas** – the World’s most innovative economy;
- **People** – good jobs and greater earning power for all;
- **Infrastructure** – a major upgrade to the UK’s infrastructure;
- **Business Environment** – the best place to start and grow a business;
- **Places**- prosperous communities across the UK.

Key policies include:-

Ideas;

- Raise total R&D investment to 2.4% of GDP by 2027;
- Increase the rate of R&D tax credit to 12%;
- Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.

People

- Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system;
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills;
- Create a new National Retraining Scheme that supports people to re-skill beginning with a £64m investment for digital and construction training.

Infrastructure

- Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400m charging infrastructure investment and extra £100m to extend the plug-in car grant.
- Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full fibre networks.

Business Environment

- Launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector;
- Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn investment fund incubated in the British Business Bank.
- Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium sized businesses including how to address what has been called the ‘long tail’ of lower productivity firms.

Places

- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities;

- Create new Transforming Cities Fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions;
- Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind.

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Appendix 2: Scottish Government Growth Deal Principles **Criteria**

Core Principles – the basis on which SG is engaging

1. Any deal must fit within the overall framework of Scotland's Economic Strategy – making a clear and measurable significant long-term contribution to both prosperity and fairness
2. Any deal must operate at a functional economic geography and be underpinned by robust governance at the regional level that includes key stakeholders (e.g. the wider public sector, business and industry).
3. The starting point for discussion should be a regional strategic vision for economic development.
4. Any deal would not diminish the requirement for individual projects to be appraised using established appraisal tools, including Green Book, STAG, EIA, as appropriate.
5. Discussions about a possible city deal do not constitute a commitment to agree a deal.

Assessing proposals

1. Project definition. What are the actual assets that are being proposed for funding support. ie enabling public works or assets (such as roads, public realm, park & ride) or more "commercial" property type assets such as offices, industrial premises or housing; or both?
2. Is this a single package. To what extent could the proposal be scaled? Where/what are the priorities?
3. Evidence of demand. To what extent is the basis of the proposed project demand driven, what evidence is there for this, what plans are in place to maximise the likelihood of this demand being realised or being created?
4. What are the benefits. Clear articulation of the overall impact – financial, inclusion, jobs, etc.
5. Who benefits. Who are the ultimate beneficiaries of the project in terms of financial (public sector or private sector income/returns), or other wider impacts (jobs, inclusion, CO2, GVA etc)
6. Delivery and outcome risk. Where does the relative risk in terms of delivery and benefit realisation (as highlighted in 4) sit.
7. Phasing. What options for phasing have been considered both in terms of scope and scale of the proposals, as a means to demonstrating need or demand and potentially a means to mitigating risk.
8. Interdependencies. Are the interdependencies with either other projects (city deal or wider) or other external factors identified and understood? Read across to TIF?

26/07/2017

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Development and Infrastructure

24 May 2018

Rural Growth Deal public consultation

1.0 EXECUTIVE SUMMARY

- 1.1 A rural growth deal would be used to build the economy of Argyll and Bute, by developing the area's economic strengths and overcoming barriers to economic growth.
- 1.2 To ensure that a deal is as inclusive as possible it is proposed to gather the views of local communities in order to ensure public support for and contribution to securing a successful deal for the area.
- 1.3 This report sets out the proposed public consultation.

Rural Growth Deal Public Consultation

2.0 INTRODUCTION

- 2.1 This report sets out the proposed content for a public consultation on the rural growth deal, for consideration by elected members.

3.0 DETAIL

- 3.1 To help in developing the vision and themes that will inform discussions with the Scottish and UK Governments, it is proposed to seek the views of our communities.
- 3.2 The consultation proposed explains the need for a rural growth deal, and gauges public support for a deal.
- 3.3 Engagement has already taken place with businesses across the area. This consultation is targeted at the general public and would be delivered through the citizens panel, the council's website, to our community planning partners and through our Youth Services. Printed copies would be available on request.
- 3.4 It would be promoted through social media, digital and employee communication channels, and would run from Monday 4 June to Friday 10 August 2018.
- 3.5 The information and questions proposed are outlined in Appendix 1.

4.0 CONCLUSION

- 4.1 A successful rural growth deal would benefit communities across Argyll and Bute. It is proposed to carry out a consultation exercise to give as many people as possible the opportunity to get involved in making this happen.

5.0 IMPLICATIONS

- 5.1 Policy: None
- 5.2 Legal: None
- 5.3 Financial: Costs would be met by existing Economic Development budgets.
- 5.4 HR: None

5.5 Equalities: The consultation is designed to reach a wide range of people in line with our duties under the Equality Act 2010.

5.6 Risk: None

5.7 Customer Service: None

Executive Director of Development and Infrastructure Pippa Milne

Policy Lead for Economic Development, Councillor Aileen Morton

For further information contact:

Jane Jarvie, Communications Manager, 01546 604323

Appendix 1: Draft Public Consultation content

Appendix 1: Draft Rural Growth Deal consultation

Please note: the format below will be developed for the consultation version, if approved.

Introduction: Why Argyll and Bute needs a rural growth deal

“We want people to succeed in and for Argyll and Bute, so we are developing proposals for UK and Scottish Government investment in the area as part of a rural growth deal.

Argyll and Bute has been recognised as one of Scotland’s most promising regions. Our landscape and natural resources bring huge opportunities for economic growth that would benefit life in Argyll and Bute, Scotland and the UK.

To turn opportunity into action though we need more people. Population forecasts estimate that by 2027 will need another 10,000 people to drive business development, deliver public services, teach our children, look after our older residents.

Building an economy that attracts the people the area needs demands more financial investment than a council can give.

Therefore, along with our partners and the private sector, we are developing proposals for discussion with the Scottish and UK Governments.

