Public Document Pack

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry

Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
21 June 2018

NOTICE OF MEETING

A meeting of the **ARGYLL AND BUTE COUNCIL** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 28 JUNE 2018** at **10:30 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTERESTS (IF ANY)**

3. **MINUTES** (Pages 5 - 10)

   Argyll and Bute Council 26 April 2018

4. **MINUTES OF COMMITTEES**

* (a) Policy and Resources Committee of 24 May 2018 (Pages 11 - 20)

(b) Environment, Development and Infrastructure Committee of 7 June 2018 (Pages 21 - 26)

(c) Community Services Committee of 14 June 2018 (Pages 27 - 34)

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

5. **LEADER'S REPORT** (Pages 35 - 46)

   Report by Leader of the Council

6. **POLICY LEADS REPORT** (Pages 47 - 70)

   Report by Policy Leads

7. YEAR END REPORTS PACK 2017-18

(a) Covering Report and Unaudited Accounts 2017-18 (Pages 71 - 222)

(b) Unaudited Summary Accounts 2017-18 (Pages 223 - 226)

(c) Revenue Budget Monitoring Year End Report 2017-18 (Pages 227 - 236)

(d) Earmarked Reserves Year End 2017-18 (Pages 237 - 282)

(e) Capital Budget Monitoring Report Year End Report 2017-18 (Pages 283 - 310)

(f) Annual Treasury Report 2017-18 (Pages 311 - 322)

(g) Annual Efficiency Statement 2017-18 (Pages 323 - 330)

(h) Strategic Housing Fund Annual Report 2017-18 (Pages 331 - 340)

8. WW100 COMMEMORATIVE EVENT ISLAY 4 MAY 2018 (Pages 341 - 352)

Report by Executive Director of Customer Services

9. COMMUNITY COUNCIL ELECTIONS (Pages 353 - 356)

Report by Executive Director of Customer Services

10. CARAVAN SITES AND CONTROL OF DEVELOPMENT ACT 1960 NEW LICENSING SYSTEM FOR MOBILE HOME SITES WITH PERMANENT RESIDENTS (Pages 357 - 376)

Recommendation by the Planning, Protective Services and Licensing Committee of 20 June 2018

11. ANIMAL DEALER LICENSING REGIME (Pages 377 - 392)

Recommendation by the Planning, Protective Services and Licensing Committee of 20 June 2018

12. DUNOON AMATEUR BOXING CLUB (DABC) - FUNDING REQUEST

(a) Report by Executive Director - Development and Infrastructure Services (Pages 393 - 404)

E1 (b) Exempt Appendices (Pages 405 - 444)

13. REQUEST FOR INWARD INVESTMENT FUND SUPPORT TO THE FIRST STAGE OF DEVELOPMENT OF BUTE ISLANDS FOODS LTD

(a) Report by Executive Director - Development and Infrastructure Services (Pages 445 - 454)

E1 (b) Exempt Appendices (Pages 455 - 476)

REPORTS FOR NOTING

14. VOLUNTEERING - ACTION RESEARCH PROJECT (Pages 477 - 484)

Report by Chief Executive

15. CAPITAL PLANNING UPDATE (Pages 485 - 488)

Report by Executive Director of Customer Services

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).

Argyll and Bute Council

Contact: Sandra Campbell Tel: 01546 604401

This page is intentionally left blank

Agenda Item 3

MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 26 APRIL 2018

Present: Councillor Len Scoullar (Chair)

Councillor Jim Anderson
Councillor John Armour
Councillor Gordon Blair
Councillor Rory Colville
Councillor Robin Currie
Councillor Mary-Jean Devon
Councillor Lorna Douglas
Councillor Jim Findlay
Councillor George Freeman
Councillor Audrey Forrest
Councillor Bobby Good
Councillor Kieron Green
Councillor Anne Horn
Councillor Donald Kelly
Councillor Donald MacMillan
Councillor David Kinniburgh
Councillor Julie McKenzie
Councillor Roderick McCuish
Councillor Yvonne McNeilly
Councillor Barbara Morgan
Councillor Ellen Morton
Councillor Aileen Morton
Councillor Iain Paterson
Councillor Alastair Redman
Councillor Alan Reid
Councillor Elaine Robertson
Councillor Richard Trail
Councillor Sandy Taylor
Councillor Douglas Philand
Councillor Jean Moffat
Councillor Jim Lynch

Attending: Cleland Sneddon, Chief Executive
Douglas Hendry, Executive Director of Customer Services
Shirley MacLeod, Area Governance Manager
Pippa Milne, Executive Director of Development and Infrastructure
Kirsty Flanagan, Head of Strategic Finance
Christina West, Chief Officer, Health and Social Care Partnership
Jane Fowler, Head of Improvement and HR

1. APOLOGIES FOR ABSENCE

The Provost offered the Councils congratulations to Councillor Hardie on his recent marriage and wished him all the best for the future. The Provost also wished Councillor Lynch congratulations on his birthday.

Apologies for absence were intimated from Councillors Hardie, McGrigor, Mulvaney and Vennard.

2. DECLARATIONS OF INTERESTS

There were no declarations of interest intimated.

3. MINUTES

(a) **Special Argyll and Bute Council held on 22 February 2018**

The Minutes of the Meeting of Special Argyll and Bute Council held on 22 February 2018 were approved as a correct record.

(b) **Argyll and Bute Council held on 22 February 2018**

The Minutes of the Meeting of Argyll and Bute Council held on 22 February 2018

were approved as a correct record.

4. MINUTES OF COMMITTEES

(a) **Environment, Development and Infrastructure Committee held on 8 March 2018**

The Minute of the Environment, Development and Infrastructure Committee held on 8 March 2018 was noted.

Arising under Item 7 (Policy on Invasive Non-Native Species and Harmful Native Plants) the Council:- adopted the Policy for Control of Invasive Non-Native Plants and Injurious Native Species.

(b) **Community Services Committee held on 15 March 2018**

The Minute of the Community Services Committee held on 15 March 2018 was noted.

Arising under Item 14 (Gaelic Language Plan 2018-22) the Council:- approved the finalised Plan and agreed it's submission to Bord na Gaidhlig.

5. LEADER'S REPORT

The Council gave consideration to a report providing an update on the activities of the Leader of Argyll and Bute Council from 16 November 2017 to 31 March 2018, together with an update from the Policy Lead for Economic Development.

Decision

1. The Council noted the terms of the report.

2. Noted that the full Leaders report pack was available in the Leader's Office which included COSLA papers and briefings as referenced in the report.

3. Noted that any COSLA items heard in public session could be provided to Members electronically and any items taken in private session could be reviewed in the Leader's Office.

(Ref: Report by Leader of the Council, dated 10 April 2018, submitted)

6. POLICY LEADS REPORT

The Council gave consideration to a report providing an update on key areas of activity for each Policy Lead Councillor.

Decision

The Council agreed to note and endorse the terms of the report.

(Ref: Report by Policy Leads, dated 26 April 2018, submitted)

7. POLITICAL MANAGEMENT ARRANGEMENTS

The Council gave consideration to a report inviting nominations for an Elected Member to be appointed as the Council's representative on the steering group of Helensburgh Business Improvements District – Helensburgh BID for Success. A motion by Councillor A Morton, seconded by Councillor Taylor was tabled for consideration.

Decision

The Council:

1. Appointed Councillor Aileen Morton as its representative on the Helensburgh Business Improvement District (BID) Steering Group – Helensburgh Bids for Success;

2. Agreed the following new appointments and updated appointments to outside bodies:

Organisation	**Position**	**Updated Appointments**	**Previous appointments**
Argyll and Bute HSCP Integrated Joint Board	Council representative	Councillor Aileen Morton Councillor Gary Mulvaney Councillor Sandy Taylor	Councillor Jim Anderson Councillor Alastair Redman Councillor Iain Paterson
Argyll and the Isles Coast/Countryside Trust (ACT)	Substitute	Councillor Roddy McCuish	N/A
West of Scotland European Forum	Substitute	Councillor Jim Findlay	Councillor Iain Paterson
Strathclyde Partnership for Transport	Substitute	Councillor Iain Paterson	N/A
West of Scotland Archaeological Forum	Substitute	Councillor Lorna Douglas	N/A

3. Agreed the following changes to the SNP Group's representation on the council groups/committees noted below:

Group/Committee	**Position**	**Updated Appointments**	**Previous appointments**
Argyll Islands Strategic Group	SNP Group representatives Substitute	Councillor Anne Horn Councillor Jim Lynch Councillor Julie McKenzie	Councillor Anne Horn Councillor Julie McKenzie
Community Services Committee	SNP Group representatives	Councillor Lorna Douglas Councillor Audrey Forrest Councillor Iain Paterson Councillor Jim Lynch Councillor Julie McKenzie	Councillor Lorna Douglas Councillor Audrey Forrest Councillor Richard Trail Councillor Anne Horn Councillor Julie McKenzie

Environment, Development and Infrastructure Committee	SNP Group representatives	Councillor John Armour Councillor Gordon Blair Councillor Jim Findlay	Councillor John Armour Councillor Gordon Blair Councillor Jim Lynch
Policy and Resources Committee	SNP Group representatives	Councillor Sandy Taylor Councillor Richard Trail Councillor Audrey Forrest Councillor Lorna Douglas	Councillor Sandy Taylor Councillor Richard Trail Councillor John Armour Councillor Jim Findlay
Audit and Scrutiny Committee	SNP Group representatives	Councillor Sandy Taylor Councillor Richard Trail Councillor Jim Findlay	Councillor Sandy Taylor Councillor Julie McKenzie Councillor Jim Findlay

(Ref: Report by Executive Director of Customer Services dated 13 April 2018, submitted)

8. COUNCIL CONSTITUTION REVIEW

The Council considered a report which advised of the proposed changes to the Council Constitution since the last revision in 2017.

Decision

The Council agreed to the adjustments to the Constitution as outlined in Appendix 1 to the submitted report.

(Ref: Report by the Executive Director of Customer Services dated 8 March 2018, submitted)

9. STRATEGIC WORKFORCE PLAN

The Council considered a report which presented the Strategic Workforce Plan 2018-22 which had been identified by Audit Scotland as a key document in the Council's framework of Strategic Plans.

Decision

The Council approved the Strategic Workforce Plan for 2018-22.

(Ref: Report by Executive Director of Customer Services dated 26 April 2018, submitted)

10. SCOTLAND EXCEL - NEW BUILD HOUSING FRAMEWORK - INVESTMENT OPPORTUNITY

The Council considered a report which advised of an opportunity to invest in the new Scotland Excel new build housing framework.

Decision

The Council approved the investment and the change to the treasury strategy to allow this as a permitted investment as set out in the report.

(Ref: Report by Executive Director of Customer Services dated 27 March, submitted)

11. CIVIC GOVERNMENT (SCOTLAND) ACT 1982: LICENSING CONDITIONS, LICENSING FEES AND PREPARATION FOR LICENCE RENEWALS

The Council considered a recommendation by the Planning, Protective Services and Licensing Committee with regard to Civic Government Licensing Fees.

Decision

The Council approved the new proposed fees for all Civic Government licences outlined in Appendix 2 to the submitted report.

(Ref: Recommendation by the PPSL Committee and report by the Executive Director of Customer Services dated 5 March 2018, submitted)

12. ARGYLL AND BUTE COUNCIL RESPONSE TO THE INQUIRY INTO EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

The Council considered a report which provided the officer response to the current "Inquiry into European Structural and Investment Funds" issued by the Scottish Parliament Economy, Jobs and Fair Work Committee.

Decision

The Council approved the response to the Inquiry as outlined in the Appendix to the submitted report.

(Ref: Report by the Executive Director of Development and Infrastructure Services dated 11 April 2018, submitted)

13. NOTICE OF MOTION UNDER STANDING ORDER 13

Councillor A Morton, seconded by Councillor Green had given notice of the following motion:-

Motion

The Council:

1. Notes the Budget decisions made at March meeting of Argyll & Bute Health and Social Care Partnership's Integrated Joint Board meeting, which result in a need for further savings in excess of £2million to be identified
2. Notes that the 2017/18 overspend by the H&SCP, as reported in January, amounts to £2.9million with loan support now required from both the Council and NHS Highland. This is in the context of a national reported overspend of circa £67million with 23 partnerships across Scotland forecasting an overspend
3. Acknowledges the support and protection given by the Council to social work services - while the budget for social work services has increased overall by 1.08% since 2014/15, there has been a 4.27% overall reduction in the budget for all other council services
4. Notes that Argyll & Bute H&SCP faces significant challenges, including:

a. a shrinking and aging population which increases demand while creating difficulties in the recruitment and retention of staff;
b. delivery across a huge geographic area, including 23 inhabited islands;
c. a substantial proportion of their budget that is outwith their direct control (such as GP contracts, and recharges from other health boards);
d. maintaining core local hospital, acute and GP out of hours services delivered in multiple rural hospitals with unique recruitment challenges and cost burdens

5. Agrees that the Council Leader should write to the Cabinet Secretary for Health and Sport:
   a. regarding the impact of current finances on the delivery of local services
   b. highlighting the unique position the challenges detailed above create for the H&SCP
   c. recognising that the budget pressures being faced by the H&SCP **right now** are preventing the timescales needed for community-driven transformation, and welcoming the commitment from the Cabinet Secretary to provide support for the H&SCP
   d. acknowledging that the Council and NHS Highland currently face their own financial pressures and are not in a position to provide additional funding, and asking the Scottish Government to consider reassessing the funding levels provided for Health and Social Care in Argyll & Bute, alongside support for transformation.

Decision

The Council agreed the terms of the submitted Motion.

14. NPDO SCHOOLS AFFORDABILITY REPORT

The Council considered a report which summarised progress in relation to the Council's NPDO project to the end of March 2018 and provided an update on the current financial position of the Project.

Decision

The Council noted the contents of the report.

(Ref: Report by Executive Director of Customer Services dated 26 April 2018, submitted)

MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 24 MAY 2018

Present: Councillor Aileen Morton (Chair)

Councillor Rory Colville
Councillor Robin Currie
Councillor Kieron Green
Councillor Roderick McCuish
Councillor Yvonne McNeilly
Councillor Ellen Morton
Councillor Gary Mulvaney
Councillor Douglas Philand
Councillor Alan Reid
Councillor Elaine Robertson
Councillor Len Scoullar
Councillor Sandy Taylor
Councillor Richard Trail
Councillor Lorna Douglas
Councillor Audrey Forrest

Also Present: Councillor Jim Anderson

Attending: Douglas Hendry, Executive Director of Customer Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Charles Reppke, Head of Governance and Law
Kirsty Flanagan, Head of Strategic Finance
Judy Orr, Head of Customer and Support Services
Fergus Murray, Head of Economic Development and Strategic Transportation
Angus Gilmour, Head of Planning, Housing and Regulatory Services
Jane Jarvie, Communications Manager
John Gordon, CHORD Programme Manager

1. APOLOGIES FOR ABSENCE

There were no apologies for absence intimated.

The Chair advised that Councillor Currie had left the meeting and it was hoped that he would return later in the meeting.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 15 February 2018 were approved as a correct record.

*** 4. FINANCIAL MONITORING REPORT**

The Committee gave consideration to a report which provided a financial update as at the end of February 2018. Reports attached to the update were the Revenue Budget Monitoring Report, the Capital Plan Monitoring Report, Treasury Monitoring Report and the Reserves and Balances Report all dated as at 28 February 2018.

Decision

The Policy and Resources Committee –

1. Noted the Revenue Budget Monitoring Report as at 28 February 2018.

2. Noted the Capital Plan Monitoring Report as at 28 February 2018 and approved the cost changes, the project slippages and accelerations noted within appendix 7 of the submitted Capital Plan Monitoring Report.

3. Noted the Treasury Monitoring Report as at 28 February 2018.

4. Noted the Reserves and Balances Report as at 28 February 2018.

5. Noted the progress of the service choices policy saving options as at 28 February 2018.

6. Agreed to recommend to Council that the cremation charges for adults aged 16 and over is amended to £665 for 2018-19.

(Reference: Report by Head of Strategic Finance dated 30 April 2018, submitted)

5. REVENUE BUDGET OUTLOOK 2019-20 TO 2021-22

Consideration was given to a report which summarised the budget outlook which covered the period 2019-20 to 2021-22 and which took into consideration the budget decisions taken in February 2018.

Decision

The Policy and Resources Committee noted the current estimated budget outlook position for the period 2019-20 to 2021-22.

(Reference: Report by Head of Strategic Finance dated 30 April 2018, submitted)

6. HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2017-18

A report which advised that a formal request had been received from the Chief Financial Officer of the Integrated Joint Board that the overspend relating to Social Work Services within the Health and Social Care Partnership be repaid back to the Council over a period of three years was given consideration. The report outlined the position with the Scheme of Integration, options to be considered and the risks involved.

Decision

The Policy and Resources Committee -

1. Approved option 3 as outline in paragraph 4.4.3 of the submitted report 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.

2. Noted that repayments would be £0.100m in 2018-19 and £0.300m in 2019-20 with the balance of £0.755m due in 2020-21.

3. Noted that the agreement would be reviewed at the end of 2018-19.

(Reference: Report by Head of Strategic Finance dated 15 May 2018, submitted)

Councillor Sandy Taylor left the meeting at this point.

* **7. RISK MANAGEMENT MANUAL**

The Committee gave consideration to a report which presented the new risk management manual in place of the previous risk management strategy. The risk management manual details the arrangements for preparation, maintenance and monitoring of the strategic and operational risk registers.

Decision

The Policy and Resources Committee agreed to recommend to Council approval of the risk management manual.

(Reference: Report by Head of Strategic Finance dated 17 May 2018, submitted)

Councillor Sandy Taylor re-joined the meeting at this point.

8. PERFORMANCE REPORT - FQ3 & FQ4 2017-18

Consideration was given to a report which presented the Committee with the Customer Services departmental performance report and associated scorecards for Customer Services and Strategic Finance covering financial quarters three and four 2017/18.

Decision

The Committee noted the quarterly performance reports and associated scorecards for Customer Services and Strategic Finance covering financial quarters three and four 2017/18.

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

Councillor Len Scoullar left the meeting at this point.

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

Consideration was given to a report which provided an update on spending against welfare reform mitigations and which sought approval to carry forward unspent balance to be used to continue the work. The report also sought approval for the carry forward for underspend of DHP monies from the year end.

Decision

The Policy and Resources Committee –

1. Noted 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.

2. Agreed to recommend to the Council approval of 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. Agreed to recommend to the Council approval of 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.

(Reference: Report by Executive Director - Customer Services dated 2 May 2018, submitted)

Councillor Robin Currie joined the meeting at this point.

Councillor Len Scoullar re-joined the meeting at this point.

* **10. ANTI-POVERTY STRATEGY 2018 - 2022**

Consideration was given to a report which presented a draft Anti-Poverty Strategy and associated Plan which covered the required factors and demonstrated that poverty was being addressed in Argyll and Bute.

Decision

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

1. Approval of the draft Anti-Poverty Strategy and Plan as appended to the submitted report.

2. To note that the strategy and plan, once approved, would 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.

(Reference: Report by Executive Director – Customer Services dated 16 May 2018, submitted)

* **11. PUBLIC ROOM BOOKING IN HELENSBURGH AND LOMOND CIVIC CENTRE**

The Committee gave consideration to a report which set out proposals for a revised charging structure for the hire of public rooms in the Helensburgh and Lomond Civic Centre following a benchmarking exercise of similar properties in the Helensburgh and Lomond Area.

Decision

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

1. The revised charges for booking each of the public rooms, with separate rates for (a) community use and; (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.

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

* **12. REVIEW OF STRATEGIC EVENTS AND FESTIVALS GRANT PROCESS**

Consideration was given to a report which highlighted the importance of the events and festivals industry to economic development and tourism, and which sought approval for the provision of a budget to support a strategic portfolio of events and festivals across Argyll and Bute beyond 2018/19.

Decision

The Policy and Resources Committee agreed 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. Approve the key principles of the new grant application process.

3. The new grant process being fully developed by officers over the next two months and open for 2019/20 bids in August 2018 for a period of six 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, that a report will be brought back to the Policy and Resources Committee for consideration and endorsement by Members.

5. Discussions being 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.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

13. PROGRESS OF RURAL RESETTLEMENT FUND

A report which provided the Committee 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 2016/17. The report examined current outputs and recommended a redirection of remaining funds to support the vision and key themes of the emerging rural growth deal.

Decision

The Policy and Resources Committee –

1. Noted the outputs of the Rural Resettlement Fund that has helped to attract 170 new residents to Argyll and Bute.

2. Agreed to close the Rural Resettlement Fund to applications from new residents with immediate effect.

3. Approved the redirection 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.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 11 May 2018, submitted)

14. LORN ARC UPDATE

Consideration was given to a report that updated the Committee on progress with the Lorn Arc Programme and latest budget position as at the end of March 2018.

Decision

The Policy and Resources Committee –

1. Noted the updates on the Lorn Arc Programme provided in the submitted report.

2. Approved the Oban Strategic Development Framework Initiation Document contained at Appendix A to the submitted Report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated April 2018, submitted)

15. RURAL GROWTH DEAL

A report which sought feedback from the Committee on a draft vision and key themes which had been developed in relation to the Rural Growth Deal was given consideration. It was intended that the draft vision and key themes would form the basis for continued negotiation for the Rural Growth Deal.

Decision

The Policy and Resources Committee agreed to –

1. Endorse further development of the draft vision, key sector support and themes and noted that a further report would be brought to the October Policy and Resources Committee meeting.

2. Approve the proposed consultation approach as set out in Appendix 3 to the submitted report.

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.

4. Approve the proposals that certain projects may be accelerated ahead of the Rural Deal process where they are deliverable using alternative funding sources.

5. 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.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

16. REVIEW OF ADVICE SERVICES

The Council, at its meeting on 11 February 2016 agreed to undertake a review of advice services. An independent review was undertaken by ATInnovations in May 2017 which made a number of recommendations to approve the coordination and delivery of advice services but did not cover funding or future delivery models. A report was given consideration which outlined findings in relation to a study undertaken by Regulatory Services in respect of future funding and delivery models for affordable advice services.