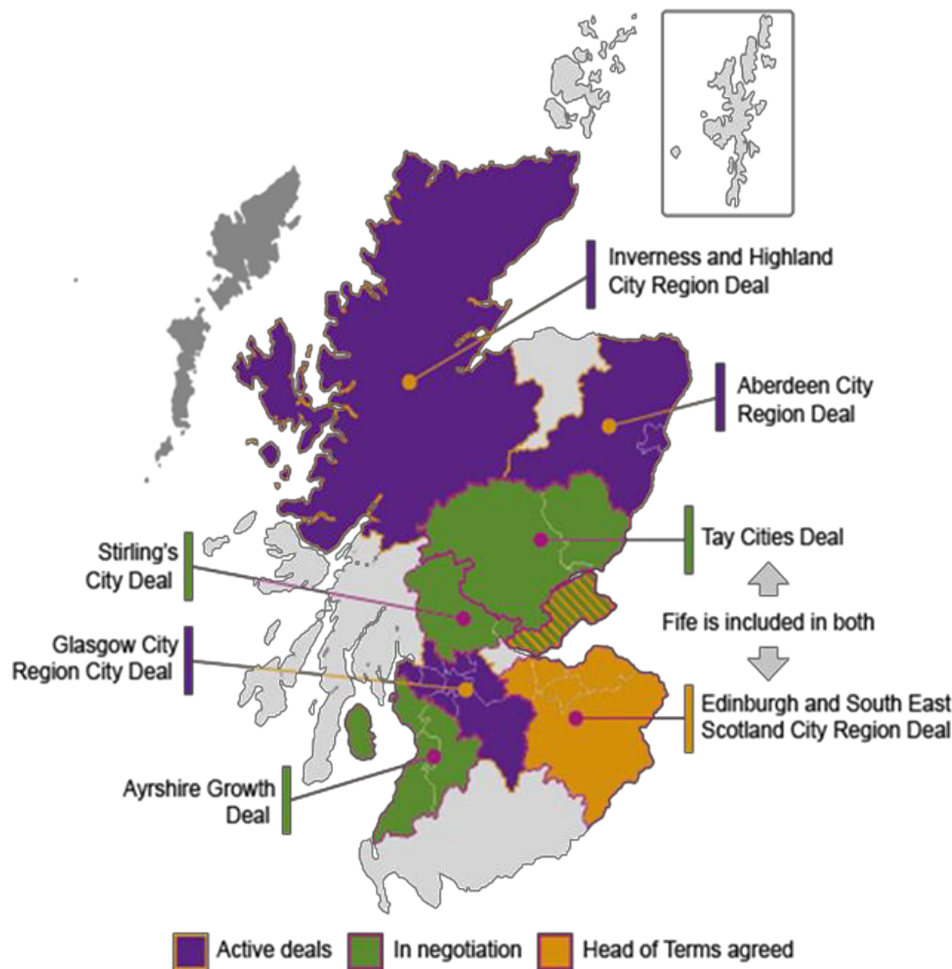
We would appreciate you taking just a few minutes to give us your views on these proposals.

Councillor Aileen Morton

Leader of Argyll and Bute Council

Why we believe Argyll and Bute deserves a rural growth deal

A Rural Growth Deal would bring transformational investment for Argyll and Bute from the UK and Scottish Governments. As you can see from the following graph, areas across Scotland are already benefiting from significant financial support. Argyll and Bute deserves a prosperous future; it deserves investment.



These areas have benefited from between £188 million and £1 billion of combined financial investment from the Scottish and UK Governments.

Government investment may be linked to the population of an area.

Question 1: Are you in favour of a rural growth deal for Argyll and Bute?

- Yes
- No
- Why?

We have worked with businesses across the area to identify a vision and themes that match priorities of Argyll and Bute with priorities of the UK and Scottish Governments. The themes are based on building on the strengths of the area, and overcoming barriers to economic growth.

Question 2: Do you agree that these are the areas with most potential for growth in Argyll and Bute?

Food and drink exports <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	Tourism <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know
Culture/sense of place (e.g. regeneration of towns) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	Innovation (e.g. marine science, renewable energy) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know
Other (please explain)	

Question 3: Do you agree that these are the areas we need to develop to achieve significant growth for our economy?

Transport infrastructure (roads/rail/air/ferries) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	Skills (to suit job opportunities) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know
Digital connectivity (4G broadband etc.) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	Accommodation (housing and business premises) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know
Natural energy (local benefit from renewable energy) <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know	Do you have other ideas? We'd love to hear them, whether it's about developing a key tourist attraction, promoting the area or something completely different.

Young people are leaving our schools among best placed in Scotland to build the lives they want. More and more young people are doing further education in Argyll. Many however continue to leave Argyll and Bute.

Question 4: What would encourage young people to stay in Argyll and Bute?

Question 5: What would encourage young people to move to Argyll and Bute?

The draft vision, on which to base discussions for a rural growth deal, highlights the natural resources of the area. It is “Argyll, the natural choice to live, learn, visit and do business.”

Question 6: Do you agree with ‘Argyll, the natural choice’ as the base for a vision?

- Yes
- No
- Don't know

Other suggestions...

Thank you for your thoughts and comments.

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ARGYLL & BUTE COUNCIL
CUSTOMER SERVICES

**POLICY AND RESOURCES
COMMITTEE**
24 MAY 2018

**EXTRACT OF MID ARGYLL, KINTYRE AND THE ISLANDS AREA COMMITTEE
HELD ON 7 MARCH 2018**

12. TARBERT AND LOCHGILPHEAD REGENERATION FUND

(a) Report by Senior Planning Development Officer

The Committee considered a report which provided an update on the proposals for the Tarbert Harbour Authority Shore Side Facilities and consideration of the full business case following the approval of an allocation of up to £125,000 by Committee in September and October 2017.