Decision

The Policy and Resources Committee –

1. Agreed in principle the overarching strategy for advice services and the general direction outlined in section 5.5 of the submitted report.

2. Noted the timelines outlined in the submitted report and the need for consultation with other partners.

3. Requested that a detailed paper be taken to the Policy and Resources Committee in August 2018.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 16 May 2018, submitted)

The Chair advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, the appendices relating to the following two items of business would require her to exclude the press and public should any Member wish to discuss the content of those appendices on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 6 and Paragraphs 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

Councillor Rory Colville left the meeting at this point.

17. TARBERT AND LOCHGILPHEAD REGENERATION FUND

The Committee gave consideration to a recommendation by the Mid Argyll, Kintyre and the Islands Area Committee in relation to proposals for the Tarbert Harbour Authority Shore Side Facilities and associated business case.

Decision

The Policy and Resources Committee –

1. Approved the business case and confirmed the grant funding of up to £125,000 from the Tarbert and Lochgilphead Regeneration Fund noting that release of this funding would be in the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.

2. Delegated authority to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

(Reference: Recommendation from the Mid Argyll, Kintyre and the Islands Area Committee of 7 March 2018 and report by Senior Planning Development Officer, submitted)

Councillor Rory Colville re-joined the meeting at this point.

18. CHORD - DUNOON - QUEENS HALL - PROGRESS AND COMMERCIAL UPDATE

The Committee gave consideration to a report which updated Members on the delivery of the Queens Hall Refurbishment and Public Realm Improvements Project and the current position in respect of the approved budget for the project and the anticipated final cost of the project taking in account of the Mains Work Contract Cost Reports Nos 8 – September 2017 and Cost Reports Nos 14 – March 2018.

Decision

The Policy and Resources Committee –

1. Noted the update provided within the submitted report.

2. Noted the further update covering commercial aspects of the report contained within the exempt appendix.

3. Agreed that a further report be brought to the Committee after the final account is agreed for each of the contracts seeking a substantive decision in respect of the actual overspend once quantified.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 1 May 2018, submitted)

19. UNACCEPTABLE ACTIONS BY CUSTOMERS PROCEDURE

A report which advised Members of the outcome of a review of the Unacceptable Actions by Customers Procedure was before the Committee for noting.

Decision

The Policy and Resources Committee –

1. Noted the Procedure.

2. Noted 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.

(Reference: Report by Executive Director – Customer Services dated 15 May 2018, submitted)

20. POLICY AND RESOURCES COMMITTEE WORK PLAN

The Policy and Resources Committee Work Plan as at May 2018 was before the Committee for noting.

Decision

The Committee noted the content of the Work Plan as at May 2018.

(Reference: Policy and Resources Committee Work Plan as at May 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 2 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9 and 6 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

21. NEW SCHOOLS REDEVELOPMENT PROJECT UPDATE FOR DUNOON PRIMARY SCHOOL

The Committee gave consideration to a report which updated them on the progress of the refurbishment/part new build of Dunoon Primary School and structural issues leading to delay and additional cost.

Decision

The Policy and Resources Committee agreed the recommendations as contained within the submitted report.

(Reference: Joint report by Executive Director – Customer Services and Head of Strategic Finance dated 9 May 2018, submitted)

22. REQUEST FOR CASH FLOW LOAN BY MULL AND IONA COMMUNITY TRUST

The Committee gave consideration to a report setting out a request for a cash flow loan which had been received from Mull and Iona Community Trust.

Decision

The Policy and Resources Committee agreed the recommendation to approve the cash flow loan as set out in the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

This page is intentionally left blank

Agenda Item 4b

MINUTES of MEETING of ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE COMMITTEE held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 7 JUNE 2018

Present: Councillor Roderick McCuish (Chair)

Councillor John Armour
Councillor Gordon Blair
Councillor Bobby Good
Councillor David Kinniburgh
Councillor Donald MacMillan
Councillor Jean Moffat
Councillor Aileen Morton
Councillor Ellen Morton
Councillor Gary Mulvaney
Councillor Alastair Redman
Councillor Alan Reid
Councillor Andrew Vennard

Attending: Pippa Milne, Executive Director – Development and Infrastructure Services
Jim Smith, Head of Roads and Amenity Services
Fergus Murray, Head of Economic Development and Strategic Transportation
Patricia O'Neill, Central Governance Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Jim Findlay, Donald Kelly and Sir Jamie McGrigor.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minutes of the meeting of the Environment, Development and Infrastructure Committee held on 8 March 2018 were approved as a correct record.

Councillors Bobby Good, David Kinniburgh, Donald MacMillan, Aileen Morton and Gary Mulvaney joined the meeting during consideration of the following item of business.

4. ARGYLL AND BUTE ECONOMIC FORUM UPDATE

The Head of Economic Development and Strategic Transportation advised that the Chair of the Argyll and Bute Economic Forum, Nicholas Ferguson CBE, had been unable to attend the meeting and therefore presented the Argyll and Bute Economic Forum update report to the Committee on his behalf. The report was a further and final update report following on from the Argyll and Bute Economic Forum Report 2016.

Decision

The Environment, Development and Infrastructure Committee –

1. Noted the Argyll and Bute Economic Forum Follow Up Report 2018 as attached at appendix one to the submitted report.

2. Agreed to write to Nicholas Ferguson CBE, Chair of the Economic Forum, to thank him and the Argyll and Bute Economic Forum for their input during the life of the Forum.

(Reference: Report by Chief Executive dated 8 May 2018, submitted)

5. ARGYLL AND BUTE BUSINESS GROUP - AN EVOLUTION OF THE ARGYLL AND BUTE BUSINESS FORUM

The Committee gave consideration to a report which set out the rationale for the development of a new business group to bring together leaders of all key sectors within the region to collaborate on inclusive growth. It was intended that the new group would supersede the existing Argyll and Bute Economic Forum.

Decision

The Environment, Development and Infrastructure Committee –

1. Noted the content of the report.

2. Agreed to the principle of the establishment of the Argyll and Bute Business Group to improve engagement with businesses to promote inclusive economic growth.

(Reference: Report by Chief Executive dated 8 May 2018, submitted)

6. DEVELOPMENT AND INFRASTRUCTURE SERVICES PERFORMANCE REPORT FQ4 2017-18

The Committee gave consideration to a report which presented Members with the Development and Infrastructure Services departmental performance report with associated scorecard for performance in Financial Quarter Four 2017-18 (January to March 2018).

Decision

The Environment, Development and Infrastructure Committee noted the Development and Infrastructure Services departmental performance report with associated scorecard for performance in Financial Quarter Four 2017-18 (January to March 2018).

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

7. SERVICE ANNUAL PERFORMANCE REVIEWS - DEVELOPMENT AND INFRASTRUCTURE SERVICES

The Committee considered a report which presented them with the Service Annual Performance Reviews for Development and Infrastructure Services for 2018/19.

Decision

The Environment, Development and Infrastructure Committee endorsed the Service Annual Performance Reviews for Development and Infrastructure Services 2018/19 as presented.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

8. WASTE COLLECTION CALENDARS

Consideration was given to a report which laid out plans for the cessation of printing and distribution of waste collection calendars and to move to an online system for the publication of collection calendars.

Decision

The Environment, Development and Infrastructure Committee approved that –

1. The 2018 calendars will state that this will be the last year for printed calendars to be issued with the saving proposals being put forward as part of the budget process in February 2019.

2. Alternative arrangements for households with no internet access would be put in place with individuals being able to request colour paper copies of the calendar for their address.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

Councillor Donald MacMillan left the meeting at this point.

9. TRANSFORMATION PROJECTS AND REGENERATION - ARGYLL AND THE ISLES CULTURE, HERITAGE AND ARTS (CHARTS) PLACE PARTNERSHIP

The Committee gave consideration to a report which provided an introduction to the work stream of Culture, Heritage and Arts (CHArts) and progress to date.

Decision

The Environment Development and Infrastructure Committee endorsed the findings of the report and the work done to develop the creative industries in Argyll and Bute.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 7 June 2018, submitted)

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

Consideration was given to a report which updated the Committee on the progress in delivering larger scale project work by the Transformation Project and Regeneration

Team. The report focused mainly on those projects that were externally funded and reported on key issues that would impact on the successful delivery of the projects.

Decision

The Environment, Development and Infrastructure Committee noted the current progress with the projects as detailed within the submitted report; and the verbal update given by the Head of Economic Development and Strategic Transportation.

(Reference: Report by Executive Director – Development and Infrastructure Committee dated April 2018, submitted)

11. NATIONAL TRANSPORT STRATEGY

Consideration was given to a report which advised that Transport Scotland were undertaking a review of the National Transport Strategy. The report advised that there would be a wide engagement programme across Scotland to ensure that all transport users have the opportunity to feed into the review process. A formal public consultation on the draft strategy would take place in early 2019 with a view to publishing the new strategy in July 2019.

Decision

The Environment, Development and Infrastructure Committee approved –

1. Appendix 1 as the top transport priorities for Argyll and Bute to support economic growth and social inclusion subject to updating it to include reference to increasing the resilience and capacity of ferries right across the network.

2. Appendix 1 to be used and referred to in pursuing support from the Minister of Transport and to feed into the response to the consultation on the National Transport Strategy 2.

3. That officers continue to gather evidence to support the case for additional investment in our transport connectivity to meet the needs of our communities both now, and into the future and that this would be reported back to Committee as appropriate.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, submitted)

12. FESTIVE LIGHTING UPDATE

A report which provided Members with an update on the financial position of the reserves earmarked in 2016 for festive lighting was before the Committee for noting.

Decision

The Environment, development and Infrastructure Committee –

1. Noted the financial position.

2. Noted that engagement continues on the basis of the outline heads of terms approved at the Environment, Development and Infrastructure Committee in March and that a subsequent update would come forward to the next meeting of the Committee.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2018, Submitted)

13. ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE COMMITTEE WORK PLAN

The Environment, Development and Infrastructure Committee work plan as at June 2018 was before the Committee for noting.

Decision

The Committee noted the Environment, Development and Infrastructure Committee work plan as at June 2018.

(Reference: Environment, Development and Infrastructure Committee work plan as at June 2018, submitted)

This page is intentionally left blank

Agenda Item 4c

MINUTES of MEETING of COMMUNITY SERVICES COMMITTEE held in the COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD on THURSDAY, 14 JUNE 2018

Present: Councillor Yvonne McNeilly (Chair)

Councillor Jim Anderson
Councillor Robin Currie
Councillor Mary-Jean Devon
Councillor Lorna Douglas
Councillor Graham Archibald Hardie
Councillor Jim Lynch
Councillor Alan Reid
Councillor Elaine Robertson
Councillor Andrew Vennard
Margaret Anderson
William Stewart Shaw

Attending: Douglas Hendry, Executive Director – Customer Services
Anne Paterson, Head of Education: Lifelong Learning & Support
Louise Connor, Head of Education: Learning & Teaching
Shona Barton, Area Committee Manager
Kathryn Wilkie, Education Officer
Alison MacDonald, Education Officer
Robyn Mcilroy, Education Officer
Rona Young, Physical Education Lead Officer
Caroline Armour, Head Teacher, Dalintober Primary School
Bill Halliday, Team Leader – West
Stephen Whiston, Head of Strategic Planning and Performance, Argyll and Bute HSCP
Jim McNeil, Local Senior Officer, Scottish Fire and Rescue Service
Albert Bruce, Group Manager , Scottish Fire and Rescue Service
Chief Superintendent Hazel Hendren, Local Police Commander (Argyll and West Dunbartonshire Division), Police Scotland
Superintendent Brian Gibson, (Operations), (Argyll and Bute and West Dunbartonshire Division), Police Scotland

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Audrey Forrest, Julie McKenzie and Barbara Morgan and from Alison Palmer and William Hamilton, Teacher Representatives.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTE

The Minute of the Community Services Committee meeting held on 15 March 2018 was approved as a correct record.

4. ARGYLL AND BUTE FROM INNOVATION TO PUPIL EQUITY FUNDING: BETTER MOVERS AND THINKERS PROJECT

A presentation was given to the Committee by Kathryn Wilkie, Rona Young and Caroline Armour on the Better Movers and Thinkers Project set up as a result of a successful bid to the Innovation Fund and which was rolled out across 19 mainstream schools selected by SIMD data in decile 1 and 2 relating to income, employment, health, crime and geographical access. This project is an approach to learning and teaching in physical education designed to develop the ability of all children and young people to move and think in a more cohesive way with a specific focus on developing, enhancing and fostering function skills within the learning process. Bowmore, Port Ellen and Dalintober Primary Schools and Parklands School further developed this Project using Pupil Equity Funding and examples of practical lessons undertaken by Dalintober Primary School and Parklands School were included in the presentation.

The Officers then responded to a number of questions asked.

Decision

The Committee thanked the Officers for their impressive presentation.

Councillor Graham Archibald Hardie joined the meeting at 10.10 am during consideration of the foregoing item of business.

5. AUDIT SCOTLAND REPORT: EARLY LEARNING AND CHILDCARE

Audit Scotland published a report on Early Learning and Childcare (ELC) on 15 February 2018. The report outlined Audit Scotland's findings on current and future implementation of funded ELC. The report provided recommendations for the Scottish Government and for Councils to improve existing systems and processes, as well as improve plans for the expansion of ELC in order to reduce risk and ensure implementation by 2020 and was before the Committee for consideration.

Decision

The Committee agreed to:-

1. note the Audit Scotland report on Early Learning and Childcare;

2. note the steps taken by the Council to action relevant Audit Scotland recommendations;

3. note the Audit Scotland warning of significant risks around workforce, infrastructure and finance for councils within the expansion of ELC by 2020;

4. endorse the positive steps the Service has taken in implementing the early stages of the Argyll and Bute ELC Delivery Plan; and

5. request that the Head of Education: Lifelong Learning and Support bring forward progress updates in relation to the Expansion of Early Learning and Childcare to future meetings of the Community Services Committee.

(Reference: Report by Head of Education: Lifelong Learning and Support dated 14 June 2018, submitted)

6. EDUCATION PERFORMANCE DATA ANALYSIS - UPDATE 2018

A report providing an update on key performance data and outcomes for all pupils across each of the ten secondary schools for session 2016/17 incorporating both SQA and Insight data from an authority perspective, following the release of the February 2018 Insight Statistical data was considered.

Decision

The Committee agreed to:-

1. note the further detailed statistical analysis included from Insight in February 2018 that overviews authority data and allows further comparison with national data;

2. note the release of the Broad General Education (BGE) benchmarking to schools in August 2018 to support the analysis of a Curriculum for Excellence Levels (ACEL) data in literacy and numeracy for improvement;

3. continue to support the work of the Education Service in supporting schools to secure continuous improvement in outcomes for Argyll and Bute Learners; and

4. continue to be involved with current training events on understanding the use of Insight, recognising the increasing use of Insight data in School presentations to elected members.

(Reference: Report by Head of Education: Learning & Teaching dated 14 June 2018, submitted)

7. PARENTAL ENGAGEMENT STRATEGY PAPER

A report providing a copy of the Education Service revised Parental Engagement Strategy 2018 was considered. The revised Strategy has been developed in consultation with a wide range of stakeholders including parents, Parent Council members, teachers, Head Teachers and other partners such as representatives from the Educational Psychology team and Youth Services.

Decision

The Committee agreed:-

1. to note the continued commitment of the Education Service to enhance and further develop opportunities for parental engagement in all of the authority's schools, in the context of the Scottish Government's developing policy position in regard to the development of a National Action Plan; and

2. the revised Parental Engagement Strategy 2018 as set out in Appendix 1 of the report on the basis that any amendments which may be required thereto in consequence of the Scottish Government's National Plan when published are delegated to the Head of Education: Lifelong Learning & Support in consultation

with the Head of Education: Learning & Teaching, the Executive Director of Customer Services and the Policy Lead for Education.

(Reference: Report by Head of Education: Lifelong Learning & Support dated 14 June 2018, submitted)

8. COMMUNITY SERVICES PERFORMANCE REPORT FQ4 2017/2018

A report presenting the Community Service Performance Scorecard for FQ4 2017/18 was before Members for consideration.

Decision

The Committee reviewed and noted the departmental performance for the quarter.

(Reference: Report by Executive Director – Customer Services dated 25 April 2018, submitted)

Councillor Mary-Jean Devon joined the meeting at 11.20 am during consideration of the foregoing item of business.

9. HOUSING SERVICES PERFORMANCE REPORT FQ4 - 2017-18

A report presenting the Housing Services performance report with associated scorecard for FQ4 2017/18 was before Members for consideration.

Decision

The Committee reviewed and noted the scorecard as presented.

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

10. ARGYLL AND BUTE HSCP - NATIONAL HEALTH AND WELLBEING OUTCOMES PERFORMANCE REPORTNG FRAMEWORK AND EXCEPTION REPORTING ARRANGEMENTS - FQ3 2017/18

Consideration was given to a report presenting Argyll and Bute Health & Social Care Partnership's (HSCP) performance against National Health and Wellbeing Outcomes for FQ3 2017/18.

Decision

The Committee:-

1. considered the HSCP performance report in line with the current national reporting requirement; and

2. noted the content of the Integrated Joint Board scorecard within the Pyramid System.

(Reference: Report by Head of Strategic Planning & Performance, HSCP, submitted)

11. SCOTTISH FIRE AND RESCUE SERVICE - ARGYLL AND BUTE PERFORMANCE REPORT FQ4 JANUARY - 31 MARCH 2018

A report highlighting the Scottish Fire and Rescue's (SFRS) fourth quarter review of local performance within Argyll and Bute for 2017-18 was before the Committee for consideration.

The Local Senior Officer, Jim McNeil, introduced Albert Bruce, Group Manager, and presented the detail of the report and responded to a number of questions from the Committee.

Decision

The Committee reviewed and noted the contents of the report and responses to questions asked.

(Reference; Q4 2017/18 Report by Local Senior Officer, Scottish Fire and Rescue Service, submitted)

William Shaw left the meeting at 12 noon during consideration of the foregoing item of business.

12. ARGYLL AND BUTE LOCAL POLICING PLAN 2014 - 2017 - QUARTERLY REPORT Q4 2017/18

A report by Police Scotland providing the final quarter update in relation to the Argyll and Bute Local Policing Plan for 2017/18 was before the Committee for consideration.

Chief Superintendent Hendren gave an overview of activities for the last quarter and priorities going forward and Superintendent Gibson presented the quarterly report which highlighted current crime trends and issues identified during this period. They also responded to a number of questions from the Committee.

Decision

The Committee reviewed and noted the contents of the report and responses to questions asked.

(Reference: Report by Local Police Commander for Argyll and West Dunbartonshire Division, Police Scotland dated 17 May 2018, submitted)

13. ANNUAL REVIEW OF POLICING 2017-18: LOCAL SCRUTINY INPUT

The Scottish Police Authority are currently consulting on their Annual Review of Policing for 2017-2018 and have asked Councils to provide input to the consultation from their local scrutiny Committees. A report which provided a draft response to the consultation was before Members for consideration and approval.

Decision

The Committee considered and agreed the draft response to the consultation attached as Appendix 2 to the report for submission to the Scottish Police Authority by the deadline of 29 June 2018 subject to the following amendment:-

Question 5 – first sentence in response to read "The attendance of local officers at Community Council meetings has been highlighted as an issue for some Community Councils."

(Reference: Report by Executive Director – Customer Services dated 5 June 2018, letter from Scottish Police Authority dated 26 April 2018 and draft response to Consultation – Annual Review of Policing 2017/18, submitted)

14. INITIAL DESTINATIONS OF SENIOR PHASE SCHOOL LEAVERS 2016/17

Skills Development Scotland produce an annual report for each Community Planning Partnership (CPP) covering The Initial School Leavers Destination Report. A report providing statistical information on the Initial Destinations of Argyll and Bute senior phase school leavers for 2016/17 was before the Committee for information.

Decision

The Committed noted the contents of the report.

(Reference: Report by Head of Education: Lifelong Learning & Support dated 14 June 2018, submitted)

15. FORMER WITCHBURN ROAD OFFICES SITE - PROGRESS ON DEMOLITION AND SITE DEVELOPMENT OPTIONS

At the Community Services Committee meeting on 14 December 2017 it was agreed that the cost of the demolition of the former Witchburn Road Offices would be met from the Strategic Housing Fund on the basis that clearance of the site would enable future housing development. A report advising on progress with the demolition of the buildings was before the Committee for information.

Decision

The Committee noted the contents of the report and that a further update would be brought back to the Committee in December 2018.

(Reference: Report by Executive Director – Customer Services dated 30 April 2018, submitted)

16. COMMUNITY SERVICES COMMITTEE WORK PLAN 2018/19

The Community Services Committee work plan for 2018-19 was before the Committee for information.

Decision

The Committee noted the contents of the report.

(Reference: Community Services Committee Work Plan 2018-19, submitted)

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL **COUNCIL**

28th June 2018

LEADER'S REPORT

1. INTRODUCTION

1.1 This report gives colleagues an update on my activities as Leader of Argyll and Bute Council from 1st April to 8th June 2018. It also includes an update in relation to my Policy Lead portfolio, Economic Development.

2. RECOMMENDATIONS

2.1 Members are asked to consider the report,

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

3. MEETING WITH CABINET SECRETARY FOR COMMUNITIES, SOCIAL SECURITY AND EQUALITIES, ANGELA CONSTANCE – 10th April 2018

3.1 I had the opportunity to discuss a very wide range of issues with the Cabinet Secretary in a positive and constructive session in Helensburgh on 10th April.

The ongoing Local Governance Review, and the Chief Executive's proactive programme of community engagement events, was of particular interest to Ms Constance and we were able to give her some of the feedback received so far from our communities. At the time of the meeting and, indeed, of writing this report, the programme is still ongoing, but from an early stage it has been clear that local people have very diverse views in relation to the power they want over decision making and involvement.

I was able to highlight the success of our Supporting Communities Fund participatory budgeting project – over 4,500 people voted across the whole area resulting in 57 community groups receiving funding for local projects.

We also touched on Argyll and Bute's Rural Growth Deal. While progress on this has moved on significantly since the April meeting, Ms Constance did indicate her willingness to help us address and tackle the challenges that we face. The support we have had from the Cabinet Secretary and other parliamentarians has been and will be invaluable as we progress our Deal.

Later the same day, 10th April, I caught up with Jackie Baillie MSP. While the focus here was largely on local matters, again this was an opportunity to reinforce the Rural Growth Deal message to another parliamentarian and build up support.

4. ARGYLL AND BUTE PARLIAMENTARY FORUM – SECOND SESSION, 18th April 2018

4.1 Supported by the Executive Director for Development and Infrastructure, I met with several regional and constituency MSPs for the second Argyll and Bute Parliamentary Forum.

We discussed enterprise and skills support for Argyll and Bute – colleagues will recall that one of the priorities agreed by council was to secure single agency support for the entire Argyll and Bute area. Work on this is ongoing and officers have held meetings with colleagues in the Scottish Government and both enterprise agencies, but having a further opportunity for political discussion at the forum is invaluable as we work through what is potentially a very complex process.

MSPs were also largely supportive of our focus on Argyll and Bute's transport infrastructure, and I have commented elsewhere in this report on

my correspondence in this regard with the Minister for Transport and Islands.

We also gave the parliamentarians a further update on Rural Growth Deal progress and they indicated that a dedicated forum session focusing entirely on the Deal, timed to allow their input into our reporting process, would be helpful. Again with the support of Michael Russell and Jackie Baillie, this is now in MSPs diaries for 12th September.

5. TELECONFERENCE WITH MINISTER FOR TRANSPORT AND ISLANDS, 25th April 2018

5.1 In March this year I wrote to Humza Yousaf, Minister for Transport and Islands, to ask for his support in jointly establishing a working group to focus on all aspects of transport infrastructure and connections, with a view to driving forward improvement.

On 25th April we were able to speak by video-conference. We had an extremely productive discussion and I'm delighted to report that the Minister welcomed our approach and agreed to look at setting up this dedicated working group.

There are several different agencies who each play crucial parts in keeping Argyll and Bute moving, and we believe that bringing key players together is the best way to tackle issues like maintaining lifeline trunk routes, operating ferry and rail services, and providing flights to and from the rest of the country.

We have provided the Minister with a list of potential working group members and his office have committed to finding a date for a meeting. This group can play a significant part in a number of key issues for us – feeding into the National Transport Strategy Review, considering future priorities as well as current matters, and in the context of our Rural Growth Deal work.

At the time of writing we have not received a confirmed date from the Minister but I am due to be in touch with him again soon and will press for this once more, given its significance to Argyll and Bute and its economic success.

6. COSLA LEADERS, 27th April 2018

6.1 I attended the April Leaders session at COSLA with the Chief Executive. The following matters were discussed in private session:

- Scotland's Energy Efficiency Programme – an address from Kevin Stewart MSP, Minister for Local Government and Housing

- Funding the Expansion of Early Learning and Childcare
- Distribution
- Spending Review
- Strategic Review of Improvement Service
- Public Health Priorities

All reports and associated briefings can be reviewed in the Leader's Report Pack.

7. DEPOPULATION IN WESTERN SCOTTISH LOCAL AUTHORITY AREAS - meeting with Leaders, 27th April 2018

7.1 National Records of Scotland (NRS) published its latest population figures for the country in March. Given our own focus on population growth, I was keen to examine these new statistics – and was interested to note a clear trend in relation to depopulation along Scotland's west coast local authority areas. This trend can't easily be attributed to rural, urban or any other obvious common factor, and further exploration, sharing of ideas and discussion would be helpful.

I contacted the leaders of the other western authorities – Inverclyde, East, North and South Ayrshires, nan Eilean Siar, Inverclyde, Dumfries and Galloway and our neighbours in West Dunbartonshire – to get their views on the merits of getting together to focus on this very crucial issue. We agreed to meet after COSLA Leaders on 27th April. Chief Executives were tasked with working together on reports and information for a second session, which is now in leaders' diaries for 29th June. This is a cross-party approach and it is helpful to be able to work in partnership with fellow councils on a matter of such importance. This work is in its early stages but I will keep members updated; I would expect our second session in June will highlight our way forward in more detail.

8. WW100 COMMEMORATIONS, ISLAY – 3rd and 4th May 2018

8.1 Members will be well aware of the WW100 Commemorative Events held on Islay on 3rd and 4th May. This high profile event attracted national politicians as well as HRH Princess Royal, who attended at the War Memorial Service on the Friday.

Officers from services across the council put in sterling efforts to ensure that the programme ran smoothly – no mean feat given the logistics required to support national politicians and royalty, as well as managing hundreds of visitors and national media attention. Their insistence on excellence and the utmost professionalism served to highlight to an international audience our beautiful area as well as the high standards we strive for. Thanks are due

to all involved for a very professional and positive performance ideally suited to such a poignant commemoration.

9. MEETING WITH DAVID MUNDELL MP, SECRETARY OF STATE FOR SCOTLAND – 4th May 2018

9.1 The Secretary of State's attendance at the Islay commemoration events offered another opportunity to strengthen relationships and maintain bonds of support for our Rural Growth Deal. The Chief Executive and I met with Mr Mundell on the morning of Friday 4th May, ahead of the commemorative service later that day. Our Rural Growth Deal ambitions are very familiar to Mr Mundell, who has been supportive from the start; this meeting was no exception and we remain encouraged by his positive approach. It's understood that he may visit the area again later this year, so I have written to him to indicate we will be delighted to welcome him to Argyll and Bute and have further discussions as our Deal work progresses.

10. VISIT TO BUTE/REFUGEE PROGRAMME, 8th May 2018

10.1 It was a real pleasure to have my first meeting with our Syrian refugee families on Bute on 8th May 2018.

Our first stop was a tour of Rothesay Joint Campus, under the guidance of three of our Syrian pupils. It was really helpful to see the children's progress at all levels – pre-5, primary and secondary – and they are undoubtedly making a very bright and vibrant contribution to campus life. We ended our visit to the school with a short focus group session with some of the secondary school pupils and their Scottish friends to discuss their experiences of integration and their ambitions for the future.

We then visited the Phoenix Centre where a Syrian couple are volunteering and training for qualifications to open up opportunities in social care – a really inspiring and humbling visit.

There was a quick stop at the new business premises where one family are due to open a specialist patisserie – by the time council considers this report the bakery will have officially opened and I wish them every success.

Finally there was a chance to join an English language class and chat with the learners before leaving the island.

This really is a success story for our council and other local authorities are looking to us as a model of excellent practice in terms of resettlement.

11. ARGYLL AND BUTE HEALTH AND SOCIAL CARE PARTNERSHIP/INTEGRATION JOINT BOARD

11.1 Members will recall that council, in April, agreed changes to the representation on the Argyll and Bute HSCP IJB. Along with Cllrs Mulvaney and Taylor, I was appointed to join Cllr Green on the board as the council's four representatives.

Cllr Green, as the Policy Lead and board vice-chair, has covered health and social matters in detail in his own report, but I felt it was important to note a couple of matters here following my appointment.

I arranged a meeting on 16th May to bring strategic leadership of all three organisations – the council, NHS Highland and the partnership – together to discuss the current position of the HSCP and how we move forward to deliver the improvements that are needed.

There is no quick fix and there is much work to do. This meeting witnessed some robust discussions – but ultimately positive ones. All agreed that there is value and merit in coming together to focus on improving this vital service area, and we have agreed to meet together at least on a quarterly basis. A programme for 2018 is already in diaries.

Along with Cllrs Mulvaney and Taylor, I attended my first meeting of the IJB as a council representative on 30th May. I had also attended the West of Scotland Health and Social Care Delivery Plan engagement event in Clydebank on 11th May – a useful opportunity to engage with other partnerships and representatives.

12. HIGHLANDS AND ISLANDS LEADERS GROUP, 24th May 2018

12.1 Leaders of the Highlands and islands local authorities came together the evening before COSLA Leaders to discuss a range of issues affecting the region – including a paper on Brexit and Regional Policy for the Highlands and Islands prepared by our own Economic Growth Manager.

Other agenda items included opening a new dialogue with Highlands and Islands Enterprise; the Islands Bill Stage 3; engagement with ministers and opposition MSPs; and the role and purpose of the HILG. It was agreed that there is value in the group meeting together and acting together, and a programme is now in place based around COSLA and COHI, where all leaders are due to be present.

13. COSLA LEADERS, 25th May 2018

13.1 May's COSLA meeting had a very full agenda, with reports on the following topics considered by Leaders:

- Educational Psychologists
- Access to sanitary products in schools
- Brexit update
- Local Governance Review
- School Clothing Grants
- Education Bill
- National Care Home Contract
- Local Taxation
- Distribution

All reports and briefings are included for review in the Leader's Report Pack.

14. ARGYLL AND BUTE ECONOMIC FORUM, 4th June 2018

14.1 The Argyll and Bute Economic Forum held its final meeting on Monday 4th June. At the invitation of the owners, Keith and Denice Punler, the forum met in Castle Toward, near Dunoon.

Alongside updates from the Forum's sector representatives – including tourism and food/drink – and contributions from partner organisations, there was a presentation from the new MD of the Mount Stuart Trust, Colin Boag, an update from Argyll College UHI Deputy Principal Elaine Munro and an update on promotion and campaigning activity from Argyll and the Isles Tourism Co-operative.

Mr and Mrs Punler gave forum members a tour of the castle – while there is still much work to be done, there is very clear and significant evidence of transformation already. They are determined to restore the property sensitively and carefully with impressive attention to detail and it is great to see the building coming back to life.

Many original features are being restored including this cornice work

With Forum Chair, Nick Ferguson, at Castle Toward

Forum chair, Nick Ferguson, had prepared the forum's final report which was considered by the Environment, Development and Infrastructure Committee on 7th June. Members will now know that the forum has paved the way for a new Argyll and Bute Business Group, and I'm looking forward to seeing this new partnership coming to life and thriving, making a valuable contribution to Argyll and Bute's economic growth just as the forum has done over its three-year life span.

Thanks are due to Nick Ferguson for his adept, committed and focused steering of the Forum – his hard work and enthusiasm has been invaluable.

15. POLICY LEAD FOR ECONOMIC DEVELOPMENT UPDATE

15.1 Argyll and Bute's Rural Growth Deal: The Rural Growth Deal Steering Board met on 9th May at which the emerging growth deal vision, themes, projects and communication plan were discussed. In addition, the draft P&R paper and associated appendices were presented for comments prior to the proposed sign off at the Policy and Resources Committee meeting on 24th May 2018.

All members had the opportunity to hear from David McIntosh from the Scottish Futures Trust at a members seminar on the Rural Growth Deal on 14th May.

Following approval at P and R, the priority now is to establish full governance of the programme and identify all resources required, including external parties, involved in bringing forward projects.

A community consultation on the Deal launched on 4th June and will run until 10th August. Work is also continuing on feasibility studies and forming of partnerships to develop the key project themes and/or specific projects.

Officers are in the process of arranging a number of meetings and workshops with key private sector stakeholders, the Enterprise Agencies and Skills Development Scotland to understand the skills requirements of the regions key sectors and potential links with the deal. A workshop focusing on the skills requirements of the tourism and food and drink sector took place on 31st May in Helensburgh and it is intended that similar sessions will be arranged for sectors such as aquaculture, marine sciences, defence and engineering.

Political engagement with both governments continues apace; I have noted above the dedicated Parliamentary Forum session in September which will allow MSPs to contribute to the process, and in this and previous reports I have commented on meetings with various Scottish and UK national politicians.

We are also currently actively seeking meetings with David Mundell, Lord Iain Duncan, and a joint session with Keith Brown and Derek MacKay. Approaches have been made and while there are no confirmed details at the time of writing I will keep members up to date on progress. I will also be arranging individual meetings with our two constituency MSPs ahead of the September parliamentary forum, and at the time of writing am due to meet with Brendan O'Hara MP on 18th June.

It is still intended to submit a formal Rural Growth Deal bid submission to both governments in time for this to be considered in their 2018 budgets (November and December of this year).

15.2 Helensburgh Charrette: Helensburgh was identified for a community-led design process by PPSL in 2015 to inform the LDP at a local level, and which is currently identified as a growth area within LDP2.

The Making Places initiatives represent a broadening of Scottish Government's (SG) charrette programme, which seek more of a grass roots up approach to place based design. The Helensburgh Making Places project is funded by SG (£15k) and matched by existing council budgets (£15k).

Ice Cream Architecture, a consultant design team with various specialisms, has been commissioned to engage the community in active discussion at all levels through the facilitation of activities, workshops and events to deliver the project between now and August 2018.

The project will focus on exploring opportunity for economic growth, and aims to develop channels of communication with harder to reach communities and to promote community cohesion, within a context of the emerging Maritime Change Programme.

15.3 Tarbert and Lochgilphead Regeneration Fund: The Gleaner oil site phase one is now fully funded following a successful LEADER bid. Contract for work has been awarded and on-site work has started, including the ongoing clearing of oil tanks.

Ardrishaig pier's £1.5m investment works are also on site and the commodity sourcing strategy for Lochgilphead Front Green is complete.

15.4 Digital Connectivity:
Broadband: April saw over 89% of premises connected to the fibre network with over 81% able to access speeds greater than 24Mbps. Only 10.7% are still on a standard ADSL connection.

HIE have indicated that the current fibre rollout will continue until September 2019. At this point they estimate that 85% of premises will have been connected to the fibre network.

Mobile: - Work on the EE ESN network is continuing to progress, out of the 52 sites currently built 11 of these are on air with the rest to follow in the coming months. With the Home Office deadline rapidly approaching EE are now looking at temporary installation solutions to allow the network to be activated.

BT Digital Discussions: Meetings have taken place during May with BT to discuss how best to move forward with digital investment and what BT can potentially do for Argyll and Bute, taking in the potential Digital Culture Media and Sport Local Full Fibre Network challenge fund.

15.5 ABRA and All Energy, May 2018: Along with officers from Economic Development, I attended Argyll and Bute Renewables Alliance and the All Energy conference in Glasgow during May. This included Dr Simon Gill from the Scottish Government, focusing on the future development of grid infrastructure and smart grid opportunities. All Energy in particular offered opportunities for the council to engage with key renewables partners and raise our profile in this key sector, along with a wide range of local businesses who also benefited from the opportunity to meet with potential investors.

15.6 **Business Gateway:** Business Gateway Argyll and Bute has achieved the top ranking in Scotland for meeting customer services – and, in all nine categories, as rated by the people and companies who use the service, the local team has scored higher than the national average. These are great results and their professionalism and commitment is invaluable as we work on attracting more people to live, work, invest and do business in Argyll and Bute. Congratulations to the team on their achievement.

During May and the first half of June this year, the team have registered six new clients to the programme, bringing it to a total of 90, with a further two pending registrations. Seven growth grant and one key sector grant applications have been approved, and the team continue to deliver specialist advice sessions alongside a programme of training and workshops for new and existing businesses operating across Argyll and Bute.

15.7 **Mid Argyll, Kintyre and the Islands Business Visits – May 2018**

After visiting companies on Mull last autumn, I took the opportunity to meet with businesses in the Mid Argyll, Kintyre and the Islands area during May, accompanied by the Executive Director of Development and Infrastructure. Engagement with the private sector is very significant in terms of growing Argyll and Bute's population and economy and it is helpful to meet with local companies and build on those relationships. I am frequently impressed by the diversity of industry across the whole area and MAKI is no exception.

As well as a visit with Tarbert Harbour Authority, we had very productive discussions with the Mellex Group and Midton Acrylics – both of which have serious ambitions for growth – and it is exciting to hear about companies with real plans to expand their offer.

We will be planning more meetings with other local businesses across the whole area over the course of the year and if any member has a particular company in mind who they think would appreciate a discussion, I will be happy to hear from them.

16. CONCLUSION

16.1 This report highlights my recent activities as Leader of Argyll and Bute Council, together with a brief update on my Policy Lead portfolio. I hope that this update is helpful for members and will be happy to provide more information wherever possible.

The full Leader's report pack can be viewed in the Leader's office at any time.

17. IMPLICATIONS

17.1 Policy - None

17.2 Financial – None

17.3 Legal – None

17.4 HR – None

17.5 Equalities – None

17.6 Risk – None

17.7 Customer Service – None

Councillor Aileen Morton
Leader, Argyll and Bute Council and Policy Lead for Economic Development
18th June 2018

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

ARGYLL AND BUTE COUNCIL **COUNCIL**

28th June 2018

POLICY LEADS REPORT

1. INTRODUCTION

1.1 This report provides members with an update on key areas of activity for each Policy Lead Councillor. This aims to provide updates from all Policy Leads at each council meeting so that all members are informed, up-to-date and able to engage with current issues. The last update was provided to Council at its meeting on 26th April; this report covers activity from that date until 8th June 2018.

Please note that the Economic Development portfolio sits with the council Leader and is included in the Leader's Report.

2. RECOMMENDATIONS

2.1 Members are asked to consider the report.

3. POLICY LEAD FOR STRATEGIC FINANCE AND CAPITAL REGENERATION PROJECTS – Councillor Gary Mulvaney

3.1 **Introduction:** This report provides members with an update on my activities as, Depute Leader, Policy Lead for Strategic Finance and Policy Lead for Capital Regeneration during May and June. I have held regular meetings with a range of officers across the policy briefs.

3.2 **Strategic Finance:** I have had regular discussions with Kirsty Flanagan, Head of Strategic Finance in terms of finalising the unaudited statutory accounts for fiscal year 2017. These are subject to final audit and approval by the council but currently show a 1% underspend compared to budget, representing £2.6 million - £1.9 million by lower expenditure and £0.7 million though increased income.

One notable factor within this is the required changed accounting treatment of the council's share of the Health and Social Care Partnership's deficit. Despite there being a three year repayment plan agreed by the HSCP, the entire £1.15m overspend is now immediately charged against the council's current year accounts, diminishing our reserves. The significance of this accounting treatment is notable both in the amount for the current year (£1.15 million), and that continuing HSCP deficits will directly impact on our future reserves and affect the resources available to other council services.

3.3 Capital Regeneration:

Helensburgh Waterfront Development: This £18million flagship council project continues to make progress. The recent Pre Application Consultation (PAC) generated over 1,300 comments with a community council survey generating 1,100 responses. I met with the Chair of the Helensburgh Community Council in relation to their survey conclusions, and officers are due to present local members with an updated report at their area committee meeting on 21st June 2018 prior to the submission of the planning application. Officers advise that the overall timetable for opening the new facility remains on track for July 2021, but clearly with planning, tendering and procurement outstanding, there are a number of substantial milestones to be met.

Dunoon Queen's Hall: This project continues to make good progress with the expected completion date in a matter of days following the council's June meeting. A detailed report was presented earlier this month to Bute and Cowal members.

Before and after – the Queen's Hall southern elevation showing the new two story glazed curtain wall and roof terrace.

The first public event – ABBAMania - in the new hall is scheduled for 28th July, and this will be followed by The Proclaimers a week later.

Rothesay Pavilion: Contractors CBC Ltd continue to make good progress towards next July's completion date. Project manager Peter MacDonald has moved on to a new role with HIE. Interviews for his replacement have been completed and, at the time of writing, an announcement on appointment is expected soon.

3.4 **Depute Leader Update:** I continue to meet regularly with the Leader, the Chief Executive and other officers in terms of this role, covering a wide range of subject.

The rural growth deal figures prominently within this sphere as we move to formal submission in late autumn. To make the greatest impact for our area, we need to build the widest possible consensus, across the chamber, within our communities and across the political spectrum.

Along with the Leader and Cllr Taylor, I attended my first Integrated Joint Board meeting and development session since being appointed by the Council. Cllr Green, being the other councillor member, had previously joined the IJB. The meeting was enjoyable and productive, but the scale of challenge should not be underestimated. I was appointed to the Quality and Finance Committee and Cllr Taylor was appointed to the Audit committee.

4. POLICY LEAD FOR CORPORATE SERVICES – Councillor Rory Colville

4.1 **Introduction:** I have regular meetings with the Executive Director of Customer Services and the Heads of Service to discuss matters relating to my remit. Since my last report, I have met with the service on 9th May and 5th June. These meetings serve as a useful forum to discuss any issues and to brief me on any Corporate Services-related matters.

4.2 **Governance and Law:**
GDPR: Data protection law changed on 25th May this year. The previous legislation has been in place for twenty years, long before we were using the internet, emails and cloud storage.

The main aim of the new legislation is to enhance the rights of individuals, giving them more control over what happens to their information.

The six general principles under the new regime are consistent with the previous law:

1. Personal information shall be processed lawfully, fairly and in a transparent manner.
2. Personal information shall be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes.
3. Personal information shall be adequate, relevant and limited to what is necessary.
4. Personal information shall be accurate and, where necessary, kept up to date.

5. Personal information shall be retained only for as long as necessary.
6. Personal information shall be processed in an appropriate manner to maintain security.

Personal information includes any details that could identify a living person; this will include basis information such as name, email address, phone number, national insurance number, but also less obvious details such as browser cookies, IP addresses. Now, instead of referring to 'sensitive personal data', the new legislation defines 'special categories of data' which include race, ethnicity, political opinion, genetic or health related data and sexual orientation.

All Councillors are Data Controllers and must be registered with the Information Commissioners Office. We already know that personal data must be kept securely, that we must be careful when sharing that data with others and not to keep the information for any longer than necessary – however there are new requirements to address:-

New requirements:

- ✓ Keep a record of your processing activities, this is to show your compliance with the legislation.
- ✓ Give a more detailed Privacy Notice when you collect personal data.
- ✓ Tell subjects of their rights
- ✓ Maintain your registration with the ICO
- ✓ Delete 'old' data you no longer need
- ✓ Report any breaches within 72 hours

Colleagues will have received an email containing the privacy notice, consent form and register of processing, along with advice on using these, but officers from Governance and Law are able to provide further guidance or assistance in the event of any concerns or queries.