Decision

The Area Committee:-

1. Agreed to recommend to the Policy and Resources Committee that:
 - (a) The full business case is approved and the grant funding of up to £125,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund. Release of this funding would be on the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.
 - (b) Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

(Ref: Report by Senior Planning Development Officer dated 21st February 2018, submitted).

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ARGYLL AND BUTE COUNCIL**Mid Argyll, Kintyre and the Islands
Area Committee****Development and Infrastructure****7 March 2018**

**Tarbert and Lochgilphead Regeneration Fund – Tarbert Harbour Authority Shore
Side Facilities Full Business Case**

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the proposals for the Tarbert Harbour Authority Shore Side Facilities and consideration of the full business case following the approval of an allocation of up to £125,000 by Committee in September and October 2017.
- 1.2 To assess this project, Tarbert Harbour Authority have provided a full business case for the capital project together with their Business Development Plan 2016-21, accounts etc. A copy of the assessment is contained at Appendix 1 and has been informed by the business case with input from Strategic Finance.
- 1.3 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 to enable the Council's funding to be confirmed, subject to Committee approval. If the Committee agree the funding allocation of £125,000, a grant agreement will be prepared in relation to the funding which will set out the conditions associated with the grant including a requirement for expenditure to be evidenced. A summary of the key points of the assessment is shown at 4.5.

Recommendations

- 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 full business case is approved and the grant funding of up to £125,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund. Release of this funding would be on the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

ARGYLL AND BUTE COUNCIL

**Mid Argyll, Kintyre and the Islands
Area Committee**

Development and Infrastructure

7 March 2018

Tarbert and Lochgilphead Regeneration Fund – Tarbert Harbour Authority Shore Side Facilities Full Business Case

2.0 INTRODUCTION

- 2.1 This report provides an update on the proposals for the Tarbert Harbour Authority Shore Side Facilities and consideration of the full business case.
- 2.2 On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed the 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.
- 2.3 It was noted in the previous report that full business cases for each of the projects will be submitted for consideration by committee as they become available given that each of the projects will develop at a different pace. The agreed projects included an allocation of up to £125,000 for the shore side harbour facilities at Tarbert Harbour. This was the first element of works to be funded at Tarbert Harbour, the second was focused on improving car parking. The full business case for the shore side facilities has now been provided.

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 full business case is approved and the grant funding of up to £125,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund. Release of this funding would be on the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

4.0 DETAIL

- 4.1 The scoring process which was used to select the six projects to proceed to full business case identified the Tarbert Harbour project as the top scoring project for Tarbert. The project is split into two elements, the first being focused on the construction of new shore side facilities. The second will look to extend the car park

but is reliant upon the upgrade of the Barmore/Garvel Road junction, the second project within Tarbert which is subject to funding through the Tarbert and Lochgilphead Regeneration Fund. Committee agreed that a maximum of £125,000 be allocated for the onshore facilities and a maximum of £105,000 for the car park. The project will be led by Tarbert Harbour Authority.

- 4.2 The shore side facilities will consist of the following elements:
- a new wash and laundry block (stage 1);
 - refurbishment of the existing wash facilities building to house the office and chandlery (stage 2);
 - removal of the current temporary buildings which house the office and chandlery and provision of a new waste facility (stage 3); and
 - a new fuelling berth (stage 4).

- 4.3 This project was the successful recipient of funding from the Coastal Communities Fund (CCF) with £300,000 of funding allocated. In order to comply with the requirements of CCF, work commenced on stage 1 of the works in the autumn of 2017. Without additional funding the remaining stages cannot be commenced and successfully completed. The contribution through the Tarbert and Lochgilphead Regeneration Fund will help to progress stages 2-4 of the works and support the full benefits anticipated as a result of the project, see appendix 1 for expected benefits.

Assessment of Full Business Case

- 4.4 To assess this project, Tarbert Harbour Authority have provided a full business case for the capital project together with their Business Development Plan 2016-21, accounts etc. A copy of the assessment is contained at Appendix 1 and has been informed by the Business Case with input from Strategic Finance.
- 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 to enable the Council's funding to be confirmed, subject to Committee approval. If the Committee agree the funding allocation, a grant agreement will be prepared in relation to the funding which will set out the conditions associated with the grant including a requirement for expenditure to be evidenced. 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 facilities which can support marine tourism, a key sector identified in the Economic Development Action Plan as well as the Scottish Government's Awakening the Giant framework for growth in the marine tourism sector. The site sits within Local Development Plan allocation AFA 13/1 which identifies harbour improvements, regeneration and environmental improvements as desirable. Tarbert Harbour Authority expect that the works will help to support the existing 11 full time equivalent posts at the Harbour and create an additional 1.5 jobs.
 - Governance Review – Tarbert Harbour Authority is a Trust Port established by the Piers and Harbour Order Confirmation (No. 1) Act 1912. There are currently 8 trustees including the Chairperson, Vice Chairperson and Harbour Master. The

- project has been approved by the Trustees at their meeting of 17 August 2016.
- Financial Review – Capital costings for the project have been set out and a funding strategy identified, all funding is secured with the exception of the contribution through the Tarbert and Lochgilphead Regeneration Fund. An operational business plan has been set out and demonstrates surpluses in the years following construction works. The overall cash flow statement shows that the harbour will generate cumulative surpluses which will be available for the refurbishment and upgrade of facilities in the future which should provide for the long term viability of the harbour without additional funding being required.
- Deliverability/Risk Review – The project will be managed by Tarbert Harbour Master supported by a design team. Tarbert Harbour Authority has substantial experience in delivering regeneration projects. The early stages of the project are well progressed with planning permission in place and work commenced on stage 1, this helps to reduce some of the risks with the project not progressing however consent is still required for the later stages. Deliverability of stages 2-3 is reliant upon the previous stage being completed. It is expected that the Council funding, which is the subject of this report, will be the final funding decision to be received.