4.3 Improvement and HR:

S1 Jobs Award

The HROD section of Improvement and HR were successful in the recent national S1 Jobs award in the category 'Graduate/Apprentice'. This is a prestigious award and was collected in Glasgow by our HROD Manager, Carolyn McAlpine, our Growing our Own co-ordinator Rebecca Hepburn and Tia Fisher, one of the IHR Apprentices in our Talent Management Team. The service has been focussing on Growing Our Own and investment in developing job and training opportunities for young people in Argyll and Bute, encouraging them to work with the Council. The judges said that our application was a stand out in the category. True strategy and passion on delivery.

Modern Apprentice Success

The council have offered 42 young people Modern Apprenticeship opportunities since beginning the award winning Growing our Own Initiative in 2014. The scheme is designed to develop Council careers for young people and is about providing them with job and training opportunities to enable them to build rewarding careers in Argyll and Bute.

One recent example of where the scheme has allowed a young person to excel in their chosen career is Ashleigh Conner, Apprentice Mechanic, aged 19 from Campbeltown, who has just passed her Cat C HGV driving test.

Other Apprenticeships on offer across the Council are in IT, Business and Administration, Digital Media, Digital Applications, Waste Management, and Youth Work. As well as industry recognised qualifications, the Council offers additional training opportunities such as Duke of Edinburgh Award training and e-learning in a range of topics.

Communications – Increased Social Media Output

Social media output has increased significantly in the last quarter, both in reach and in coverage. Using the different social media channels is proving to be a great promotion tool for the area. The Communications Team are picking up on the corporate themes of living and working in Argyll and Bute to promote images and posts, thus reinforcing our corporate messaging and corporate priorities.

HROD Redesign

The HROD redesign, as part of the service choices programme, has been successfully implemented and a new structure and service model is now in place, having delivered savings of £560K and a reduction of 13.3 FTE. This new model is based on increased digital service delivery, self-service, an increased focus on supporting managers through change and adding value. The performance and improvement team has now been fully integrated into HROD.

Strategic Workforce Plan

The Council approved the Strategic Workforce Plan at its meeting in April 2018. This document identifies the direction for the Council to ensure that we have a skilled workforce for the future.

4.4 Customer and Support Services:

ICT

The average time to fix IT faults is 3.43 hours, well below the performance target of 4.5 hours.

I am pleased to report that the Council are now officially Cyber Essentials accredited, as of 18th May 2018. The Council are in receipt of the Cyber Essentials certificate which confirms its commitment to keeping the data of residents, businesses and partner organisations secure from online attacks. Steps are now being put in place to progress the Cyber Essentials Plus assessment, which will involve our systems being tested and verified by independent assessors, to ensure that our IT is suitably secure and meets the standards set by the Cyber Essentials scheme, thus providing reassurance that the Council is protecting the confidentiality, integrity, and availability of data stored on devices which connect to the internet. Cyber Essentials Plus is the UK's highest level of cyber security accreditation and achieving this demonstrates the council's commitment to keeping data from residents, businesses and partner organisations secure from online attacks.

Microsoft Licensing Case Study - having satisfactorily concluded our Microsoft licensing audit after a protracted period, we have produced a case study on this jointly with Insight (our advisers) for use within the local authority sector.

Roll out of the new staff Wi-Fi facility has commenced at five locations – this will benefit staff who work in locations where the mobile signal is poor and they will now be able to connect to the Internet with their own devices at lunchtimes etc. This is limited to no more than 10% of bandwidth at any location to ensure there is no adverse effect on access to core systems.

Local Tax Collections

Council Tax collections for 2018/19 as at end April 2018 are 11.08%, up 0.09% on the previous year at this time. Collections for 2017/18 are now 95.76% and this is up by 0.35% on previous year at this time. Collections on 2016/17 are still down by 0.25%. This is improving slowly but these collections were adversely affected by the increase in the premium on long term empty properties and by the reduction in council tax reduction claimed.

Non domestic rates collections for 2018/19 at end of April 2018 were 24.87, down 0.87% on previous year at this time. Collections in the first couple of months can be quite volatile depending on whether people choose to pay up front, or by instalment.

Scottish Welfare Fund (SWF)

The programme funding for 2018/19 is £438,720 – an increase of 4.4%. As at the end of April, we have £31,375 on applications received which was 82.4% of the profiled amount. There were 14 claims received but not yet processed. We are continuing to support high priority cases only, with the intention of being able to support at least this level for the full financial year. The increase is very welcome as we are expecting a big increase in crisis

grant claims once we go live with Universal Credit Full Service in September this year.

Discretionary Housing Payments (DHPs) and benefit cap

The confirmed funding to date for DHPs for 2018/19 is £564,747. We have requested Council approval for carried forward earmarking of previous underspend of £39,839. The Strategic Management Team has agreed to support the same priority cases in 2018/19 as we have done throughout 2017/18. At the end of April 2018 we have spent or committed £267,322 which is within the funds available. We still have circa 400 under occupancy cases to renew for the new financial year.

We have processed 420 applications for DHP and made 404 awards. There are a total of 13 applications outstanding or requiring further information at the end of April in addition to the bedroom tax cases not yet renewed.

Procurement, Commissioning and Creditors

For April we have paid 95.85% of creditors invoices within 30 days which is well above the target of 94.5% and much improved on last year. The service are also continuing to work with HSCP colleagues to assist with the improvement plan for a care home following an enforcement notice and good progress is being made. Discussions are also underway in respect of potential changes to other care home services within the area and this is being carefully monitored.

Customer Service Centre

The call abandon rate for April was 12.1% well above the target of 7.5%. This was due to high volumes of calls after the Easter break, compounded by staff vacancies, and large volumes of council tax reminder notices. Average call times are now back below target at 3.43 decimal minutes versus target of 3.50 decimal minutes. The ‘resolved at first point of contact’ level was 93.1% for the month against a target of 91%. The voice automated switchboard successfully routed 79.8% of calls for the quarter against a target of 78%.

SmartAssistant is now live on the website - this is starting to get used extensively and is reducing numbers of emails from the website. The replacement room booking system is also now live and is a significant improvement on the old system.

5. POLICY LEAD FOR HEALTH AND SOCIAL CARE – Councillor Kieron Green

5.1 Integration Joint Board: At the April council meeting a number of changes in elected member representation on the Integration Joint Board (IJB) were agreed. Aileen Morton, Gary Mulvaney and Sandy Taylor bring significant experience to the board at a time of great challenge. I also wish to thank the previous members Jim Anderson, Iain Shonny Paterson and Alastair Redman for their contributions over the last year.

5.2 Visits and Meetings: I attended the Health and Care Awards on 27th April 2018 which celebrated the exceptional work being carried out by Health and Social Care staff across Argyll and Bute. I would like to congratulate all of the winners – Jennifer MacIntyre (Nurse/Midwife of the Year), Ann Evans (Therapist of the Year), Richard Gault (Social Care Worker of the Year), Caroline Walton (Admin Secretarial Worker of the Year), Leanne Wallace (Support Worker of the Year), Betty MacIntyre (Pat Tyrrell Award for Caring Behaviours), Avril Coffield (Chief Officers Outstanding Contribution to Health Social Care), Jane Williams (Outstanding Individual), Argyll and Bute Radiography (Outstanding Team) and Kate Paton (Patient/Service User Choice Award). Betty MacIntyre subsequently went on to win Nurse of the Year at the national NHS Heroes awards.

The rescheduled third engagement event on Regional Planning for Health Services in the West of Scotland went ahead on 11th May 2018. We were given more detail about the processes underway to formulate the Regional Plan, and how this will be formally approved by Health Boards and IJBs. There was recognition about the need for political support at local and national levels for changes to services, and the difficulties around maintaining person-centred care with pressures on finances and workforce availability.

The IJB met on 30th May 2018 and there were lengthy discussions around finance and Struan Lodge. Monitoring of actions to improve the financial position of the Health and Social Care Partnership (HSCP) will be ongoing by both the IJB and the Quality and Finance Board. It was agreed to remove Struan Lodge from the Quality and Finance Plan, recognising the pressures on care home places in the Cowal locality.

The Cabinet Secretary for Health and Social Care, Shona Robison addressed the COSLA Health and Social Care Board on 1st June 2018. She was asked a number of questions around the current review of progress by Integration Authorities across Scotland, as well as finance issues within Health and Social Care. Other significant items discussed at the meeting were the new Scottish Government Suicide Prevention Action Plan which is currently being drafted, the proposed introduction of Safe

Staffing legislation encompassing care homes, and the principles behind an upcoming Scottish Government Diet and Healthy Weight Strategy.

5.3 **Adult Services:** The Care Inspectorate has reviewed progress at Ardnahein Care Home in Dunoon and raised grades to 3s across all measures. HSCP officers were also satisfied with improvements made and plans to work towards achieving higher grades. Therefore the moratorium on admissions has been lifted.

Jean's Bothy – a Mental Health Hub in Helensburgh has been successful in bidding for Big Lottery funding for a Community Development worker for 2 years.

West Dunbartonshire HSCP are taking the lead on looking at Out of Hours Services at the Vale of Leven Hospital. Argyll and Bute HSCP will be linking into those discussions in due course.

Capacity in home care remains an issue in Oban and Lorn resulting in a number of delayed discharges from Lorn and the Islands Hospital. Further discussions with commissioning regarding increasing provision are ongoing. However recruitment remains an issue for providers particularly in the light of retail and hospitality developments in Oban.

Discussions are continuing with the owners of Lynn of Lorn Care home to ensure a continued quality residential service in the area.

Following Mull and Iona Locality Planning Group deciding to progress with a single GP practice for the islands, a full week of community events on Mull and Iona were held from 14th to 18th May 2018.

Community Teams in Mid-Argyll, Kintyre and the Islands are developing and have implemented a Single Point of Access to their services.

Plans to amalgamate Campbeltown Medical Practice with Kintyre Medical Group remain ongoing, with the provision of dispensing being negotiated.

5.4 **Children and Families:** The Scottish Government hosted a National Leadership event in Perth on 2nd May 2018. This followed a recommendation by the Child Protection Improvement Programme Report 2017 which specifically identified the importance of leadership across public protection partnerships. This was attended by the Chief Officer Group Public Protection (COG PP) who have drawn up a public protection strategy with strengthened governance.

The Head of Service attended the Befrienders Pearl Anniversary on 12th May 2018 to celebrate 30 years of support to children and young people.

The Corporate Parenting Board met on 18th May 2018, receiving an update on progress of the Life Change Trust, presentations by the Independent Care Review and the PACE (Permanence and Care Excellence) Team, and approved the Corporate Parenting Plan subject to final amendments.

Preparation for the Children's Services Joint Inspection is underway with this likely to be between October and December 2018, and having an overarching theme of partnership working.

5.5 **Planning:** New IT investment development priorities for the HSCP are the establishment of interconnect software to allow HSCP staff to access both NHS and Council systems, merging GP practice IT systems on Mull and Islay to support single practice operation, and progressing the business case for moving the HSCP onto the councils Skype for Business telecoms system. These will support new and more efficient ways of working, with anticipated productivity gains and cost savings.

The HSCP has commenced the process to refresh its next three-year Strategic Plan for 2019/20 to 2021/22. A communications and engagement process is in development and a formal consultation process will be conducted later this year.

5.6 **People and Change:** HSCP values and behaviours are being developed to help strengthen feelings of integration across Council and NHS staff.

Consultation is progressing on the first HSCP workforce plan which will be focussed primarily on Adult Services. Development will continue to allow this to cover all services provided by the HSCP, partner organisations and the third sector by March 2019.

Further opportunities to promote careers and training within Health and Social Care locally are being explored, including an HSCP presence at careers fairs and modern apprentices.

Engagement with staff around wellbeing, continuous improvement, and leadership visibility is ongoing through events and surveys.

5.7 **Finance:** The financial year-end outturn for the HSCP for 2017-18 was an overspend of £2.5m, of which £1.1m was within Social Care. This was due to insufficient savings identified at the start of the financial year, delays in delivering aspects of the Quality and Finance Plan, and increases in demand. These factors offset the savings – both one off and reoccurring that were achieved.

There is still an overall budget gap of £1.6m for 2018-19 and so a financial recovery plan remains in place. Further revisions to this were approved by the IJB on 30th May 2018, however with continuing cost and demand pressures on the services delivered by the partnership there remains a significant financial risk associated with the budget for this year. As such the financial position will continue to be closely monitored during the year to mitigate financial risks to the Council and Health Board.

Further service reviews are being carried out by the Children and Families Project Board, which has received new terms of reference to enable improved scrutiny, and by a new Transformation Board which will progress redesigns within Adult and Corporate Services.

6. POLICY LEAD FOR ROADS AND AMENITY SERVICES – Councillor Roddy McCuish

6.1 **Introduction:** This report provides members with an update on my activities as Policy Lead for Road and Amenity Services to date. I have held regular meetings and discussions with a range of officers across the policy briefs and I thank them for all their kind assistance.

6.2 **Infrastructure Design:** Officers are taking forward several Flood Risk Management projects at present. For Campbeltown, Aecom were appointed in 2017 to provide assistance. The appraisal of the outline options to reduce flood risk has continued during the last quarter. This will lead to further engagement with the public during the autumn prior to taking forward the preferred solutions in more detail. Three contracts have recently been awarded to progress flood studies in other areas: for Oban, Envirocentre has been engaged; JBA has been brought on board for the studies at Helensburgh, Kilcreggan and the Surface Water Management Plan for Dunoon; and Aecom has been awarded the study work for Tarbert, Lochgilphead and Clachan. The studies are due to be completed by the end of 2019 for reporting to SEPA. These will then be prioritised nationally for the second cycle of Local Flood Risk Management Plan funding due to run from 2022 until 2028.

Works are due to finish by early June at East Clyde Street bridge in Helensburgh. Design work is underway for Kintyre Street bridge in Tarbert and Cliad bridge on Coll.

Staff in Infrastructure Design are undertaking the design and associate consents and licences for the new coastal defence works to protect the proposed swimming pool and associated car park at the Helensburgh Waterfront Development.

Kirk Road, Dunbeg - Staff in the Infrastructure Design team continue to supervise construction of the improvements to Kirk Road in Dunbeg. The main contract works commenced in May and are due for completion by late 2018.

Staff have been providing an increasing level of assistance to the Piers and Harbours section with regard to marine inspections and project work. This work is being carried out in order to deliver the marine capital plan. Using internal staff builds our skill base and provides a more viable delivery model. Staff have also recently provided reports and recommendations on some slope stability issues for several rock slopes above the road network.

6.3 **WW100 Commemoration, Islay:** Roads and Amenity Staff were key in organising the event commemorating 100 years since two vessels sunk off the coast of Islay and over 600 US and British servicemen lost their lives. The service delivered significant preparatory works and provided great assistance on the day. Staff went above and beyond carrying out support for the event working closely with a range of agencies to make the day a success. Roads and Amenity staff set up and managed traffic management, safety barriers and also provided additional public conveniences, facilitated repair to the war memorial and kept the event area clean and tidy to ensure this prestigious event went smoothly.

6.4 **Northern Roads Collaboration Forum:** The partnership authorities in the Northern Roads Collaboration (NRC) have held their first formal meeting in Aberdeen, which I attended on 18th May. Depute Policy Lead, Councillor Ellen Morton, has been appointed as Chair of the group.

6.5 **Depot Rationalisation:** Roads and Amenity Services is co-locating services in a single depot in each key area to replace multiple operational depots. This depot rationalisation programme aims to merge operational teams, reduce running costs and create opportunities to generate income by releasing land for business and industry development. The programme is planned to be progressed between now and 2021 and is on track to deliver the agreed savings of £172,500 by March 2021.

Progress made to date includes:

- Oban – following the fire at Millpark depot in November 2016 there is a plan to locate the single depot at Jackson's Quarry, subject to an assessment of that site's viability in terms of consents and any subsequent costs to meet any regulatory requirements.
- Lochgilphead – given the increasing unsuitability of the fleet workshop on Bishopton Road and the commercial interest in both the Bishopton Road and Monydrain Road sites, the Kilmory Industrial

Estate site has been identified as the preferred location. Feasibility plans have been produced.

- Campbeltown – as the fleet and amenity premises at Roading in Campbeltown are increasingly unsuitable, and as there is capacity at Machrihanish where the Roads team is already based, this has been identified as the preferred site.
- Rothesay – there has been commercial interest in the High Street depot and initial feasibility plans show that all services can be located at the Union Street depot.
- Islay- all three depots at Bowmore can be relocated to a single depot at Gartbreck next to the waste disposal site to release the use of land not owned by the Council, as well as releasing assets for offer to the market. A feasibility plan has been produced.
- Dunoon – there is added complexity due to there being a lease for part of the Roads depot at Victoria Road. To date, only site valuations have been undertaken.

6.6 Service Redesign: The service redesign agreed at February's budget meeting is on track in relation to timeline. Members of the EDI Committee and trades unions were given a presentation recently on the concept and functions.

Notably the job evaluation process for posts within the new structure is underway. This is a critical stage in the process and any delay will affect the overall timeline. It is envisaged at this stage that the interview process will be complete by the end of June.

Members agreed this package with the addition of two customer liaison posts, recognising the disparity between contact/demand and resource, with a view to supporting the customer care project. Job descriptions for these posts have been agreed internally and are currently with HR for job matching. It is expected that they will be advertised in early course.

6.7 Capital Programme: The Capital Roads Reconstruction Programme is underway. The programme has been published on the council website and good progress is being made.

6.8 Marine Works and Progress:

- Port Askaig – Work by Arch Henderson ongoing – 3 options considered – extension to the north / extension to the south / new facility extending into adjacent bay to the north.
- Craignure – Work on the STAG report is underway – Mott MacDonald have been awarded this contract. First public consultation to take place on 14th and 15th June.

- Iona / Fionnphort – Contract has just been awarded for ground investigation works – expected to take around 8 weeks to complete. Start date to be confirmed with Contractor – Causeway Geotech.
- Tayinloan / Gigha – This work is not being progressed as upgrading of these facilities is not currently considered to be a Transport Scotland priority – discussions will continue with TS on this, and other, priorities. In the medium term it is envisaged that Tayinloan/Gigha will be developed to accommodate hybrid ferries.
- Rothesay – Contract for wavescreen awarded to Lochshell Engineering – fabrication will be starting off-site shortly with on-site works due to commence in August. Both Calmac and Council Officers are liaising closely with particular regard to keeping the public informed.

7. POLICY LEAD FOR COMMUNITIES, HOUSING, GAELIC AND ISLANDS – Councillor Robin Currie

7.1 Communities:

Participatory Budgeting Project: April saw the Community Development team supporting individuals and communities across Argyll and Bute to participate in voting for projects to receive the Supporting Communities Fund. 4,730 digital votes were cast across Argyll & Bute when voting closed on 1 May 2018 and over 60 projects were funded. An evaluation of the project is taking place and members will be informed of the outcomes of this following summer recess.

The Community Development service has been supporting groups in Argyll and Bute that were unsuccessful with the SCF funding this year in preparation to apply for the Health and Wellbeing Fund and other potential funders.

Support for Communities: since April 2018, 29 groups have engaged with the service for support. The Information below provides a snapshot of this:

- Community-led Action Planning – process is under way in Inveraray and there have been and will continue to be a rich variety of community engagement events to ensure that a collective view emerges about the key issues the town faces and the opportunities it can take advantage of.
- South Islay Development Trust and the island of Jura are the latest communities in MAKI to have completed their plans – while South Kintyre Development Trust are close to completing their five-yearly review. Dunadd Community Enterprise are embarking on theirs.
- General support to build capacity – the PACT group offers social and advocacy opportunities to adults with learning disabilities and their friends, and the Community Development service support them to

hire a co-ordinator to strengthen the group, ensure this vulnerable community has a voice at local forums and is able to participate in civic life.

- Work has continued with the Loch Long Jetty Association to provide support with funding applications, specifically with their Expression of Interest for National Park funding.

Community Planning: the recent Area Community Planning Group meetings were well attended by community members and partners. Actions from the Area Community Planning Action Plans are progressing.

The next meeting of the Community Planning Management Committee is 27th June, where partners will look at the outcome areas of both Young People and Skills, Education and Training. There will be presentations from the new Chief Executive of the Third Sector Interface, Argyll and the Isles Coast and Countryside Trust (ACT) and Argyll and the Isles Tourism Co-operative.

7.2 Housing:

Strategic Housing Investment Plan (SHIP) - Argyll and Bute Council received positive feedback from the Scottish Government in a letter dated 25th April. The Scottish Government recognized the key role that the local authority plays in enabling the development of affordable housing through the use of the Strategic Housing Fund. The Scottish Government also recognised the excellent partnership working and engagement with stakeholders in the preparation of the SHIP programme. The Scottish Government also commended the fact that there is a high level of corporate commitment within the Council to the delivery of the Ship.

The Scottish Government did raise a concern that none of the projects within the SHIP are identified as meeting Greener Standards. Given the Council's priority on dealing with fuel poverty and providing energy efficient housing we will work with housing providers to develop to Greener Standards where possible.

Homelessness: 517 homeless applications were recorded during the period from 1st April to 2017 to 31st March 2018 which represents an increase of 40 applications (8.4%) on 2016/17. A paper will be going to the Helensburgh and Lomond Area Committee on 21st June to discuss the increase in that area as detailed below:-

Area	Trend	Change in: Number	Change in: (%)
Bute and Cowal	**Down**	-11	-9%
Helensburgh & Lomond	**UP**	36	25%
Mid Argyll, Kintyre & Islay	**UP**	14	12%
Oban, Lorn & the Isles	**Up**	1	1%

Welfare Rights: Income generated during 2017/18 totals £2.94m, which exceeds the full year target of £2.5m. The Welfare Rights team continues to achieve a high level of positive outcomes for clients with 87% records during 2017/18. 2,022 referrals were actioned during the year.

The team will play a key role in delivering the Anti Poverty Strategy which was approved in draft form by the Policy and Resources Committee on 24th May. The vision is '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'.

7.3 **Islands:** The Argyll Islands Strategic Group met most recently on Tuesday 29th May and noted that 5 Island Liaison Directors have been appointed by the Scottish Government to Argyll and Bute as part of the pilot initiative. It is hoped that some of them may attend the group's next meeting in August. Disappointment was noted at the continuing situation whereby the National Islands Group has not met since July 2017 which is viewed as lost opportunity for strategic discussion on island issues to have taken place.

An update was provided in regards the recent Islay and Jura Summit held on 4th April, noting that actions have already been progressed by the holding of an initial meeting to explore the establishment of an economic forum for the islands.

The final stage 3 of the Islands (Scotland) Bill was passed in the Parliament on Wednesday 30th May, making provision for a national islands plan, introducing the principle of island proofing and establishing a licensing scheme in respect of marine development adjacent to islands. The detail of this legislation will continue to be the focus for much of the work of the AISG

moving forward to better ensure the deliverability of positive outcomes for island communities.

The group remains hopeful that Humza Yousaf MSP, Minister for Transport and the Islands will attend a future meeting of the group.

7.4 Culture, Heritage and the Arts (CHArts): Results from *The CHArts Baseline Review and Summary, February 2018 draft, (the Review)* show that the sector has grown since the previous study undertaken in 2013. Using business base data which is based on a VAT threshold of £83k we can report that the number of businesses has grown by 6% and the numbers employing staff has grown by 23% and the numbers employed has grown by 22%. In addition the majority of creative industries are in a rural area (105 compared to 70) however the majority of those employing more than one member of staff are in towns. These results are subject to the caveats described in the review which highlight the difficulty in quantifying the sector's contribution to the economy and to communities. This relates to the lack of robust and reliable data; nature of the sector being that there are many micro-businesses, sole traders, freelancers and volunteers, and that the sector has myriad interconnections.

As part of the review a survey was issued to examine both opportunities and barriers to growth. The main findings highlighted an overwhelming desire for growth, collaboration, shared space and faster broadband speeds, alongside the knowledge and ability to access markets and funding sources. A programme of capacity building and training has been developed with dates to be finalised prior to advertising. The training programme will include Business Gateway and HIE to deliver generic and specialist support. A copy of the Review is available on request and members are encouraged to visit https://www.chartsargyllandisles.org/ for up to the minute information.

8. POLICY LEAD FOR EDUCATION – Councillor Yvonne McNeilly

8.1 INEA Update: A return visit took place on 14th and 15th May. Inspectors focused on evidence in relation to the following main points for action:

- Significantly improve young people's attainment across the authority;
- Continue to improve the quality of educational provision with consistently higher levels of support and challenge from central officers and elected members;
- Improve relationships and communication, promoting a more positive ethos amongst all stakeholders;
- Improve the quality of strategic leadership and direction at all levels within the Education Authority.

Discussions were very constructive and there will be a further update following their return in September.

8.2 **PGDE (Secondary):** Graduates living in Argyll and Bute are being offered financial support to become fully qualified secondary school teachers without having to move away from the area. The programme arises from a partnership with the Universities of Dundee and the Highlands and Islands and, subject to approval from the General Teaching Council of Scotland, will see student teachers based in local schools over an 18-month period. Training, funded through a Scottish Government bursary scheme, will allow students to both study from home and spend substantial time in class under the guidance of a mentor.

Subjects on offer are chemistry, computing, home economics, maths and physics – where there is a shortage of qualified teachers across Scotland.

On completion students will be awarded a Post Graduate Diploma in Education, will be fully registered secondary teachers and able to apply immediately for teaching posts. The first intake of students is due in December this year.

8.3 **Digital Learning:** The digital learning team has been working on a new system for managing all of the iPads in schools across Argyll and Bute.

The current system (called Meraki) works, but there are some difficulties that schools experience because it doesn't have all the features we need or want. The new system, called Jamf, will have some real benefits to schools. Within Jamf is an area called "self-service". Self-service is essentially a library of apps that can be installed on the iPad with a single click.

The digital learning team has commenced the transition of devices out of Meraki and into Jamf, and there is a schedule being formulated to ensure iPads are moved as quickly and seamlessly as possible. The team will be in touch with schools to co-ordinate the transition in the coming months.

8.4 **Literacy:** This year has seen the successful implementation of a pilot project with 11 primary schools, focussing on literacy in primary 1. The principles on which the pilot is based are founded on current research and can be adapted for use in any size of school. Having had a positive impact on motivation and attainment, the approach will be shared with all primary schools across Argyll and Bute for implementation next session.

This session has also seen the first year of our involvement with the Northern Alliance regional collaborative and we are working closely with them on the emerging literacy workstream which has had a positive impact on literacy attainment, particularly in terms of closing the poverty related

attainment gap. Nine schools undertook training in this approach between January and June 2018 and they will join another 14 schools who will go through the training and implementation in 2018-2019. We have continued to support secondary schools with their approaches to learning across the curriculum as well as offering twilights for all cluster areas.

Next year will see the further development of these areas as well as a focus on 2nd level writing with training being offered by Storyline Scotland for 40 practitioners across the authority.

8.5 **Numeracy:** Two of our schools were also represented at the Scottish Maths Conference at Stirling University on Saturday 19th May. Derek Munro from Hermitage Academy discussed how to use digital technologies to enhance the BGE, whilst Lucy Blake from Clachan Primary shared her school's Number Talks journey and the very positive impact that it has had on the school community. Both sessions received positive feedback and we are delighted that we were able to share the great work going on in Argyll and Bute.

8.6 **School achievements:** Congratulations to Primary 4/5 at Sandbank Primary School who were the winners of the Sumdog UK Competition in May – a fantastic achievement. Their class teacher, Mr Donald, credits their success to Number Talks. Over the course of this session Ardrishaig, Clachan and Rosneath Primaries have also been winners of the Argyll and Bute Competitions. All these schools have won a six-month subscription to Sumdog Spelling for their learners.

Lochdonhead Primary School have been declared the Scottish Regional Winner in the Totally Active category in the Better Energy School Awards 2018 – well done to all involved.

8.7 **Standard for Headship:** The Standard for Headship involves strategically planning leading an area of school improvement across the school community and considerable study into the theory of successful leadership. We are grateful to schools who have supported our colleagues and wish them all the very best for the future. Their success reflects our commitment to one of our key priorities in Our Children, Their Future in regard to strengthening leadership at all levels.

Congratulations to Aileen Thomson, Julien-Pierre MacKenzie, Alison Macdonald, Simone McAdam, Tina Sartin and Lucy Blake who successfully completed the Standard for Headship this year through professional study with University of the Highlands and Islands, and the Scottish College for Educational Leadership – well done.

8.8 **Parental Engagement Strategy:** The Argyll and Bute Council Parental Involvement Strategy, drafted in 2016, has been reviewed this term following consultation with a wide range of stakeholders including parents, teachers, Head Teachers, non-teaching staff, Youth Services, Educational Psychologist and others.

The revised Argyll and Bute Council Parental Engagement Strategy focuses on the following six areas:

- Developing strong partnerships with parents
- Promoting and supporting effective communication between schools and parents
- Providing support and encouragement for learning at home
- Supporting and promoting the role of Parent Councils
- Providing a clear route for parents' concerns and complaints to be resolved
- Seeking views and responding to feedback from parents about the strategy

Schools will be asked throughout the next school session 2018-2019 to draft action plans to detail how they will implement the Strategy aims in their own settings, based on their own school community needs and preferences.

At the time of writing this was due to be further discussed at the Parent Council Seminar being held on 2nd June before presentation to the Community Services Committee on 14th June 2018.

8.9 **Early Learning and Childcare (ELC) Expansion:** As a result of Scottish Ministers and COSLA Leaders reaching agreement on a multi-year revenue and capital funding package for the expansion of early learning and childcare (ELC) on 27 April 2018, the Early Years Service is now able to take forward its phasing plan for the expansion of ELC in Argyll and Bute. It is hoped that an additional 12 settings will offer 1140 hours of ELC from October 2018, with a further seven settings offering 1140 hours from January 2019.

This will mean that a total of 29 nurseries from across Argyll and Bute will be offering increased hours by the end of January 2019. Feedback from ELC teams, childminders and parents who have participated in the initial phasing of 1140 hours has been very positive – practitioners report that children are enjoying the extra time in ELC and are 'thriving'. One parent even started her own business as a result of being able to access training when her child was at nursery. The phasing plan for 2019-20 and 2020-21 will include details around when the remaining ELC settings will be able to offer the additional hours to their families and will be confirmed by the end of June 2019.

Additional Graduate Allocation: By August 2018, the Scottish Government has made a commitment to ensure nurseries in the most deprived areas will benefit from an additional graduate – either a graduate practitioner with a relevant degree award or a teacher with Early Years expertise. As a result of this initiative, Argyll and Bute has been allocated sufficient funding to place an additional graduate within the towns of Bute, Campbeltown and Dunoon to support nurseries with delivery of high quality ELC to improve outcomes for all children. Over the next two years, each locality within Argyll and Bute will have access to the support of an ELC graduate as part of the ELC phasing plan.

Workforce Development: The Early Years Service is currently working in partnership with Argyll and Bute's Learning and Development Team, Skills Development Scotland (SDS) and secondary schools across the Council to deliver a Foundation Apprenticeship in Social Services Children and Young People (SSCYP), starting in June 2018. Timetabled into students' choices for S5 and S6, year 1 will comprise five units towards the national progression award and year 2 will include nursery placements for one day each week.

The Service will also deliver six Modern Apprenticeships in SVQ3 (SSCYP). Starting in August 2018, this will be offered as a two year apprenticeship where students are paid a salary as they work towards their Practitioner qualification within Local Authority nurseries. In future years, if a student successfully completes the Foundation Apprenticeship in S5 and S6, he or she could subsequently complete the Modern Apprenticeship in one year. The Early Years Service will also be working with Argyll College and the Council's Lead Officer 16+ to raise the profile and attractiveness of the sector and actively increase diversity.

It is anticipated that these developments will contribute to the recruitment of a suitably skilled and well qualified additional workforce which will be required to meet the needs of extended ELC entitlement.

Outdoor Learning: On 22nd February 2018, the Minister for Childcare and Early Years announced funding for Inspiring Scotland to, amongst other things: work with eight local authorities to promote and increase outdoor learning as part of the expansion to 2020; develop cross sector models of partnership working that drive collaboration between local authority, voluntary/ third sector and private sector to deliver increased outdoor learning opportunities; and produce a "How To Guide" as detailed in the Scottish Government Quality Action Plan.

Following a robust application process, Argyll and Bute was successful in its bid to become one of the eight local authorities to be supported by

Inspiring Scotland. The Early Years Service welcomes Inspiring Scotland's support in taking forward ambitious and exciting plans for outdoor provision as part of the expansion of ELC in Argyll and Bute.

9. POLICY LEAD FOR PLANNING AND REGULATORY SERVICES – Councillor David Kinniburgh

9.1 Planning (Scotland) Bill: Stage 1 of the Planning (Scotland) Bill concluded on 28th May and the Bill is now at Stage 2 of the Parliamentary process.

9.2 Local Development Plan 2 (LDP2): Since my last update on Local Development Plan 2 officers have held a workshop in April for elected members on the findings of the strategic Main Issues Report and I would thank those who attended for their input.

Officers have also attended Area Committee Business days through May & June to discuss site specific issues with elected members and the feedback received from this and through the various consultation processes of the Development Plan Scheme with key stakeholders etc. will help officers prepare the proposed Local Development Plan 2, which will become the settled view of the Council, for public consultation in November/December 2018.

Details of the Development Plan Scheme and LDP2 process can be found at: https://www.argyll-bute.gov.uk/ldp2

9.3 Argyll and Bute Windows- Technical Working Note: At the April meeting of the Planning, Protective Services and Licensing (PPSL) Committee members approved a draft Technical Working Note for dealing with replacement windows in conservation areas and/or on listed buildings within Argyll and Bute. At the moment the draft Technical Working Note is out to consultation with Officers consulting on the key messages of the document. The consultation period ends on 20th July 2018 with feedback from the consultation due to be reported to the PPSL committee in August/September with adoption of the Technical Working Note being sought at that time.

The Argyll and Bute Windows - Technical Working Note follows on from the existing Rothesay Windows – Technical Working Note approved by the PPSL committee in December 2015 and if adopted will be a material consideration and bring a consistent approach when assessing and determining applications relating to replacement windows in Conservation Areas and Listed Buildings across all of the Argyll and Bute Planning Authority.

Details of the consultation as well as the draft Technical Working Note can be found at:
https://www.argyll-bute.gov.uk/consultations/replacing-windows-listed-buildings-and-conservation-areas

9.4 **Building Standards:** The current economic uncertainty continues to affect building work throughout Argyll and Bute and this situation is having an adverse effect on the overall numbers of Building Warrant applications received. However Building Standards continue to commercialise by providing a verifier role to a number of other Local Authorities, in particular City of Edinburgh Council who are currently using their services on a weekly basis.

10. CONCLUSION

10.1 This report provides members with an update on each of the Policy Lead portfolios. Policy Lead Councillors will be happy to provide more detail or discuss any particular issues with colleagues as required.

11. IMPLICATIONS

11.1 Policy - None

11.2 Financial – None

11.3 Legal – None

11.4 HR – None

11.5 Equalities – None

11.6 Risk – None

11.7 Customer Service – None

Argyll and Bute Council – Policy Lead Councillors Report - 18th June 2018

For further information please contact Aileen McNicol, Leadership Support and Member Services Manager, telephone 01546 604014 or email aileen.mcnicol@argyll-bute.gov.uk

This page is intentionally left blank

Agenda Item 7a

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

2017-18 UNAUDITED ANNUAL ACCOUNTS

1. EXECUTIVE SUMMARY

1.1 This covering report gives an overview of the Unaudited Annual Accounts for 2017-18 and a summary of the significant movements from 2016-17. It also gives information on the revenue outturn for 2017-18 and asks Council to approve the unaudited financial statements in respect of 2017-18 for issue. There is a more comprehensive report on the revenue outturn elsewhere on this agenda.

1.2 The Comprehensive Income and Expenditure statement shows a deficit on the provision of services of £15.441m, a surplus on the revaluation of Long Term Assets of £52.780m and an actuarial gain on the pension fund assets/liability of £96.302m giving an accounting surplus of £133.641m.

1.3 The Balance Sheet shows that the net worth of the Council has increased to £285.205m compared to a net worth at 31 March 2017 of £151.564m. The main reason for this increase relates to an increase in the land and buildings value due to the valuation of four new schools added into the balance sheet, Campbeltown, Oban, Kirn and Dunoon refurbishment, a reduction in the pension liability offset by an increase in long term liabilities due to the leases for the two new schools that are financed through the Design, Build, Finance and Maintain (DBFM) model (Campbeltown and Oban).

1.4 The balance of unusable reserves has increased by £135.938m from £93.115m as at 31 March 2017 to £229.053m as at 31 March 2018. The main reasons for this increase relates to the increase in the revaluation reserve due mainly as a result of the two new schools offset by a decrease in the pension fund reserve which matches the pensions liability.

1.5 The balance of usable reserves has decreased by £2.297m from £58.449m as at 31 March 2017 to £56.152m as at 31 March 2018. This is mainly as a result of the decrease to the General Fund Balance of £3.178m offset by small increases in the Capital Fund and the Repairs and Renewals Fund.

1.6 The General Fund balance at 31 March 2017 was £53.489m; of this a total of £41.519m was approved by Council to be earmarked for specific purposes. The new earmarked balance as at 31 March 2018 amounts to £43.717m and Note 5 in the Accounts provides further detail of the movement.

1.7 The performance against budget for financial year 2017-18 was an overall underspend of £2.567m (1.03%), after adjusting to reflect the new amounts earmarked by departments at the year end and taking account of the social work

element of the Health and Social Care Partnership overspend. There was a net underspend of £0.958m in relation to departmental expenditure and a net underspend of £0.877m in relation to other central/non-departmental costs. The remainder of the underspend of £0.732m is in relation to funding and the over-recovery of Council Tax income.

1.8 Council are asked to approve the Unaudited Annual Accounts for the year ended 31 March 2018 for issue.

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

2017-18 UNAUDITED ANNUAL ACCOUNTS

2. INTRODUCTION

2.1 This covering report gives an overview of the Unaudited Annual Accounts for 2017-18 and a summary of the significant movements from 2016-17. It also gives information on the revenue outturn for 2017-18 and asks Council to approve the unaudited financial statements in respect of 2017-18 for issue. There is a more comprehensive report on the revenue outturn elsewhere on this agenda.

3. RECOMMENDATIONS

3.1 Council are asked to approve the Unaudited Annual Accounts for the year ended 31 March 2018 for issue.

4. DETAIL

4.1 Introduction

4.1.1 The Annual Accounts set out the financial statements of the Council and its group for the year ended 31 March 2018. Its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The requirements governing the format and content of local authorities' annual accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2017-18 Accounts have been prepared in accordance with this Code.

4.1.2 There is a statutory requirement to prepare a set of Accounts and submit them to the Council and the Controller of Audit. The date set by the Scottish Government for the submission of the Unaudited Annual Accounts is 30 June each year.

4.1.3 It should be noted that the Accounts have still to be audited. The Audit Committee at its meeting in September will be advised by the external auditor of any material issues coming to light during the audit and any changes to the Accounts. The Audited Accounts, Audit Certificate and Auditors final report will be submitted to the November meeting of the Council. Figures are therefore subject to change.

4.1.4 Since 2010-11, Local Authorities have been required to prepare financial statements following International Financial Reporting Standards (IFRS). Under the Local Authority Accounts (Scotland) Regulations 2014 there is a requirement to include a Management Commentary in the Accounts. The contents of the Annual Accounts are noted below:

- Management Commentary

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

4.1.5 There are no significant changes in accounting policies in 2017-18.

4.1.6 The Council also produces a set of summary accounts for 2017-18 and these are included as a separate item on the agenda.

4.2 Management Commentary

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

4.2.2 The management commentary has been updated to reflect 2017-18 performance and also includes detail on the plans for the future which includes the work of the Transformation Board and progress with the Rural Growth Deal. The commentary includes the following:

- Objectives and Strategy of the Council
- Performance against our Priorities
- Finance Performance 2017-18
- Key Financial Indicators
- Plans for the Future.

4.3 Statement of Responsibilities for Annual Accounts

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

4.4 Annual Governance Statement

4.4.1 The Governance Statement states its view on the adequacy of its governance and internal control system. It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council during 2017-18 and that there are no significant weaknesses.

4.5 Remuneration Report

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

4.6 Expenditure and Funding Analysis

4.6.1 The expenditure and funding analysis was a new statement last year. It shows how the Council funding is spent across services. It also compares to the expenditure shown in the statement of comprehensive income and expenditure and details the differences between the two. The differences are as a result of accounting statutory adjustments that are required within the Statement of comprehensive income and expenditure, for example, depreciation, pension adjustments etc.

4.7 Statement of Comprehensive Income and Expenditure

4.7.1 The statement of comprehensive income and expenditure shows the accounting cost of providing services rather than the amount to be funded from taxation. The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2017-18 (The Code). These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2018.

4.7.2 The Council ended the year with a surplus of £133.641m for 2017-18, this is the accounting surplus based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure comprises of a deficit on the provision of services of £15.441m, reduced by a surplus on the revaluation of Long Term Assets of £52.780m and an actuarial gain on the pension fund assets/liability of £96.302m.

4.7.3 The deficit on the provision of services of £15.441m compares to a deficit of £4.638m for 2016-17. The main factors contributing to this change is an increase in the Net Cost of Services of £9.985m (4.2%), an increase in financing and investment income and expenditure of £3.211m, offset by an increase in the overall funding of £5.762m.

4.7.4 The table below, sets out a reconciliation of the Deficit/(Surplus) on the provision of services of £15.441m as noted in the Statement of Comprehensive Income and Expenditure to the revenue budgetary outturn of £2.567m (underspend).

	£000	£000
Deficit on Provision of Services		**15,441**
Remove statutory adjustments that don't feature in budget outturn:		
Depreciation	(21,378)	
Impairments of Asset charged to services	(7,581)	
Capital Funding	17,243	
CFCR	4,135	
Pension Adjustment	(14,776)	
Statutory Repayment of Debt	10,361	
Repayment of Finance Leases	2,042	
Transfers to/from Other Statutory Reserves	629	
Other Adjustments	(2,938)	
		(12,263)
Movement In General Fund Balance		**3,178**
Adjust for earmarkings:		
Released sums earmarked to service budgets 2017-18	(10,602)	
Supplementary estimates agreed during 2017-18	(123)	
Budgeted Surplus in 2017-18 transferred to General Fund	193	
Contributions to earmarked reserves 2017-18	4,787	
		(5,745)
Revenue Budget Outturn		**(2,567)**

4.8 Balance Sheet

4.8.1 The Balance Sheet shows that the net worth of the Council has increased to £285.205m compared to a net worth at 31 March 2017 of £151.564m. The main reason for this increase relates to an increase in the land and buildings value due to the valuation of four new schools added into the balance sheet, Campbeltown, Oban, Kirn and Dunoon refurbishment, a reduction in the pension liability offset by an increase in long term liabilities due to the leases for the two new schools that are financed through the Design, Build, Finance and Maintain (DBFM) model (Campbeltown and Oban).

4.8.2 The value of Long Term Assets includes property, plant and equipment as well as other intangible assets. They have increased by £106.348m from £509.123m as at 31 March 2017 to £615.471m as at 31 March 2018. The main reason for the increase is in relation to the valuation of four new schools, Campbeltown, Oban, Kirn and Dunoon refurbishment.

4.8.3 Total Current Assets has increased by £11.068m from £77.672m as at 31 March 2017 to £88.740m at 31 March 2018. The main reason for this increase relates to a small increase in short term investments, cash held and debtors at the end of the year.

4.8.4 Total current liabilities have decreased by £1.409m from £48.461m as at 31 March 2017 to £47.052m as at 31 March 2018. The main reason for this reduction is due to the repayment of external debt which had a life of less than one year.

4.8.5 Total long term liabilities have decreased by £14.816m from £386.770m as at 31 March 2017 to £371.954m as at 31 March 2018. The main reason for this decrease relates to a reduction in the pension liability offset by the finance lease liabilities for the two new schools under the DBFM model.

4.9 Statement of Movement in Reserves

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

4.9.2 The total Council reserves have increased from £151.564m at 31 March 2017 to £285.260m at 31 March 2018, an increase of £133.641m.