Work has commenced on the stage 1 which is expected to be completed in September 2018. The tender process for stage 2 will commence during this period with works expected to start onsite in October 2018 and be completed by March 2019. Stage 3 tender will have been completed by this time with works starting onsite in March 2019 and being completed by May 2019. Stage 4 is not dependent upon the other stages and Tarbert Harbour Authority are undertaking initial design works with a view to seeking planning permission. It is expected that this stage can commence shortly after the decision on the Tarbert and Lochgilphead Regeneration Fund is confirmed.

Risks normally associated with construction projects exist such as unexpected ground conditions, escalated costs or impact of weather on the construction process. In addition, given the close proximity of the site to the sea, flooding is a risk which could delay the construction process and also impact the buildings once constructed. Tarbert Harbour Authority advise that flood mitigation measures are being incorporated into the design of the buildings.

It should however be noted that there are risks associated with the project not receiving funding from the Council including that stages 2-4 of the project will not be completed.

Funding allocation

- 4.6 The funding required for the delivery of capital project is as follows (in addition Tarbert Harbour Authority will pay professional fees expected to be in the region of £15,000):

Funder	Contribution	Confirmed/ expected/ applied for	Date expected/ confirmed/ to be applied for
Coastal Communities Fund	£300,000	Confirmed	June 2017

Tarbert Harbour Authority	£267,394	Confirmed	Phase 1 tender – September 2017
Argyll and Bute Council	£125,000	OBC approved, FBC to March MAKI & May P&R	May 2018
	£692,394		

Table 1: Funding

- 4.7 The decision of the MAKI committee in September 2017 confirmed that the maximum contribution from the Council for the shore side facilities will be £125,000. It is therefore proposed that this maximum allocation from the Tarbert and Lochgilphead Regeneration Fund budget will be £125,000.

Grant agreement

- 4.8 Should this funding request be confirmed, an offer of grant from the Council to Tarbert Harbour Authority will be prepared which will stipulate the criteria for drawing down the funding. No monies will be paid out until the project is fully funded and confirmed as deliverable. Proof of expenditure will be required in relation to any payment made.

5.0 CONCLUSION

- 5.1 On the basis of the assessment, it is recommended that the maximum of £125,000 funding is confirmed for Tarbert Harbour Authority shore side facilities from the Tarbert and Lochgilphead Regeneration Fund. The terms of the grant will be detailed in a grant agreement, the details of which will be delegated to the Executive Director of Development and Infrastructure for final approval.

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 Economic Development Action Plan, Local Development Plan and Awakening the Giant.
- 6.2 Financial – £125,000 maximum grant contribution. Spend is expected to take place in 2018/19 and 2019/2020.
- 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 – Risks normally associated with construction projects exist such as unexpected ground conditions, escalated costs or impact of weather on the construction process. In addition, given the close proximity of the site to the sea, flooding is a risk which could delay the construction process and also

impact the buildings once constructed.

6.7 Customer Service – none at this time.

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

21 February 2018

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

APPENDICES

Appendix 1: Assessment of Redevelopment Proposals

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

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ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Development & Infrastructure
Services

24 May 2018

CHORD – Dunoon – Queens Hall – Progress and Commercial Update

1.0 INTRODUCTION

1.1 To provide the Policy and Resources Committee with an update on: the delivery of the Queens Hall Refurbishment and Public Realm Improvements project; and the current commercial position in respect of:

1.1.1 The Approved Project Budget (**APB**) for the project

1.1.2 The Anticipated Final Cost (**AFC**) for the project, taking account of the Main Works Contract Cost Reports Nos 8 – September 2017 and Cost Report Nos 14 – March 2018

2.0 RECOMMENDATIONS

The Policy and Resources Committee is asked to:

NOTE:

2.1. The update provided within the Report

2.2. The further update covering commercial aspects of the Report contained in the exempt appendix; and

AGREE:

2.3. That a further report is brought to the Committee after the Final Account is agreed for each of the Contracts, and seeking a substantive decision in respect of the actual overspend once quantified.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

**Development & Infrastructure
Services**

24 May 2018

CHORD – Dunoon – Queens Hall – Progress and Commercial Update

3.0 INTRODUCTION

- 3.1. The Queens Hall refurbishment and public realm enhancements are a key component of the Council's ambitious and forward-looking programme to assist regeneration and economic development in five of its waterfront towns - Campbeltown, Helensburgh, Oban, Rothesay and Dunoon.
- 3.2. The proposed CHORD investment addresses the material state of the town centre waterfront and the Queens Hall, not only improving the local infrastructure, but also ensuring that the area "works" as the marine gateway into Dunoon, Cowal and the National Park beyond. The Queens Hall will provide an "anchor point", for visitors and the local community alike, taking a building that was no longer fit for purpose and transforming it into a venue and facility fit for the 21st century
- 3.3. The project is made up of three constituent parts:
- The refurbishment and redevelopment the Queens Hall buildings
 - The realignment of the Pier Esplanade, Argyll Street and Alexandra Parade road junction; and
 - Environmental improvements
- 3.4. The Strategic objectives for the project are to:
- Make most of Dunoon Waterfront in terms of economic development and regeneration.
 - Deliver waterfront infrastructure that contributes to an attractive, vibrant and contemporary town centre.
 - Create a safe, comfortable, accessible public realm that attracts residents and visitors to the area.
 - Promote improved connectivity and public transport gateway.
 - Act as an enabler for private sector investment in the waterfront area and town centre
- 3.5. The project will:
- revitalise the Queen's Hall, giving people exciting gathering places both inside and outside the building

- provide a purpose built fitness & training suite which will enable us to offer our customers a bespoke multi use fitness environment that not only serves our fitness class programme but can be offered as a sports specific fitness area for the myriad of sports clubs in the area
 - provide new home for the Public Library
 - co-locate the offices of Skills Development Scotland
 - provide a completely refurbished main auditorium including: retractable bleacher seating, new lighting and audio visual facilities; and the ability to sub-divide the area to cater for different sized functions
 - provide a Children's Soft play area for children from early years up to age ten
 - provide a new Cafeteria and catering facilities capable of servicing the various uses envisaged for the building e.g. meetings, weddings, exhibitions etc.
 - provide a new road layout, public realm with paving and soft landscaping to revitalise and enhance marine access to Dunoon town centre, Cowal and the National Park beyond
 - building refurbishment as opposed to new build project; and enhance the public realm around the area of Dunoon's War Memorial
- 3.6. The Project is now 69-weeks into a 71-week build programme (including agreed Extensions of Time) and the building is due to be handed back to Argyll and Bute Council on 28 May 2018.