4.9.3 The balance of unusable reserves has increased by £135.938m from £93.115m as at 31 March 2017 to £229.053m as at 31 March 2018. The main reasons for this increase relates to the increase in the revaluation reserve due mainly as a result of the two new schools offset by a decrease in the pension fund reserve which matches the pensions liability.

4.9.4 The balance of usable reserves has decreased by £2.297m from £58.449m as at 31 March 2017 to £56.152m as at 31 March 2018. This is mainly as a result of the decrease to the General Fund Balance of £3.178m offset by small increases in the Capital Fund and the Repairs and Renewals Fund.

4.9.5 In respect of the General Fund Balance movement, there were £10.602m of earmarked reserves released to services and spent during 2017-18 and a supplementary estimate of £0.123m drawn down to meet the increased cost of the settled pay award. The contributions to earmarked reserves amount to £4.787m and there was a small surplus from the 2017-18 budget of £0.193m. The overall underspend on the revenue budget amounted to £2.567m. All these factors contribute to the increase in the General Fund balance as summarised within the table below:

	£000
Balance on General Fund 31 March 2017	53,489
Released sums earmarked to service budgets 2017-18	(10,602)
Supplementary Estimates agreed and used during 2017-18	(123)
Contributions to earmarked reserves 2017-18	4,787
Budgeted contribution to General Fund 2017-18	193
Overall budget underspend as above	2,567
Balance on General Fund 31 March 2018	50,311

4.9.6 The General Fund balance at 31 March 2017 was £53.489m; of this a total of £41.519m was approved by Council to be earmarked for specific purposes. The new earmarked balance as at 31 March 2018 amounts to £43.717m and Note 5 in the Accounts provides further detail of the movement.

4.9.7 The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget for 2018-19. This contingency is held to provide a working balance to help cushion the impact of uneven cash flows and cushion the impact of unexpected events. The unallocated General Fund balance, over and above the contingency, amounts to £1.868m.

4.10 Cash Flow Statement

4.10.1 The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. This is analysed into Operating, Investing and Financing Activities. The Cash and Cash Equivalents balance increased by £2.537m to £10.426m. The operating activities generated cash of £9.208m this increase was partly offset by the purchase of assets under the investment activities which saw an outflow of £11.438m. The financing activities were an inflow of £4.767m which reflect the increased borrowing taken by the Council.

4.11 Notes to the Financial Statements

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

4.12 Council Tax Income Account

4.12.1 The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

4.12.2 Council tax rate for Band D was £1,213.34 for 2017-18 compared to £1,178.00 for 2016-17.

4.12.3 The income transferred to the General Fund for Council tax in 2017-18 was £48.080m. This compared to £44.051m in 2016-17.

4.13 Non Domestic Rate Income Account

4.13.1 The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate non-Domestic Rate Account.

4.13.2 Non Domestic Rate Income amounted to a share of £29.615m for 2017-18 allocated from the national pool. This compares to £30.446m in 2016-17. Our own net income amounted to £35.947m and we made a contribution to the national pool of £6.332m for 2017-18. These figures compared to income of £30.787m and a contribution to the national pool of £0.341m for 2016-17.

4.14 Group Accounts

4.14.1 Argyll and Bute Council Group comprise the following entities:

- Argyll and Bute Council
- Dunbartonshire and Argyll and Bute Valuation Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll (Leisure Trust).

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

4.14.2 The effect of inclusion of the Associates and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £10.329m. This gives an overall net asset position for the Group of £295.534m, an increase of £137.417m from the previous year. As with the single entity Balance Sheet, the increase is mainly due to annual revaluations new schools as well as a reduction in the pension liability.

4.15 Performance Against Budget

4.15.1 The performance against budget for financial year 2017-18 was an overall underspend of £2.567m (1.03%), after adjusting to reflect the new amounts earmarked by departments at the year end and taking account of the social work element of the Health and Social Care Partnership overspend. There was a net underspend of £0.958m in relation to departmental expenditure and a net underspend of £0.877m in relation to other central/non-departmental costs. The remainder of the underspend of £0.732m is in relation to funding and the over-recovery of Council Tax income. The main reasons for the year-end underspend are noted below:

- Additional savings were generated during the year as a consequence of deliberate decisions not to fill posts which became vacant during the year and had been identified for removal as part of savings options in future years.
- Non Profit Distributing Organisation (NPDO) costs were lower than expected due to insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs and contract management arrangements which are in place.
- Savings in pensions costs due to a superannuation budget no longer required (removed from the 2018-19 budget) and lower than anticipated pension costs.

- Loans charges were underspent by £0.500m as a decision was taken to defer some of the special repayments of principal to allow some underspend to be transferred to the General Fund balance.
- Additional funding received as part of the budget announcement in 2018-19, but paid in 2017-18.
- Council tax income was better than expected partly due to better than expected collection of double Council Tax on empty homes and growth in the tax base. This has also been reflected in the 2018-19 budget.
- These underspends were partly offset by an overspend on winter maintenance, lower than expected income from planning fees and increased demand for Additional Support Needs and placements in residential schools

4.15.2 A summary of the final outturn position is noted within the table below:

Final Outturn Variance (Un-audited)				
2017/18				
Department	**Actuals**	**Budget Adjusted for Earmarkings**	**Variance (Overspend) Underspend**	**% age**
Chief Executive's Unit	2,409,184	2,479,125	69,940	2.82%
Community Services	79,766,285	79,435,211	(331,073)	(0.42%)
Customer Services	40,037,393	41,343,626	1,306,233	3.16%
Development and Infrastructure Services	34,181,985	34,095,168	(86,817)	(0.26%)
Total Departmental Expenditure	**156,394,847**	**157,353,130**	**958,283**	**0.61%**
Integration Services	57,579,226	56,424,128	(1,155,098)	(2.05%)
Joint Boards	1,352,303	1,374,371	22,068	1.61%
Loans Charges	18,583,976	19,083,976	500,000	2.62%
Pension Costs	2,358,705	2,727,399	368,694	13.52%
Other	7,632,489	8,773,813	1,141,324	13.01%
Total Non-Departmental Expenditure	**87,506,699**	**88,383,687**	**876,988**	**0.99%**
Total Expenditure	**243,901,546**	**245,736,817**	**1,835,271**	**0.75%**
Total Funding	251,256,208	250,524,053	732,155	0.29%
UNDERSPEND			**2,567,426**	

5. CONCLUSION

5.1 The Unaudited Annual Accounts have been prepared in accordance with professional and statutory requirements. The General Fund Balance has decreased by £3.178m, which includes the revenue year-end outturn being £2.567m better than budgeted. The net worth per the balance sheet increased by £133.641m to £285.205m. Overall the financial position of the Council remains stable.

6. IMPLICATIONS

6.1 Policy – None.

6.2 Financial - None, summarises the financial position for 2017-18.

6.3 Legal - None.

6.4 HR - None.

6.5	Equalities -	None.
6.6	Risk -	None.
6.7	Customer Service -	None.

Kirsty Flanagan
Head of Strategic Finance
19 June 2018

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

For further information please contact Peter Cupples, Finance Manager Corporate Support 01546-604183.

Appendix 1 – Unaudited Annual Accounts 2017-18.

This page is intentionally left blank

Argyll and Bute Council

Comhairle Earra Ghàidheal agus Bhòid

Unaudited Annual Accounts

for the year ending 31 March 2018

FRONT COVER PICTURE: WINTER GARDENS - ROTHESAY

LANGUAGE OPTIONS

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

Ma tha sibh ag iarraidh an sgrìobhainn seo ann an cànan no riochd eile, no ma tha sibh a' feumachdainn seirbheis eadar, feuch gun leig sibh fios thugainn.

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यक्ता हो तो हमसे संपर्क करें

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

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

Strategic Finance
Argyll and Bute Council
Kilmory
Lochgilphead
Argyll
PA31 8RT

Tel: 01546 605522

ANNUAL ACCOUNTS CONTENTS

	Page
Management Commentary	4-27
Statement of Responsibilities for the Annual Accounts	28
Annual Governance Statement	29-38
The Remuneration Report	39-49
Expenditure and Funding Analysis	50-51
Statement of Comprehensive Income and Expenditure	52-53
Balance Sheet	54-55
Statement of Movement in Reserves – Movement in 2017-18	56-57
Statement of Movement in Reserves – Comparative Movement in 2016-17	58-59
Cash Flow Statement	60
Notes to the Financial Statements (See Page 2-3)	61-121
Council Tax Income Account	122
Notes to the Council Tax Income Account	123
Non Domestic Rate Income Account	124
Notes to the Non Domestic Rate Income Account	125
Group Accounts - Introduction	126
Group Statement of Comprehensive Income and Expenditure	127
Group Balance Sheet	128-129
Group Statement of Movement in Reserves – Movement in 2017-18	130
Group Statement of Movement in Reserves – Comparative Movement 2016-17	131
Notes to the Group Financial Statements	132-134
Glossary of Terms	135-136

NOTES TO THE FINANCIAL STATEMENTS CONTENTS

Note No		Page
1	Summary of Significant Accounting Policies	61-74
2	Accounting Standards Issued But Not Yet Adopted	74
3	Critical Judgements in Applying Accounting Policies	74-75
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	75-77
5	Transfers to/from Earmarked Reserves	78
6	Supplementary Notes to the Statement of Comprehensive Income and Expenditure	79-81
7	Other Operating Income and Expenditure	82
8	Agency Income	82
9	Community Care and Health (Scotland) Act 2002	82
10	Fees Payable to Audit Scotland	82
11	Waste Management Public Private Partnership	83
12	Grant Income	83
13	Related Parties	84-85
14	Property, Plant and Equipment	86-90
15	Heritage Assets	90
16	Intangible Assets	91-92
17	Investment Property	92-93
18	Schools Built under Public Private Partnership Contracts (PPP)	93-96
19	Operating Leases	96
20	Finance Leases	97
21	Long Term Debtors	98
22	Debtors	98
23	Assets Held for Sale	99
24	Cash and Cash Equivalents	99
25	Creditors	99
26	Financial Instruments Disclosures	100-103
27	Other Liabilities	104

NOTES TO THE FINANCIAL STATEMENTS CONTENTS

Note No		Page
28	Provisions	104-105
29	Capital Grants Received in Advance	105
30	Defined Benefit Pension Schemes	106-111
31	Note to the Expenditure and Funding Analysis	112-114
32	Unusable Reserves	115-116
33	Usable Reserves	116
34	Contingent Liabilities	117
35	Termination Benefits	117
36	Trust Funds and Other Third Party Funds	117-118
37	Common Good Funds	118
38	Tax Incremental Financing (TIF) Projects	119
39	Cash Flow Statement – Operating Activities	120
40	Cash Flow Statement – Investing Activities	120
41	Cash Flow Statement – Financing Activities	121

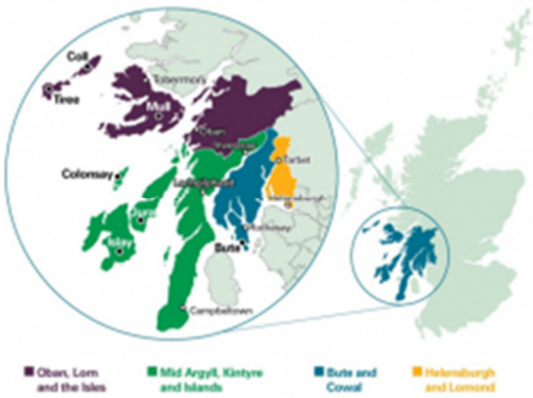
1. INTRODUCTION

What is the Management Commentary?

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

Argyll and Bute: The Geography

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



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

Argyll and Bute: Population and Demographics

The total population of Argyll and Bute was 88,166 based on the 2011 census. This compares to a total population for the area of 91,306 in the 2001 census, a reduction of 3.4%. Argyll and Bute was one of only 4 local authority areas to show a decrease in population. The mid-year estimate as at the end of June 2017 was 86,810, a further decline from the census figure for 2011 and a decline from the previous mid-year estimate in 2016 of 0.4%. The net in-migrations has shown an increase for the second year in a row (2016 and 2017) and this means that there are more people coming into the area than are leaving it by choice, however, this is offset by more deaths than births hence the overall decline. Having a positive in-migrations is encouraging in reversing population decline.

In terms of overall projections, the decline is projected to continue. The latest National Records of Scotland projection up to 2041 is reported as 78,504, a decrease of 8,626 (9%) based on the 2016 based population projections. There is a national trend of an ageing population, however, proportionately, Argyll and Bute has a much older population than the national average. These changes in population will have significant implications for the delivery of Council services now and into the future. The change in population has particular challenges in relation to the provision of care, the future sustainability of Argyll and Bute's workforce and the economic sustainability of the area. Population projections are based on past trends – growing the population through economic development is the Council's overarching priority.

Argyll and Bute: Key Challenges

- Our geography – A highly rural area with many small communities, often separated by water. Access to the area and to key services is a perennial challenge.
- Reducing population – The projected decline in total population is a real threat to the viability of the area with a potential to adversely impact on the economy/wealth creation, workforce availability and efficient service delivery.

- Changing population – With more extremes than most of Scotland we face increasing costs and challenges to deliver services to older people and we need to encourage younger people to move to the area so that our economy can grow.
- Economy – Unlocking the opportunities offered by its significant, sustainable economic assets for the benefit of its communities and the competitiveness and security of the Scottish, UK economies.
- Employment – Developing education, skills and training to maximise opportunities for all and create a workforce to support economic growth.
- Infrastructure – Improving and making better use of infrastructure in order to promote the conditions for economic growth including enhancing the built environment and our town centres.
- Sustainability – Ensuring a sustainable future by protecting the natural environment and mitigating climate change.
- Health – Improving health and wellbeing and reducing health inequalities.
- Deprivation – Inequalities exist in Argyll and Bute so we need to improve how we identify and implement action to address them.
- People on the fringe – Many of our communities are very isolated and risk collapsing as population change takes affect alongside urban communities where deprivation can create real hardships.

Argyll and Bute Council

Argyll and Bute Council was established in 1996 as part of local government reorganisation in Scotland under the Local Government (Scotland) Act 1994.

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

The management of the Council is led by the Chief Executive, Cleland Sneddon. The operational structure is divided into the Chief Executive's Unit and three directorates: Customer Services (that now includes Education from April 2018), Development and Infrastructure and Health and Social Care Partnership. From 1 April 2016, Adult Care and Children and Families Services transferred over to the Health and Social Care Partnership and the responsibility for strategic decisions lies with the Integration Joint Board.

At the Council meeting on 24th November 2016 the Council approved the full business case and the next steps to implementation of a Charitable Trust for Leisure and Libraries. The Trust, called "Live Argyll" went live on 2 October 2017. The first 6 months of the leisure and libraries service is included within the comprehensive income and expenditure in detail and thereafter a management fee is paid over to the Trust to run these services.

Chief Executive's Unit	Customer Services	Development and Infrastructure	Health and Social Care Partnership
• Strategic Finance • Community Planning and Community Development	• Governance and Law • Customer and Support Services • Improvement and Human Resources • Facility Services • Education	• Roads and Amenity Services • Economic Development • Planning, Housing and Regulatory Services	• Adult Care • Children and Families • Health Services (NHS) • Community Justice Services

Annual Accounts 2017-18

The Annual Accounts set out the financial statements of the Council and its group for the year ended 31 March 2018. Its main purpose is to demonstrate the stewardship of public funds entrusted to the Council. The 2017-18 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Council also produces a set of summary accounts for 2017-18 and these can be accessed on the Council's website.

2. OBJECTIVES AND STRATEGY OF THE COUNCIL

Argyll and Bute Outcome Improvement Plan (ABOIP) 2013-2023

Our geography, coupled with a declining population presents us with unique challenges. The Argyll and Bute Outcome Improvement Plan (ABOIP) sets out the shared vision, priorities and objectives for Argyll and Bute over the next ten years. These are wholly consistent with the Council's Corporate Plan. The overall objective of the plan for the 10 years to 2023 is:

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

This outcome is entirely supportive of the 6 national policy priorities set out in the national guidance on community planning and will also see Argyll and Bute contribute to the national outcomes for Scotland. To achieve the overall objective set out above, 6 long term outcomes have been identified. These outcomes will support the overall objective of "Argyll and Bute's economic success is built on a growing population" and also address the 6 national policy priorities for community planning.

The 6 long term outcomes are set out below:

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.

The ABOIP can be accessed at the following web-link:

https://www.argyll-bute.gov.uk/sites/default/files/aboip_v1_2018.pdf

Corporate Plan 2018-22

The landscape in which we deliver our services is changing. We must transform how we work so that we can deliver the services our communities need and the prosperity the future of Argyll and Bute depends upon. We have considerable challenges to meet – declining funding for our services, economic dependence on the public sector, and an ageing population.

Argyll and Bute is recognised as one of Scotland's most promising regions, and we are ambitious for our future and for the future of our young people in Argyll and Bute.

In February 2018 the Corporate Plan 2018-2022 was approved. This sets out our Mission, Vision and Priorities for the next 4 years. It emphasises that we must transform how we work to deliver services our communities need against a backdrop of some considerable challenges. Embedded within the Corporate Plan are the new values which were developed by the Culture Steering Group. The new values of Committed, Creative, Caring and Collaborative (the 4Cs) will be actively promoted across the organisation.

Our Corporate Plan illustrates the Golden Thread from each Individual, through Teams, Services and Departments - everything aligns with the Argyll and Bute Outcome Improvement Plan – to improve the Outcomes for our Communities.

Our mission:

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

Our Corporate Plan 2018-2022 can be accessed at the following web-link:

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

Service Plans

Service Plans set out the key service delivery aims for the financial year and are aligned to the Corporate Plan and Single Outcome Agreement. The service plans also detail the agreed measures, targets and timescales to achieve the required results.

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

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

Performance Reporting

The Council had a well-established Planning and Performance Management Framework (PPMF) which underpinned the delivery of services according to strategic priority outcomes within allocated budgets. The PPMF was developed in 2009 and it further increased in complexity over the years. In 2016 the Performance Review and Scrutiny Committee and the Chief Executive requested a review of the PPMF to simplify the process, reduce duplication and to move the focus away from reporting what we can count to reporting what counts and supports improved scrutiny.

A new Performance and Improvement Framework (PIF) was introduced and approved by Council in April 2017. Previously, to help identify how the Corporate Outcomes were being delivered the Council used a suite of 63 Service Outcomes which were developed and owned by individual Heads of Service. As of the 2017-18 financial year a suite of 32 Business Outcomes owned and endorsed by the Strategic Management Team (SMT) were developed and used. The Business Outcomes now create a corporate overview, cutting across all services and departments. They help remove silo

working and identify duplication and efficiencies. They also illustrate the "golden thread" from the individual Performance Review and Development (PRD) to the Argyll and Bute Outcome Improvement Plan.

The format of the Service Plans also changed from one year to three year plans, noting that the budget is currently set for one year. The Service Plans are built in Pyramid and illustrated as Service Scorecards, which when combined are the basis of the Departmental and Council Scorecards. As a result each Corporate Outcome is supported by a number of Business Outcomes, which in turn are supported by any number of success measures from across the Council.

To further tie together linkages between successes, progress and challenges new performance reporting templates have been developed. These are Quarterly for Departments and 6-monthly for the Council and were in use from FQ3 2017/18 onwards. The new templates identify Successes; Progress; Challenges and Improvements. For Departments this is done by Business Outcome and for the Council by Corporate Outcome.

Continuous Improvement approach is applied to the PIF. The current report illustrates that Business Outcomes 7 and 8 currently have no success measures aligned to them. A more appropriate and balanced suite of 21 Business Outcomes is being developed for implementation in 2019-20. These align to the ABOIP, Corporate Plan and the Council's political priorities. Once agreed HROD will work with Services and Departments with a view to improving the nature and number of success measures aligned to the Business Outcomes. This may result in an overall reduction of success measures but provide a clearer picture of the work, achievements and challenges through the use of more appropriate success measures. To allow time for this important piece of work to be undertaken the start of the Service Planning process is being brought forward to July 2018.

Budget Strategy

At the Council meeting on 11 February 2016, Members were asked to make a decision on all Service Choices policy options that were subject to public consultation irrespective of whether the saving was due to be delivered in 2016-17, 2017-18 or beyond. This was to assist in planning beyond 2016-17 and to allow for preparation time particularly in areas where significant redesign of services to deliver longer term savings was proposed. The increase in savings between 2016-17 and 2017-18 amounted to £2.522m rising to £3.823 in 2018-19. This budget strategy ensured that the Council were well placed to deliver a balanced budget in 2017-18.

Regular medium term budget outlook reports were reported to the Policy and Resources Committee and in assessing the potential budget gap, another option to assist in balancing the budget for 2017-18 was the setting of an efficiency saving target with officers identifying management/operational savings that had no policy implications, to meet the target. In terms of the target, 2% was deemed to be an acceptable level of efficiency saving.

Savings options identified for 2017-18 were reported to Council on 24 November 2016 and amounted to £1.403m (full year), with £1.377m deliverable in 2017-18. The savings options identified had no policy implications and officers implemented these as part of normal business.

The Scottish Government made a late announcement on 2 February 2017 to allocate additional funding to Councils for 2017-18. Due to the strategy already adopted for our Council, we were already in a balanced position, however, this additional funding allowed the Council to allocate additional funding to the Health and Social Care Partnership to assist in supporting transformational change and smoothing their projected budget gap.

In terms of looking beyond 2017-18, a three-year financial outlook covering the period 2018-19 to 2020-21 was kept up to date during the financial year and presented to Members at the Policy and Resources Committee on 17 August 2017, 19 October 2017, 8 December 2017 and a further update at the Members Seminar held on 25 January 2018. There was early identification of management efficiencies, agreed by Council on 26 October 2017, in advance of the 2018-19 budget setting process to assist in balancing the budget. The Transformation Board also identified a number of new policy

savings that were reported to Council on 26 October 2017 and were subject to the Council's budget consultation exercise. The savings options were then considered by Council as part of balancing the 2018-19 budget.

Budget Monitoring

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

- Financial Monitoring Pack Summary - an executive summary.
- Revenue Budget Monitoring - this report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.
- Monitoring of Service Choices savings - this report provides an update on the implementation and delivery of the Service Choices policy savings options agreed by Council in February 2016. The savings options are reported as being delivered, on track to be delivered, still to be implemented, being developed or delayed. As the majority of Service Choices savings are now delivered and a number of new policy options were agreed at the Council meeting in February 2018, a new report will be created, similar to this report to monitor these new savings.
- Monitoring of Financial Risks - this report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.
- Capital Plan Monitoring - this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.
- Treasury Monitoring - this report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- Reserves and Balances - this report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.

Risk Strategy

The Council has a risk management strategy in place that is subject to regular review and has been assessed as "embedded and integrated" as per CIPFA benchmarking.

The Strategic Risk Register (SRR) and the Operational Risks Registers (ORR) have been subject to regular review and updated over the last few years with the format of both being subject to periodic change to reflect audit recommendations. Updates to the Performance Improvement Framework and the introduction of business outcomes and service plan challenges resulted in a need to further review the ORRs.

In early 2018 the Chief Internal Auditor reviewed the SRR and ORR process and proposed changes which were discussed and agreed by the Strategic Management Team (SMT). The Council's risk management manual has been revised to reflect these operational decisions, formalise the risk management process and provide guidance to officers on risk management. The SRR will be updated on a bi-annual basis by the SMT and ORRs will be updated on a quarterly basis by Departmental Management Teams (DMTs).

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

Treasury Strategy

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

3. PERFORMANCE AGAINST OUR PRIORITIES

The Performance and Improvement Framework (PIF) sets out the process for presentation of the Council's quarterly performance reports. Performance is reviewed by the Strategic Committees and then the Council and departmental performance reports and scorecards are presented to the Audit and Scrutiny Committee on a half-yearly basis. New performance reporting templates have been developed. These are quarterly for departments and 6-monthly for the Council and were in use from FQ3 2017/18 onwards. The new templates identify Successes; Progress; Challenges and Improvements. For Departments this is done by Business Outcome and for the Council by Corporate Outcomes.

Performance for FQ3 and FQ4, October 2017 to March 2018 was presented to the Audit and Scrutiny Committee on 19 June 2018. Key successes and challenges reported for this period are noted below and are linked to both Corporate Outcomes and Business Outcomes.

Corporate Outcome 1 – The Economy is diverse and thriving

Business Outcome 23 – Economic Growth Is Supported

The Economic Growth Team attended the BBC Good Food Show for the first time at the SECC in Glasgow to showcase Argyll and Bute food and drink businesses. The stand attracted more than 700 people with 9 Argyll and Bute Food and Drink businesses directly participating in the show with their products generating a lot of interest from show visitors.

Corporate Outcome 2 – We have Infrastructure that supports sustainable growth

Business Outcome 15 – Argyll and Bute Is Open for Business

There has been a significant step change in the percentage of Argyll and Bute covered by the digital network with 86.8% of premises now connected to the fibre network in Argyll and Bute. Of this, 78.1% of premises can access speeds greater than 24Mbps.

Corporate Outcome 3 - Education, skills and training maximise opportunities for all

Business Outcomes 19 - All children and young people are supported to realise their potential.

The Education Vision – Our Children Their Future, was awarded a silver award at the Council Employee Awards for Tackling Inequalities and Improving Health.

Corporate Outcome 5 - People live active, healthier and independent lives

Business Outcome 5 - Information and support are available for everyone

Currently the most followed Local Authority in Scotland on Instagram with 1886 followers having only launched in November 2017.

Management Commentary

Business Outcome 26 – People Have A Choice Of Suitable Housing

Seventy-Five affordable housing units have been completed in 2017/18 with the assistance of the Argyll and Bute Council Strategic Housing Fund (SHF). The SHF has contributed £900,000 towards the delivery of the 75 units which creates a greater choice of housing options across the local authority area.

Successful award of £1.9m Housing Infrastructure Funding from the Scottish Government to enable the upgrade of Kirk Road, Dunbeg. This will in turn facilitate the delivery of 300 affordable houses in the area.

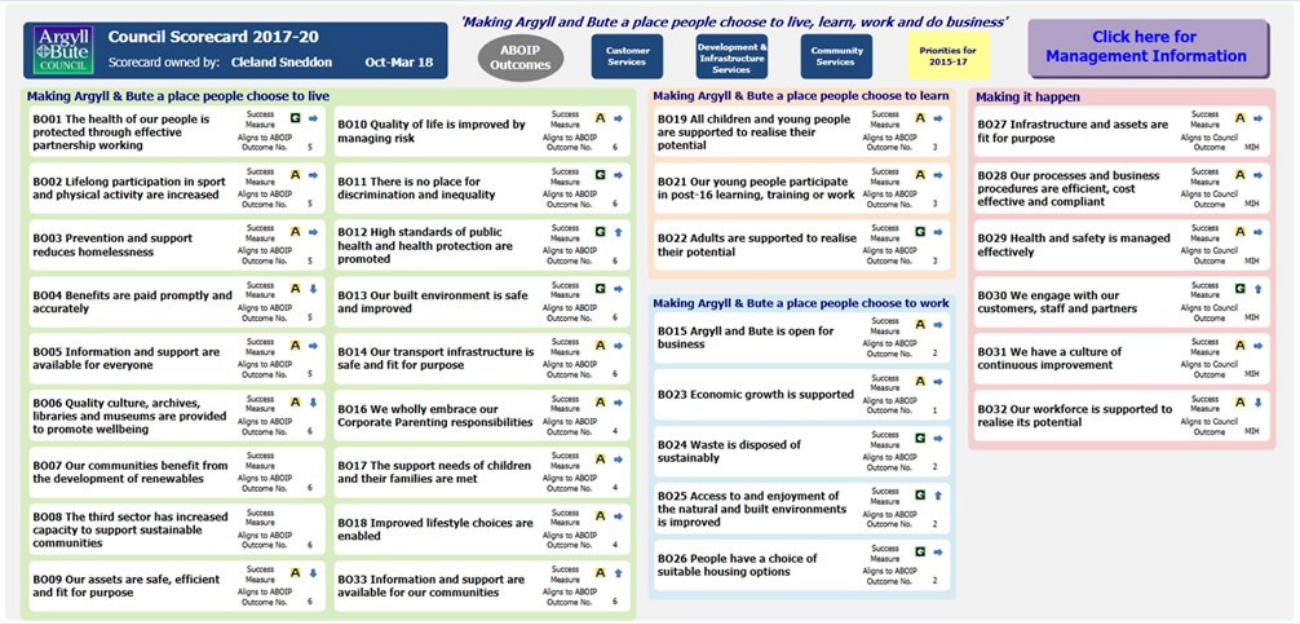
Corporate Outcome – Making It Happen (Enablers)

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

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.

Council Scorecard

The Councils scorecard illustrates progress against all 32 Business Outcomes. The progress is identified using the RAG (Red; Amber; Green) status to track performance. The 2 Business Outcomes with no success measures aligned have no RAG indication alongside them. Of the remaining Business Outcomes 9 are Green and 21 Amber.



In relation to the ABOIP's objective of "Argyll and Bute's Economic Success is built on a growing population", the regeneration work highlighted in the FQ3 and FQ4 report and noted below demonstrates ongoing progress.

- Oban Maritime Visitor Centre completed and handed over on 30 March 2018. Complimentary to the recent Oban berthing facility project, this completes the infrastructure required to promote Oban as the primary marine tourism destination for the West of Scotland.

- Inveraray Conservation Area Scheme was completed at the end of March 2018 whilst the new Rothesay Townscape Heritage regeneration project was launched.
- The Full Business Case was approved for phase 1 of the Gleaner site at Ardrishaig and all external funding secured; this is in relation to the Lochgilphead and Tarbert Regeneration Programme.
- Infrastructure improvements to Kirk Rd/Lorn Rd, Dunbeg as part of the Lorn Arc commenced in the final quarter of 2017-18 following securing £1.93m of Scottish Government Grant funding. These works will enable the building of 300 new houses and phases 2 and 3 of the European marine Science Park.
- The final funding element required for the ambitious £14m restoration of the Grade A Rothesay Pavilion was secured.

4. FINANCIAL PERFORMANCE 2017-18

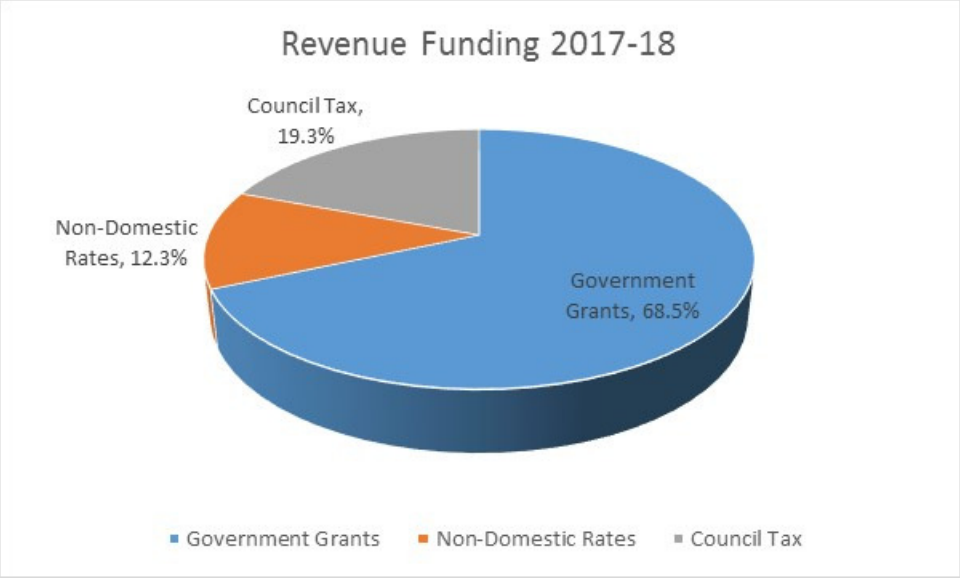
Revenue and Capital Expenditure

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

Annual Budget and Setting of Council Tax for 2017-18

The Council set a one year revenue budget in February 2017 which set the budget for 2017-18. The budget was balanced with a small rounding surplus.

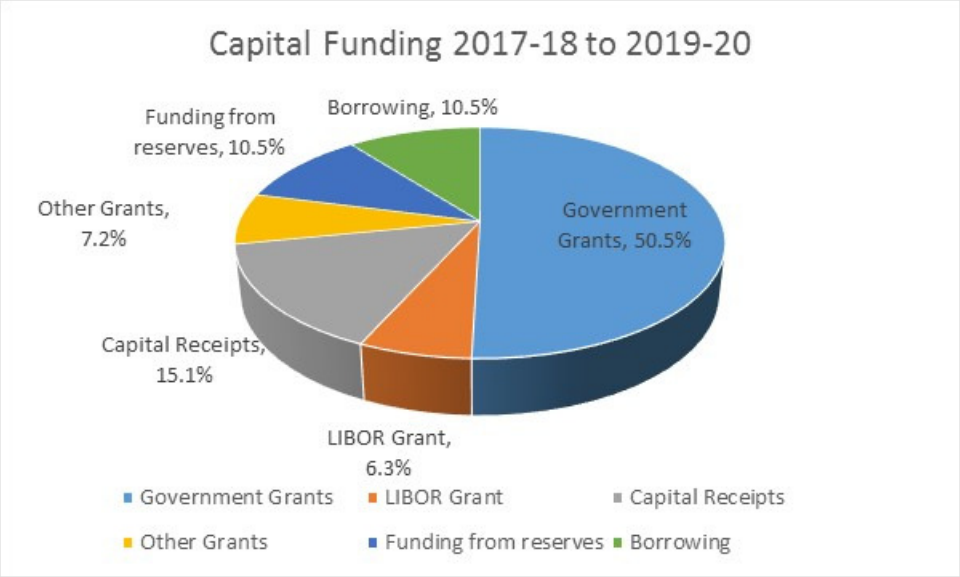
The funding at the beginning of financial year 2017-18 for revenue expenditure was £235.873m. This was funded from government grants (£161.449m), Council Tax (£45.476m) and Non-domestic rates (£28.948m).



Management Commentary

The Council approved a capital programme amounting to £79.744m covering the years 2017-18 to 2019-20 in February 2017. The capital programme was based on assumptions on the level of General Capital Grant from the Scottish Government and the likely capital receipts over the period. The major capital projects included in the programme were CHORD, the replacement of Campbeltown Grammar School, Oban High School and Kirn Primary School and the refurbishment of Dunoon Primary Schools, Helensburgh Waterfront, and asset sustainability projects in respect of Roads Reconstruction and Property Refurbishment.

The capital budget between 2017-18 and 2020-21 is funded by government grants (£40.169m), borrowing (£8.379m), grants from other organisations (£5.781m) contributions from revenue (£8.397m), and receipts from sale of assets (£12.018m).



Revenue: Outturn against Budget

The performance against budget for financial year 2017-18 was an overall underspend of £2.567m (1.03%), after adjusting to reflect the new amounts earmarked by departments at the year end and taking account of the social work element of the Health and Social Care Partnership overspend. There was a net underspend of £0.958m in relation to departmental expenditure and a net underspend of £0.877m in relation to other central/non-departmental costs. The remainder of the underspend of £0.732m is in relation to funding and the over-recovery of Council Tax income. The main reasons for the year-end underspend are noted below:

- Additional savings were generated during the year as a consequence of deliberate decisions not to fill posts which became vacant during the year and had been identified for removal as part of savings options in future years.
- Non Profit Distributing Organisation (NPDO) costs were lower than expected due to insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs and contract management arrangements which are in place.
- Savings in pensions costs due to a superannuation budget no longer required (removed from the 2018-19 budget) and lower than anticipated pension costs.
- Loans charges were underspent by £0.500m as a decision was taken to defer some of the special repayments of principal to allow some underspend to be transferred to the General Fund balance.
- Additional funding received as part of the budget announcement in 2018-19, but paid in 2017-18.

- Council tax income was better than expected partly due to better than expected collection of double Council Tax on empty homes and growth in the tax base. This has also been reflected in the 2018-19 budget.
- These underspends were partly offset by an overspend on winter maintenance, lower than expected income from planning fees and increased demand for Additional Support Needs and placements in residential schools.

Final Outturn Variance (Un-audited) 2017/18				
Department	Actuals	Budget Adjusted for Earmarkings	Variance (Overspend) Underspend	% age
Chief Executive's Unit	2,409,184	2,479,125	69,940	2.82%
Community Services	79,766,285	79,435,211	(331,073)	(0.42%)
Customer Services	40,037,393	41,343,626	1,306,233	3.16%
Development and Infrastructure Services	34,181,985	34,095,168	(86,817)	(0.26%)
Total Departmental Expenditure	**156,394,847**	**157,353,130**	**958,283**	**0.61%**
Integration Services	57,579,226	56,424,128	(1,155,098)	(2.05%)
Joint Boards	1,352,303	1,374,371	22,068	1.61%
Loans Charges	18,583,976	19,083,976	500,000	2.62%
Pension Costs	2,358,705	2,727,399	368,694	13.52%
Other	7,632,489	8,773,813	1,141,324	13.01%
Total Non-Departmental Expenditure	**87,506,699**	**88,383,687**	**876,988**	**0.99%**
Total Expenditure	**243,901,546**	**245,736,817**	**1,835,271**	**0.75%**
Total Funding	251,256,208	250,524,053	732,155	0.29%
UNDERSPEND			**2,567,426**	

Capital: Outturn against Budget

Net expenditure for the full financial year is £31.094m compared to a capital budget of £38.537m giving rise to an underspend for the year of £7.443m. The underspend is as a result of net slippage of projects between financial years, with a significant element being in respect of the CHORD projects, Street Lighting LED Replacement and Dunoon CARS. The slippage was as a result of actual timing of the works being carried out which was not known when the budget was profiled across the life of the projects.

In terms of project performance 82% were completed on time and within budget tolerances.

Health and Social Care Partnership (HSCP)

The Argyll and Bute Integration Joint Board (IJB) with responsibility for social work and a range of health services was established and came into effect on 1 April 2016. The Council approved the 2017-18 budget on 23 February 2017 and the amount approved for Social Work services transferring to the Integrated Joint Board for 2017-18 was £56.360m. This included £2.137m of one-off budget to assist the HSCP towards transformational change and the smoothing of the projected budget gap. The budget figures quoted in the previous outturn table include additional earmarked budget drawn down during financial year 2017-18.

In terms of the outturn position, there is an overspend on Social Work Services of £1.155m. The HSCP are required to repay this amount back to the Council, as per the Scheme of Integration, and a repayment plan was agreed by Policy and Resources Committee on 24 May 2018. Repayments are £0.100m in 2018-19, £0.300m in 2019-10 with the balance of £0.755m due in 2020-21 and the funding to the HSCP will be reduced by these amounts in these years. Within the accounts, the repayment is

not recognised as a debtor as it is a commitment against future funding and as a result the overspend of £1.155m has a direct impact on the Council's General Fund balance until such times as it has been repaid.

Expenditure and Funding Analysis Statement

The expenditure and funding analysis was a new statement last year. It shows how the Council funding is spent across services. It also compares to the expenditure shown in the statement of comprehensive income and expenditure and details the differences between the two. The differences are as a result of accounting statutory adjustments that are required within the Statement of comprehensive income and expenditure, for example, depreciation, pension adjustments etc.

The service expenditure noted in the column headed "Net Expenditure Chargeable to the General Fund" can also be compared to the service expenditure noted in the Council's revenue budget monitoring, except for where there are items in the Comprehensive Income and Expenditure Account that are reported below the net cost of service.

Comprehensive Income and Expenditure Statement

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

The Council is required to make various statutory accounting adjustments to the net cost of services as reported in the budgetary outturn in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2017-18 (the Code). These accounting adjustments include depreciation, loans fund principal repayment and accrued holiday leave not taken by 31 March 2018.

The comprehensive Income and Expenditure Statement presentation changed last year to reflect the management structure of the Council instead of CIPFA's SeRCOP (Service Reporting Code of Practice) structure, which enhances comparability with the presentation of management reports during the year.

Reconciliation of Comprehensive Income and Expenditure Statement to Budget Outturn

The table below, sets out a reconciliation of the Deficit on the provision of services of £15.441m as noted in the Comprehensive Income and Expenditure Statement to the revenue budgetary outturn of £2.567m (underspend).

	£000	£000
Deficit on Provision of Services		**15,441**
Remove statutory adjustments that don't feature in budget outturn:		
Depreciation	(21,378)	
Impairments of Asset charged to services	(7,581)	
Capital Funding	17,243	
CFCR	4,135	
Pension Adjustment	(14,776)	
Statutory Repayment of Debt	10,361	
Reapayment of Finance Leases	2,042	
Transfers to/from Other Statutory Reserves	629	
Other Adjustments	(2,938)	
		(12,263)
Movement In General Fund Balance		**3,178**
Adjust for earmarkings:		
Released sums earmarked to service budgets 2017-18	(10,602)	
Supplementary estimates agreed during 2017-18	(123)	
Budgeted Surplus in 2017-18 transferred to General Fund	193	
Contributions to earmarked reserves 2017-18	4,787	
		(5,745)
Revenue Budget Outturn		**(2,567)**

Balance Sheet

The balance sheet summarises the Council's assets as at 31 March 2018 and it is accompanied by explanatory notes. The net worth of the Council has increased to £285.205m compared to a net worth at 31 March 2017 of £151.564m. The main reason for this increase relates to an increase in the land and buildings value due to the valuation of four new schools added into the balance sheet, Campbeltown, Oban, Kirn and Dunoon refurbishment, a reduction in the pension liability offset by an increase in long term liabilities due to the leases for the two new schools that are financed through the Design, Build, Finance and Maintain (DBFM) model (Campbeltown and Oban).

Long Term Assets: total Long Term Assets includes property, plant and equipment as well as other intangible assets. They have increased by £106.348m from £509.123m as at 31 March 2017 to £615.471m as at 31 March 2018. The main reason for the increase is in relation to the valuation of four new schools, Campbeltown, Oban, Kirn and Dunoon refurbishment.

Current Assets: total Current Assets has increased by £11.068m from £77.672m as at 31 March 2017 to £88.740m at 31 March 2018. The main reason for this increase relates to a small increase in short term investments, cash held and debtors at the end of the year.

Current Liabilities: total current liabilities have decreased by £1.409m from £48.461m as at 31 March 2017 to £47.052m as at 31 March 2018. The main reason for this reduction is due to the repayment of external debt which had a life of less than one year. Further details on the current provisions are noted later within the commentary.

Long Term Liabilities: total long term liabilities have decreased by £14.816m from £386.770m as at 31 March 2017 to £371.954m as at 31 March 2018. The main reason for this decrease relates to a reduction in the pension liability offset by the finance lease liabilities for the two new schools under the DBFM model. Further detail on the pension liability is noted later within the commentary.

Provisions

The Council has provisions totalling £3.113m on the balance sheet, noted as follows:

- £0.153m Equal Pay Claims. The provision relates to a number of equal pay claims that are closer to being resolved.
- £0.138m cash not yet collected, due to be paid to the Strategic Housing Fund. The Council reduced the discount on council tax from second homes to 10% during 2005-06 and this provision relates to the cash not yet collected.
- £0.292 redundancy costs. Liabilities have arisen in respect of employees who will be made redundant as a result of restructuring and also as part of the savings options processes. The cost for any employee, whose contract has been terminated on or before 31 March 2018, had been incurred in year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2018, a provision has been created.
- £1.161m landfill sites. A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. These have been provided for based on the net present value of estimated future costs.
- £0.370m Utilities. The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.099m has been reversed during 2017-18 reducing the provision to £0.370m.
- £0.073m VAT Liability. The provision relates to two potential VAT liabilities. One is in relation to a VAT penalty that may still be imposed as a result of over claiming VAT on staff mileage for the period 2012 to 2016. The other is in relation to a potential penalty related to an error in the treatment of commercial waste collections services we carry out on behalf of private waste contractors. Both these issues are with HMRC and we hope to reach a conclusion in the near future.
- £0.886m in respect of NPDO payments and utilities. This provision has been created for two purposes. Firstly, the Council withholds sums from the Unitary Charge paid to ABC Schools which relate to disputed performance deductions. These sums are then negotiated after the event and a commercial position reached. The second element relates to NPDO utilities and the provision is based on periods, beyond 2013 (assuming a 5 year non-enforceable cut-off) where the Council has not been billed for the utilities.
- £0.031m in respect of Kinship Care payments. In October 2016, the Government issued guidance which required that Local Authorities increased the rates that they paid to kinship carers to match the rates paid to foster carers. It applied to specific groups of children and the provision relates to a small group of children whose status has still to be verified and may be entitled to the increased funding from October 2016.
- £0.005m in respect of Standby payments. Following discussions with staff there was an agreement on standby/callouts. This provision is in relation to backdated payments possibly due to several senior Social Work managers for covering Social Work standby and callouts. The position has yet to be resolved.
- £0.004m in respect of a disputed invoice. Argyll and Bute Council have relinquished the system purchased to monitor the internal homecare service and an invoice has been issued by the company for the licence costs up to 31/08/2018. Argyll and Bute Council are disputing their liability from 01/09/2017 as the contract had been terminated.