4.0 RECOMMENDATION

The Policy and Resources Committee is asked to:

NOTE

- 4.1. The update provided within the Report
- 4.2. The further update covering commercial aspects of the Report contained in the exempt appendix; and

AGREE

- 4.3. That a further report is brought to the Committee after the Final Account is agreed for each of the Contracts and seeking a substantive decision in respect of the actual overspend once quantified.

5.0 DETAIL

Budget

- 5.1. On 18 August 2016 the Policy & Resources Committee and subsequently Full Council Approved a Capital Plan Allowance of **£11,521,000** for CHORD - Dunoon Waterfront.

- 5.2. On 22 February 2018 Argyll & Bute Council passed its Budget for FY18/19, which included an additional underwriting of the Queens Hall project by a maximum of **£400,000**.
- 5.3. Within the previous Leisure Services budget **£75,000** was set aside for the provision of soft play equipment for the Queens Hall building, this allowance has subsequently be transferred to the project budget.
- 5.4. Following on from the above the Queens Hall project has an Approved Project Budget of up to **£11,996,000**
- 5.5. Further details on the commercial position of the project are set out at Appendix 2 to this Report. A number of issues are still the subject of commercial negotiations between the relevant parties or the subject of further consideration as to the mechanisms open to the Council to reduce its financial commitment.

Programme of Delivery

- 5.6. Between June 2016 and February 2017 a programme of Asbestos Removals and Remediation works were undertaken by Chamic Industrial Services Ltd and supervised by Environtec Ltd. This included the removal of asbestos debris etc. from the solum below the floor of the main hall as well as the ceiling void above. The initial programme duration was for 12 weeks, however this had to be extended due problems associated with Scottish Water being unable to identify the location of the incoming water main, which had to be isolated and subsequently disconnected.
- 5.7. The main works contract was awarded to McLaughlin & Harvey Ltd (**MCLH**) on 7 September 2016, with actual works programmed to start on site on 16 January 2017 for a period of 60 weeks. MCLH mobilised to site on 12 December 2016 to begin the establishment of the site offices, welfare facilities and site hoarding so that these would be complete before the Christmas break, and thereby enable them a clear run at the construction works from the middle of January.
- 5.8. The initial focus of the works associated with the building was the demolition of key structures on the existing eastern (Argyll St) and southern (Castle Gardens) elevations, to make way for the new build elements that would replace them. A number of problems arose with the building refurbishment works, including:
 - The condition of the existing concrete structure – we had undertaken a condition survey of the existing structure prior to the contact going out to tender. However once the demolition works and internal strip out was able to expose the full extent of the structure, it became apparent that in certain locations the condition was significantly worse than expected.
 - The roof to the main hall was believed to have a concrete structural deck with a waterproofing layer, as had been identified in the other roofs to the building. However it subsequently transpired that it had: a main structure comprising steel trusses spanning east to west across the width of the hall; secondary trusses spanning north to south between the main trusses, acting as purlins for the roof deck; that the deck itself was of profiled steel sheet with flat steel lining sheeting fixed to the section immediately below it; and waterproofing comprising fibreboard (adhered to the steel by methods unknown) and a layer of 4-5mm waterproofing felt (probably built up in

layers) hot rolled onto the sheathing layer and bedded in hot bitumen. Not only did the project have to redesign the construction of the roof in this area, but it also took a significant amount of additional time to remove the existing waterproofing.

- 5.9. The external works focussed on the creation of the new road layout to connect the Pier Esplanade to Alexandra Parade through what was the old vehicle muster yard for the wooden pier. Both of these pieces of work identified significant unforeseen issues in terms of existing utilities, including:
- There was a significant convergence of utility infrastructure at the northeast corner of the building, including HV/LV electricity supplies, high pressure water mains, sewerage and telecoms.
 - Whilst the presence of utilities was expected, as we had sought the Drawings of Record from the utility providers in advance of our works and had also undertaken ground penetrating radar surveys, what was not foreseen was their proximity to each other, the building and their condition. We uncovered a number of supplies which were not shown on the drawings, not in the documented location or to the depth required by the regulations, where it was unclear as to what the supply was for, who it belonged to and what its status was (e.g. live cable).
 - In the area of the new road linking Pier Esplanade to Alexandra Parade we discovered that the existing rain water drainage system had been badly damaged by previous works in that area. This meant that the project had to completely re-design its rain water drainage proposals for the new road layout, which took time, introduced delays to the programme, and as a result cost additional money.
- 5.10. Whilst the two preceding sections highlight some of the significant issues encountered in refurbishing a building which is some 60-years old, what they don't show is the way that the project Design Team and Contractor worked as a team to come up with effective and affordable solutions, which minimised the costs and programme implications as far as practical, given all of the other considerations. It is important to note, that with the exception of very specific 'Contractor Designed Portions' this was basically a traditional build contract. As such MCLH would have been within their contractual rights to have waited for the revised construction information to be issued before progressing with works. This would have resulted in significant delays to the programme and additional costs to the project, and it is to their credit that they continually sought to re-programme or re-phase works, to put forward practical solutions and all with a view to minimising the impact upon the client.
- 5.11. The project is on programme to see the main building becoming available for the A&BC to undertake its fit-out exercise at the beginning of June, with the external works due to be complete on 18 June.
- 5.12. The fit-out exercise focuses on 8 key areas: catering equipment and ancillaries; fitness equipment; office and meeting room furniture; ICT equipment and peripherals; library shelving and furniture; soft play equipment; theatre systems; and signage. Most of these items are being bought through existing national

framework agreements/contracts, as this provides costs efficiencies and known lead time for the supply of standard goods. The project is currently working to the following indicative milestone fit-out programme, which is subject to confirmation through the various procurement exercises and contract awards:

- **w/c 4 June 2018:**
 - 2nd Floor - Soft Play Equipment
 - 2nd Floor - Technical Gallery Equipment
- **w/c 11 June 2018**
 - 1st Floor - Library Shelving and Furniture
 - 1st Floor - Bar Area
 - 1st Floor – Stage Equipment e.g. Lights etc.
- **w/c 18 June 2018**
 - Ground Floor - Kitchen and Catering Area
 - Ground Floor - Fitness Studios
 - Ground Floor - Consultation Room
- **w/c 25 June 2018**
 - All Floors – Smart TV / Display Screens
 - 2nd Floor – Soft Play Area/ Party Room and Roof Terrace Furniture
 - 1st Floor – Office / Meeting Room Furniture
 - 1st Floor – Dressing Room Furniture
 - Ground Floor – Café Furniture
 - Ground Floor – Reception Furniture
 - Ground Floor – Office / Meeting Room Furniture
- **w/c 2 July 2018**
 - All Floors ICT equipment to desks / counters etc.

5.13. This programme has been developed on the basis of Live Argyll's proposals for bringing the building back into operation and with a number of key events planned over the summer/autumn, showcasing what is set to be a fantastic new addition to life in Dunoon. The events include:

- ABBA Mania - 28 July
- the Proclaimers - 3 August
- Dunoon Mod 2018 - 12 – 20 October

Before and After

5.14. A selection of photographs, comparing the condition of the building and public realm prior to works commencing with their current condition, are included at Appendix 1 to this Report

6.0 CONCLUSION

- 6.1. The Queens Hall refurbishment and public realm enhancements are a key component of the Council's ambitious and forward-looking programme to assist regeneration and economic development in five of its waterfront towns - Campbeltown, Helensburgh, Oban, Rothesay and Dunoon.
- 6.2. The refurbishment works are due to complete shortly and the building will re-open to the public in July with a number of events advertised or planned for summer/autumn this year.
- 6.3. The project has not been without its' challenges and a number of commercial issues are the subject of ongoing negotiation/consideration. Nevertheless we are confident that the Councils' investment in the Queens Hall: addresses the material state of the town centre waterfront; improves the local infrastructure; ensures that the immediate area "works" as the marine gateway into Dunoon, Cowal and the National Park beyond; and provides an "anchor point", for visitors and the local community alike, taking a building that was no longer fit for purpose and transforming it into a venue and facility fit for the 21st century.

7.0 IMPLICATIONS

- | | |
|-----------------|--|
| 7.1. Policy | To allow continued delivery of the Council's Corporate Plan and to assist in making our towns places of economic vibrancy that creates employment and prosperity for the residents of Argyll and Bute.

The redevelopment of the Queens Hall will contribute towards the outcomes set out in the Single Outcome Agreement. |
| 7.2. Financial | As set out in Appendix 2 to this Report. |
| 7.3. Legal | None |
| 7.4. HR | None |
| 7.5. Equalities | None |
| 7.6. Risk | As set out in Appendix 2 to this Report. |
| 7.7. Customer | None |

Executive Director of Development and Infrastructure Services: Pippa Milne
Policy Lead: Cllr Gary Mulvaney

1 May 2018

For further information contact: John Gordon, CHORD Programme Manager, Tel:
01369 708457, Mobile: 07901 516 106

Appendices:

Appendix 1	Before and After Photographs
Appendix 2	Commercial Update

Appendix 1: Before and After Photographs



The western elevation from the Castle Gardens



Western elevation – new double glazing, cladding and insulated render



The eastern elevation from Alexandra Parade



Eastern elevation – new glazed curtain walls, brickwork, cladding and public realm improvements (awaiting turf)



The northern elevation from Kirk Brae



Northern elevation – fly-tower repointed and painted, new build sections (bottom left) and groundworks in preparation for new loading bay



The southern elevation from Castle Gardens



Southern elevation – new two storey glazed curtain wall and roof terrace, new clad columns (bottom two sections of cladding will be installed following completion of paving); new hard landscaping



The main auditorium



Main auditorium



New Technical Gallery (top) with alcove underneath into which the retractable bleacher seating will fit. New solid oak to be installed and 'sprung floor' strengthened



New ceiling, general lighting and fresh air vents. New figure-of-eight lighting rig suspended from 6 electric winches for ease of operation/maintenance.



View from stage back to the Technical Gallery.
New solid oak floor to be laid



Acoustic wall panelling (absorption and reflection)



New public entrance off of Argyll Street



One of the two new fitness suites on the ground floor



Ground floor café area, with views out to the Clyde and the Castle Gardens



Ground floor café area looking up to first floor circulation



First floor bar and circulation area – original parquet flooring is being retained and refurbished



First floor – public library with panoramic views of the Clyde



Second floor – area for Children's Soft Play framework and equipment



Second floor – precast pavers being installed on roof terrace



Argyll Street – large landform with Norwegian Pine and silver leaved white beam trees (awaiting turf)

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****24 May 2018****Customer Services**

Unacceptable Actions by Customers Procedure

1.0 INTRODUCTION

- 1.1 This report is to advise the Committee of the outcome of a review of the unacceptable actions by customers procedure.

2.0 RECOMMENDATIONS

- 2.1 The Committee notes the procedure.
- 2.2 The Committee notes that the procedure document will be put onto both the HUB and the Council's website along with links to the 'dignity at work', 'bullying and harassment' and 'social media' policies and procedures.

3.0 DETAIL

- 3.1 On 22 January 2018 the SMT considered a report on the review of the Council's unacceptable actions by customers procedure and approved the content but requested that we should engage with the Trade Unions on the final terms of the procedure.
- 3.2 The procedure was considered at the EJCC meeting on 16 February 2018 and has been amended to take account of relevant proposed amendments from the EJCC and is attached at appendix 1.
- 3.3 The amended procedure was approved by the SMT on 3 April 2018.

4.0 CONCLUSION

- 4.1 A review of the procedure has been undertaken and Committee is asked to note the updated content.

5.0 IMPLICATIONS

- 5.1 Policy - None
5.2 Financial - None
5.3 Legal - None

5.4 HR - Supports staff in dealing with unacceptable actions
5.5 Equalities - None
5.6 Risk - None
5.7 Customer Service None

Douglas Hendry
Executive Director Customer Services

15 May 2018

Councillor Rory Colville
Policy Lead

For further information contact: Iain Jackson, Governance and Risk Manager
01546 604188

APPENDICES

Appendix 1 – Unacceptable actions by customers procedure

Argyll and Bute Council

Procedure on Unacceptable Actions by Customers

1. Introduction

- 1.1 Argyll and Bute Council employees are committed to providing excellent customer service. We will do all we can to help and support our customers and ask them to work with us in making this possible.
- 1.2 This Procedure sets out the Council's approach to the relatively few customers whose actions or behaviour we consider unacceptable. In this context the term customer includes anyone acting on behalf of a customer or who contacts the Council in connection with any matter.
- 1.3 The Council has a zero tolerance approach to violence and aggression towards employees.

2. Procedure Aims

- 2.1 To make it clear to all customers, both at initial contact and throughout their dealings with the Council, what we can or cannot do in relation to the matter they have contacted us about. In doing so, we will have empathy with their position and will be open and transparent but not to raise hopes or expectations that we cannot meet.
- 2.2 To deal fairly, honestly, consistently and appropriately with all customers, including those whose actions we consider unacceptable. We believe that all customers have the right to be heard, understood and respected. We also consider that all Council staff have the same rights.
- 2.3 To provide a service that is accessible to all customers. However, we retain the right, where we consider customers actions to be unacceptable, to restrict or change their access to our services.
- 2.4 To ensure that other customers and Council staff do not suffer any disadvantage from customers who act in an unacceptable manner.

3. Defining Unacceptable Actions by Customers

- 3.1 People may act out of character in times of trouble or distress. There may have been upsetting or distressing circumstances leading up to them deciding to contact the Council. We do not view behaviour as unacceptable just because a customer is forceful or determined. In fact, we accept that being persistent can be a positive advantage when pursuing for example, a complaint.

However, the actions of customers who are angry, demanding or persistent may result in unreasonable demands on Council staff or unacceptable behaviour towards them. It is these actions that we consider unacceptable and aim to manage under this Procedure. The Council has grouped these actions under three broad headings:

Aggressive or Abusive Behaviour

- a. Violence is not restricted to acts of aggression that may result in physical harm. It also includes behaviour or language (whether oral or written) that may cause staff to feel afraid, threatened or abused.
- b. Examples of behaviours grouped under this heading include threats, physical violence, personal verbal abuse, harassment, derogatory remarks and rudeness. We also consider that inflammatory statements and unsubstantiated allegations can be abusive behaviour.
- c. We expect our staff to be treated courteously and with respect. Violence or abuse towards staff is unacceptable. Staff will recognise when a customer is angry and will attempt to deal with them appropriately, however, it is not acceptable when anger escalates into aggressive or abusive behaviour directed towards staff.

Unreasonable Demands

- a. Customers may make what we consider unreasonable demands on staff resources through the amount of information they seek, the nature and scale of service they expect or the number of approaches they make. What amounts to unreasonable demands will always depend on the circumstances surrounding the behaviour and the seriousness of the issues raised by the customer.
- b. Examples of actions grouped under this heading include demanding responses within an unreasonable time-scale, insisting on seeing or speaking to a particular member of staff, continual phone calls or letters, repeatedly changing the substance of the matter they have raised with us or raising with us an unreasonable level of unrelated concerns.
- c. We consider these demands as unacceptable and unreasonable when they start to impact substantially on the work of Council staff, such as taking up an excessive amount of staff time to the disadvantage of other or functions.

Unreasonable Persistence

- a. We recognise that some customers will not or cannot accept that the Council is unable to assist them further or provide a level of service other than that provided already. Customers may persist in disagreeing with an action or decision taken or contact the Council persistently about the same issue.
- b. Examples of actions grouped under this heading include persistent refusal to accept a decision made in relation to a the matter they have raised with us, persistent refusal to accept explanations relating to what the Council can or cannot do or for example, continuing to pursue a complaint without presenting any new information. The way in which these customers approach Council staff may be entirely reasonable but it is their persistent behaviour in continuing to do so that is not reasonable.

- c. We consider the actions of persistent customers to be unacceptable when they take up what the Council regards as being a disproportionate amount of time and resources, eg, where they continue to contact us in relation to a particular matter when we have directed them to an external agency, ie, stage 2 complaint response referring them to the SPSO.

4. Managing Unacceptable Actions by Customers

- 4.1 There are relatively few customer actions we consider unacceptable. How we aim to manage these actions depends on their nature and extent. If it adversely affects our ability to do our work and provide a service to others, we may need to restrict customer contact with the Council in order to manage the unacceptable action.

We may restrict contact in person, by telephone, letter or electronically or by any combination of these. We will try to maintain at least one form of contact. In extreme situations, we tell the customer in writing that their name is on a 'no personal contact' list. This may mean that they must restrict contact with the Council to either written communication to a particular person or only through a third party.

- 4.2 The threat or use of physical violence, verbal abuse or harassment towards staff is likely to result in the ending of all direct contact with the customer. Incidents may be reported to the police, if the member of staff considers it appropriate to do so. This will always be the case if physical violence is used or threatened.
- 4.3 We will not deal with correspondence (email, letter) that is abusive to staff or contains allegations that lack substantive evidence. When this happens we tell the customer that we consider their language offensive, unnecessary and unhelpful. We will ask them to stop using such language and state that we will not respond to their correspondence if they do not stop. We may require future contact to be through a third party.
- 4.4 Where an abusive email is received by the Customer Service Centre they will acknowledge receipt of e-mail as per current procedure and advise the customer that we deem content of the e-mail to be inappropriate when dealing with the Council, however, their communication has been passed to the relevant service in order that they may consider how to respond.
- 4.5 Council staff will end telephone calls if they consider that the caller is aggressive, abusive or offensive. The staff member taking the call has the right to make this decision, tell the caller that the behaviour is unacceptable and end the call if the behaviour does not stop.
- 4.6 Where a customer repeatedly phones, visits the office, sends irrelevant documents or raises the same issues, we may decide to:
 - only take telephone calls from the customer at set times on set days or put an arrangement in place for only one member of staff to deal with calls or correspondence from the complainant in the future.
 - require the customer to make an appointment to see a named member of staff before visiting the office or that the customer contacts the office in writing only.
 - return the documents to the customer or, in extreme cases, advise the customer that further irrelevant documents will be destroyed.

- take other action that we consider appropriate, we will, however, always tell the customer what action we are taking and why.

4.7 Where a customer continues to correspond on a wide range of issues, and this action is considered excessive, the customer will be told that only a certain number of issues will be considered in a given period and asked to limit or focus their requests accordingly. Also see 'unreasonable persistence' at paragraph 3.1 above.

4.8 Customer actions may be considered unreasonably persistent if all internal review mechanisms have been exhausted and the customer continues to dispute the decision relating to the matter they have raised with us. The customer will be told that no future phone calls will be accepted or interviews granted concerning the matter. Any future contact by the customer on this issue must be in writing. Future correspondence will be read and filed, but only acknowledged or responded to if the customer provides significant new information.

5. Deciding to Restrict Customer Contact

5.1 Council staff who directly experience aggressive or abusive behaviour from a customer have the authority to deal immediately with that behaviour in a manner they consider appropriate to the situation and in line with this Procedure.

The member of staff must inform their manager of the circumstances that lead to their decision to refuse to deal further with the customer. The Manager should consider whether the incident requires to be recorded as a PER/S/100 incident and advise the member of staff of the Council's counselling service.

5.2 With the exception of such immediate decisions taken at the time of an incident, decisions to restrict contact with the Council will only be taken after careful consideration of the situation by a senior member of staff (3rd tier manager and above) and they should discuss the matter with their Head of Service before any formal action is taken and wherever possible, we will give a customer the opportunity to modify their behaviour or action before a decision is taken.

5.3 If a decision is taken to restrict the Customers contact with the Council they will be told in writing why a decision has been made, the restricted contact arrangements and, if relevant, the length of time that these restrictions will be in place.

5.4 The Head of Service must ensure that the Governance Unit are advised of the decision, in order that it can be logged centrally and other services are made aware of the restriction, if appropriate.

6. Appealing a Decision to Restrict Contact

A customer can appeal a decision to restrict contact to the Executive Director of the relevant Department and must be advised in the letter confirming the restriction of their right to appeal.

7. Recording and Reviewing a Decision to Restrict Contact

7.1 Where it is decided to restrict customer contact, an entry noting this will be made in the relevant file(s) and on appropriate computer records and will be recorded centrally by the Governance Unit.

7.2 A decision to restrict customer contact may be reconsidered if the customer subsequently demonstrates a more acceptable approach. In such circumstances, the relevant Head of Service will review the position.

8. Links relevant to this procedure

- PER/S/100 - <https://sharepoint.argyll-bute.gov.uk/sites/heathandsafety/SitePages/ACCIN.aspx>
- Employee Counselling Service - <http://intranet.argyll-bute.gov.uk/resources/strathr/hr/empcounserv>
- <http://intranet.argyll-bute.gov.uk/content/dignity-work-policy>
- Social Media Policy - <http://intranet.argyll-bute.gov.uk/content/it-services-and-support>

8. Procedure Availability and Review

A copy of this Procedure is available on request and will be reviewed every 2 years.

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Policy and Resources Committee Work Plan 2018-19

May 2018 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
24 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		
	Revenue Budget Outlook 2019-20 to 2021-22	Strategic Finance			
	Health and Social Care Partnership Funding Request	Strategic Finance			
	Risk Management Manual	Strategic Finance			
	Performance Report FQ3 October to December 2017	Customer Services/Strategic Finance	Quarterly		
	Scottish Government Funding for Welfare Reform and discretionary Housing Payments – Report on Spend to Date and Future Proposals	Customer Services			
	Unacceptable Actions by Customers Policy	Customer Services			
	Anti-Poverty Strategy 2018 - 2022	Customer Services			
	Public Room Booking in Helensburgh and Lomond Civic Centre	Customer Services			
	Rural Resettlement Fund	Development and Infrastructure			

Policy and Resources Committee Work Plan 2018-19

	Tarbert and Lochgilphead Regeneration Fund	Recommendation from MAKI 7 March 2018			
	Request for Cash Flow Loan by Mull and Iona Community Trust	Development and Infrastructure			
	Lorn Arc Update	Development and Infrastructure			
	Queens Hall Update	Development and Infrastructure			
	Rural Growth Deal	Development and Infrastructure			
	Advice Services	Development and Infrastructure			
	New Schools Redevelopment – Dunoon Primary School	Customer Services			
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			

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