Contingent Liabilities

The contingent liabilities are included within Note 34. There are contingent liabilities in respect of a small number of equal pay claims where there is insufficient information to allow the potential cost of these claims to be provided for. There was a recent legal case in respect of holiday pay and at this stage the extent of any liability is unknown. There was a contingent liability noted in last year's accounts and this remains in respect of the Limitation (Childhood Abuse)(Scotland) Act 2017 removing the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. At this stage the extent of any potential liability is unknown.

Pension Liability

The Council is required to account for its share of the Strathclyde Pension Fund assets and liabilities. The information included in the Accounts is provided by the Pension Fund actuaries following the annual valuation of the Fund. The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Council. The liability relates to benefits earned by existing or previous employees up to 31 March 2018.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received, for example, in ten years' time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money, a discount factor based on corporate bonds is used.

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

	2017-18	**2016-17**	**2015-16**
	£'000	**£'000**	**£'000**
Pension Liability	(68,251)	(149,777)	(94,441)

Most of the changes each year can be attributed to the change in financial and demographic assumptions. The following table shows the movement in financial assumptions over the last three years:

	2017-18	**2016-17**	**2015-16**
	%	**%**	**%**
Rate of Inflation	2.4	2.4	2.2
Rate of Increase in Salaries	3.6	4.4	4.2
Rate of Increase in Pensions	2.4	2.4	2.2
Rate for Discounting Scheme Liabilities	2.7	2.6	3.5

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

At 31 March 2018 the change in financial assumptions (discount rate increased to 2.7%) meant that the liability decreased by around £33m. In addition "Other Experience" reduced the liability by a further £57m and there was a net return on assets of £5m. ("Other Experience" is a measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular cost method.)

Further detail on the pension estimates are within Note 30.

Borrowing

During 2017-18 the Council's External Borrowing increased by £8.0m from £170.5m at 31 March 2017 to £178.5m at 31 March 2018. The increase was due to new borrowing from the Public Works Loans Board (PWLB) of £20.0m at historically low rates, offset by repayments of £8.9m to the PWLB and a reduction in temporary borrowing of £3.1m.

Statement of Movement in Reserves

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

The balance of usable reserves has decreased by £2.297m from £58.449m as at 31 March 2017 to £56.152m as at 31 March 2018. This is mainly as a result of the decrease to the General Fund Balance of £3.178m in addition to a small increase to the Capital Fund outlined in Note 33.1 and the Repair and Renewals Fund outlined in Note 33.2.

In respect of the General Fund Balance movement, there were £10.602m of earmarked reserves released to services and spent during 2017-18 and a supplementary estimate of £0.123m drawn down to meet the increased cost of the settled pay award. The contributions to earmarked reserves amount to £4.787m and there was a small surplus from the 2017-18 budget of £0.193m. The overall underspend on the revenue budget amounted to £2.567m. All these factors contribute to the increase in the General Fund balance as summarised within the table below:

	£000
Balance on General Fund 31 March 2017	53,489
Released sums earmarked to service budgets 2017-18	(10,602)
Supplementary Estimates agreed during 2017-18	(123)
Contributions to earmarked reserves 2017-18	4,787
Budgeted contribution to General Fund 2017-18	193
Overall budget underspend as above	2,567
Balance on General Fund 31 March 2018	**50,311**

The balance of unusable reserves has increased by £135.938m from £93.115m as at 31 March 2017 to £229.053m as at 31 March 2018. The main reasons for this increase relates to the increase in the revaluation reserve due mainly as a result of the two new schools offset by a decrease in the pension fund reserve which matches the pensions liability which is explained earlier in the commentary.

General Fund Balance

The General Fund Balance includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances were due to be spent during 2017-18 and some of them will be held over and spent in later years. The Council has agreed a policy where balances will automatically be carried forward in respect of Strategic Housing Fund, CHORD, balances unspent with the Devolved Management of Resources Scheme of Delegation for schools, unspent grants and unspent contributions from external bodies, unspent budget that relates to existing policy commitments arising from a previous Council decision or where they are required to meet an existing legal commitment, Scottish Government legislation commitments and savings for re-investment in energy efficiency to further reduce the Council's energy costs and carbon emission levels. One new automatic carry forward category has been put forward for approval this year in relation to additional fees and charges income generated from Piers and Harbours operations to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure.

Outwith the situations noted above there will be no automatic carry forward of unspent budget and any request for carry forward will be reported to Council for approval and supported by a business case. There are 10 new unspent budget earmarked proposals for consideration:

- Car Parking Kilmory including Equality Act 2010 Requirements - £0.138m.
- Living Wage Consolidation Team - £0.094m
- Transformation and Budget Reconstruction Team - £0.050m
- Business Development Training - £0.077m
- Inveraray Arches Re-tender - £0.050m
- Continuation of Transformation Project Managers in DIS - £0.060m.
- Housing Case Management System - £0.024m
- Cardross Crematorium Essential DDA Works- £0.103m
- Dalinlongart Forestry Plan - £0.011m
- Oban Strategic Development Framework - £0.075m.

The General Fund balance at 31 March 2017 was £53.489m; of this a total of £41.519m was approved by Council to be earmarked for specific purposes. The new earmarked balance as at 31 March 2018 amounts to £43.717m and Note 5 provides further detail of the movement.

The Council has agreed to hold a contingency balance equivalent to 2% of the Council budget for 2018-19. This contingency is held to provide a working balance to help cushion the impact of uneven cash flows and cushion the impact of unexpected events. The unallocated General Fund balance amounts to £1.868m.

Capital Finance

The resources to fund the Council's capital plan has a number of sources, there are grants from the Scottish Government and other bodies, capital receipts from the disposal of assets, contributions from reserves and the revenue budget, borrowing funded by the loans charges budget and in respect of the replacement schools revenue funding from the Scottish Futures Trust.

Group Accounts

Argyll and Bute Council Group comprise the following entities:

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

- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll (Leisure Trust)

In addition, the Council's Common Good Funds have been fully consolidated into the Group Accounts, Note 37 gives further details on the Council's Common Good Funds.

The effect of inclusion of the Associates and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £10.329m. This gives an overall net asset position for the Group of £295.534m, an increase of £137.417m from the previous year. As with the single entity Balance Sheet, the increase is mainly due to annual revaluations and new schools as well as a reduction in the pension liability.

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between Argyll and Bute Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. Argyll and Bute Council contributed £57.579m towards the Argyll and Bute Integration Joint Board in the 2017-18 financial year. All transactions are accounted for and shown within the single entity statements and therefore there is no material impact on the group accounts.

5. KEY FINANCIAL INDICATORS

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

Financial Indicator	2017-18	2016-17	Comment
Unallocated General Fund Balance as a proportion of next year's Annual Budgeted Net Expenditure	2.79%	3.38%	Reflects the level of funding available to manage financial risk/unplanned expenditure. This includes the 2% contingency. There are sufficient reserves to meet any unplanned expenditure.
Movement in the Unallocated General Fund Balance	Decrease £1.4m	Decrease £1.1m	Reflects the extent to which the Council is using its Unallocated General Fund Balance (excluding contingency).
In-year collection rate	95.80%	95.79%	Reflects the Council's effectiveness in collecting Council Tax debt, and although slightly below Scottish average, is pleasing given that we are in the lowest quartile of cost for council tax collection. Reason for being below average is due mainly to level of double charges applied for long term empty properties which is hard to collect. Income exceeded budget by £0.692m.
Ratio of Council Tax Income to Overall Level of Funding	18.64%	17.47%	Reflects the capacity of the Council to vary expenditure by raising Council Tax income. Council Tax increased by 3% in 2017-18.
Actual Outturn compared to budgeted expenditure	£2.567m	£2.883m	A measure of how the final outturn compares to the budgeted position

Financial Indicator	2017-18	2016-17	Comment
	1.03%	1.16%	and is a reflection of the effectiveness of financial management.
Capital Financing Requirement (CFR) for the current year	£306.433m	£253.483m	Measurement of requirement to borrow for capital purposes.
External Debt Levels for the current year	£178.488m	£170.503m	Actual borrowing for capital investment levels.
Ratio of financing costs to net revenue stream	7.40%	7.85%	Measures the percentage of income that has been committed towards meeting the costs of borrowing. The more income needed to fund financing costs the less available to meet other revenue expenditure.

6. PLANS FOR THE FUTURE

2018-19 Budget Strategy

As previously noted, a three-year financial outlook covering the period 2018-19 to 2020-21 was kept up to date during the financial year and presented to Members at the Policy and Resources Committee on 17 August 2017, 19 October 2017, 8 December 2017 and a further update at the Members Seminar held on 25 January 2018.

In view of future savings requirements, a Transformation Board was established to take forward further transformational change. A significant area of work for the Board during 2017-18 was to challenge services to deliver savings from 2018-19 onwards. Phase 1 was for front line services to consider savings via four operating principles: business cost reduction, income maximisation, service re-design and self-funding. Each service was given a savings target taking into consideration savings already delivered via service choices.

Officers worked on identifying savings for their service to match the minimum target set by the Transformation Board. The aim was for the savings options to be transformational in nature and these options would be viewed as the first stages of an ongoing programme. Some of the savings options identified by the Transformation Board had no policy implications, did not result in voluntary or compulsory redundancy and were in effect management/operational savings that management will go ahead and implement as part of normal business during 2018-19, these were noted by Council on 26 October 2017. Other options, which did have policy implications were the subject of public and Trade Union consultations.

In addition to the service savings, a detailed review of the current loan charges assumptions was carried out and £2.2m was removed from the base budget in order rebalance the Council's debt and to protect front line services. The savings came from a number of factors, including lower interest rates, use of cash balances and delays in borrowing.

Similar to 2017-18, there was a late announcement by the Scottish Government on 31 January 2018 that it was their intention to allocate additional funding to Council's for 2018-19, this was agreed by Parliament on 21 February 2018. Due to our budget strategy and the savings options already identified by services, our draft budget was in a balanced position for 2018-19, however, this additional money allowed the Council some flexibility and they were able to reflect on the views of the public from the budget consultation and agree savings and allocate resource accordingly. In looking to the medium term, rather than focusing on 2018-19 only, the savings options agreed increase in value across 2018-19 to 2020-21 and therefore contributes to the financial challenges facing the Council

from 2019-20 onwards. The budget strategy for 2019-20 and beyond is based on the work of the Transformation Board which is outlined later in this commentary.

In terms of capital expenditure the Council invested an additional £13.448m into the capital plan over 2018-19 and 2019-20 , by using £8.240m of reserves, the revenue budget surplus in 2018-19 of £2.408m and £2.800m of additional borrowing (in 2019-20). These additional monies will be used for roads capital improvement works, property high risks areas, Live Argyll properties and additional IT infrastructure.

Medium to Longer Term Financial Strategy

Creating a financial outlook is challenging, as a number of assumptions need to be made anticipating changes. The Council accepts the current financial climate we are in. The Council is in a period of one year settlements which doesn't provide any degree of certainty into the medium term. The ring fencing of monies limits what we can do and additional policy and legislative implications, not always fully funded, puts financial pressures on councils. Furthermore progress with Brexit negotiations are ongoing but uncertainty still remains as to what the economic implications are.

In 2017-18 the Council developed a medium to longer term financial strategy designed to ensure the Council addresses the challenges it faces effectively. It covers the period 2018-19 to 2020-21 in detail and provides high level estimates for the period 2021 to 2028. The principal objectives of the financial strategy are:

- Outline Argyll and Bute Council's high level financial position over the years 2018-2028 based on a range of assumptions.
- Highlight the key issues that have been considered in developing the strategy.
- Ensure that available resources are focused on delivery of the Council's key priorities.
- Plan for a sustainable revenue budget and capital investment programme which will support the Council's key priorities.
- Ensure that the Council is fully aware of the financial challenges and uncertainties that it faces and is in a strong position to continue to deliver the best possible quality and range of services within available resources.
- Increase the wider community's understanding of the Council's financial position and the challenges it is facing over the next ten years in balancing its budget.

The financial strategy can be accessed on the following web link:

https://www.argyll-bute.gov.uk/moderngov/documents/s120989/Financial%20Strategy%20v3.pdf

Rural Growth Deal

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.

Following discussions with the UK and Scottish Governments, a draft vision, key themes and potential projects have been developed/identified which we believe support economic transformation. These 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.

The emerging overarching vision of the Rural Growth Deal is "Argyll, the natural place to live, learn, visit and do business".

The intention is to have finalised Rural Growth Deal proposals approved by Members in October prior to 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.

Transformation Board

The Council is committed to driving forward change through transformation and innovation. The Council has previously demonstrated that it is able to work in innovative ways in order to improve service delivery, make savings or generate income.

A Transformation Board was established to take forward further transformational change. The Board is chaired by the Executive Director of Customer Services and membership consists of a number of senior managers across the Council as well as Trade Union representation.

The Transformation Board has identified a number of areas which they would propose to explore for future years and this was reported to Council in February 2018.

Reconstructing the Council Budget: Beginning in March 2018, Heads of Service will be tasked with looking at all of the activities currently undertaken by their service, and categorising these into 3 broad types.

- Duties – activities which the Council must provide (e.g. Education)
- Powers – activities which the Council may provide (e.g. Economic Development)
- Others – activities which support the Council as an organisation or the carrying out of powers/duties (e.g. Strategic Finance)

Services will be asked to define a minimum level of service to comply with statutory duties, or to exercise statutory powers, and how this minimum level could then be built on. The purpose of this work is to enable the Council to take informed decisions, link budget more clearly to political priorities whilst having regard to the future availability of finance and the requirement to identify substantial reductions in expenditure for 2019-20 and beyond about the future shape of the organisation.

Review of Fleet Management: The Council operates a fleet of around 600 vehicles which are mainly based at 5 mainland workshops and 6 island locations. Review work is being undertaken of current practices including an overview of existing management controls and systems, the cost of providing the service, vehicle acquisition and funding policy, internal charging mechanisms and service levels provided to users. Fleet utilisation will be analysed and a policy prepared in relation to purchasing, whole life costing and disposal processes. Consideration is also being given to industry standard budgeting methods and more pro-active reviews of management information. Potential savings options resulting from this work will be reviewed by the Board.

Procurement: The procurement and commissioning team through their work with the Transformation Board are benchmarking with other local authorities the level of centralisation of their procurement function and the financial cost savings benefits as a result of this centralisation. The benchmarking exercise will allow us to review what we are currently delivering via procurement support and savings and what could further be achieved by redesigning our systems, processes, procedures and methods of purchasing and contract management across council services.

Adult Learning/Youth Work: These services are delivered on a pan Argyll basis and provide learning and development opportunities for adults and young people outwith the classroom environment. Work will be undertaken to propose re-designed delivery options at less cost.

Music Tuition: The Music Tuition service focuses on three groups of instruments, piping, woodwind and brass and is offered free for one year to all P4/5 pupils. Thereafter, the service can be purchased unless a pupil is in an exempt for payment category of receiving free school meals or SQA candidate. Work will be carried out to provide options to reduce the cost of provision for this non-statutory service which is unique in offering subsidised tuition outwith routine class timetabling.

One Council Approach to Property: The "One Council Approach" was approved and endorsed by the Council at its budget meeting on 22 February 2018 providing £0.260m over a 2 year period with that sum being on a self-financing basis after that point. The proposal was for a change in approach to the management of the Council's land and buildings from a static or reactive position, where properties are considered to be held or owned by individual service, to a proactive property development service. This means that all heritable property owned by the Council will be held corporately and not by individual "holding" departments, as has been the case to date, to enable the Council to take a more consistent and strategic corporate view across all heritable property it owns. The Council also needs to become more commercial in relation to all forms of asset management by maximising opportunities to proactively save money, generate income, invest, reform and generally become more entrepreneurial in relation to the use of land and property. This closely aligns to the Council's corporate plan.

Our journey towards achieving this is called the 'One Council Approach' and we seek to create a model which creates a single property team to take the strategic lead for assets across the organisation on a consistent and informed basis. This approach seeks to drive value from non-operational properties while assisting services to utilise operational properties more effectively.

The One Council Approach is designed to:

- Help focus operational services on "services not buildings";
- Stimulate commercial opportunities through review of all assets – disposals, development or rental;
- Stimulate transfers to third sector to generate or save resource;
- Provide consistent and informed property management services;
- Focus on property development on all land – services to focus on operational activities;
- Stimulate property investment opportunities using skills and knowledge of diverse property team;
- Provide members and senior management with transparency on the Council's properties, their commercial performance and commercial return;
- Ensure that windfall returns for properties held by services are not released to them and lost in their general expenditure, but are clearly identified, captured and held at the centre to be used in support of Council priorities to provide more flexibility in budgeting.

Loans Charges

A detailed review of loans charges was carried out during 2017-18 and £2.2m was removed from the 2018-19 base budget in order rebalance the Council's debt and to protect front line services. The loans charges budget is a particularly complex area, with many assumptions and different approaches. For example, length of repayment periods in respect of capital advances, borrowing decisions, use of cash balances and cash flow. The review in 2017-18 took into consideration:

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

This is an area that officers will continue to keep under review. There is scope to carry out a review on useful asset life and what the repayment period should be – this is something that the Council now have discretion over. Our Council policy on useful asset life has been in place since 1975 and we would need to justify any reason for changing this. Increasing the period of repayment would lower the level of loans charges.

Waste Strategy

Argyll and Bute Council is both waste collection and waste disposal authority. Waste collection is carried out by council staff with assistance from third sector groups for recycled materials. Waste disposal is dealt with by 3 separate models across the council. These are:

- Island sites which are operated directly by the council.
- A 25 year PPP contract covering the mainland other than Helensburgh and Lomond – this runs until 2026.
- Helensburgh and Lomond where collected waste is disposed of at third party sites outside Argyll and Bute.

Waste to landfill is environmentally unsound and legislation and guidelines have been put in place to reduce material to landfill. One of the measures introduced nationally is a landfill tax which currently costs the council £88.95 per tonne (2018-19). National guidance is expected with regards to the ban on biodegradable waste going to landfill from 2021. The landfill sites operated by the council and those returning to the council in 2026 will have an ongoing maintenance requirement. This will include monitoring for leachate and gas, restoration works and environmental compliance as well as general health and safety.

A revised waste strategy is required to deal with the known requirements over the coming years and also to shape service delivery over the next 25 year period. Whilst the current delivery model is working and was contained within budget for 2016-17 and 2017-18 this is not a sustainable position in the longer term. Work is ongoing on revising the waste strategy and this is due to go out to consultation towards the end of 2018-19.

Health and Social Care Partnership (HSCP)

The Argyll and Bute Integration Joint Board (IJB) with responsibility for social work and a range of health services was established and came into effect of 1 April 2016. It was clear at the beginning of financial year 2017-18 that there were challenges in balancing the HSCP budget and a financial recovery plan was put in place. The Chair of the IJB provided assurance to the Council's Chief Executive during 2017-18 that plans were in place to address the projected overspend. The final outturn of the HSCP for 2017-18 was an overspend of £2.528m: £1.155m for Social Work and £1.373m for Health related services.

The IJB have not balanced their budget for 2018-19 and at their latest meeting held on 30 May 2018 a remaining budget gap of £1.6m was reported after taking into consideration the payback arrangements agreed with NHS Highland and the Council in respect of the 2017-18 overspend. There is a high financial risk associated with the 2018-19 IJB budget and the scale of the savings planned to be delivered lead to a high risk in terms of deliverability of these savings. Plans have been put in place for 2018-19 including revision of the financial recovery plan. This includes three main themes: reviewing expenditure, controls and authorisation escalation and workforce costs. A budget challenge process is to be carried out across the partnership to ensure that the base budget is set at correct levels and budget holders are signed up to deliver on budget.

There is a risk to the Council 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.

Due to the accounting treatment for the HSCP overspend and the impact that this has on the Council's General Fund balance, the Council will be monitoring and reporting the Social Work position more closely and will integrate into the Council's revenue budget monitoring report during 2018-19.

7. CONCLUSION

The Council has continued to demonstrate sound financial management in 2017-18 by delivering services within the resources available. The operating environment going forward remains very challenging from the combined effect of reduced resources and increasing demand and expectation for our services. The council, despite these challenges, remains financially sound and is well placed to deliver services to the people of Argyll and Bute in the future.

8. ACKNOWLEDGEMENTS

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

Cllr Aileen Morton	Cleland Sneddon	Kirsty Flanagan
Leader	**Chief Executive**	**Head of Strategic Finance**

29 June 2018

Statement of Responsibilities for the Annual Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Strategic Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- to approve the Annual Accounts for signature.

THE HEAD OF STRATEGIC FINANCE'S RESPONSIBILITIES

The Head of Strategic Finance is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing the Annual Accounts, the Head of Strategic Finance has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation;
- complied with the Local Authority Accounting Code of Practice 2017-18 (in so far as it is compatible with legislation).

The Head of Strategic Finance has also:

- kept adequate accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2018.

Kirsty Flanagan

Head of Strategic Finance

29 June 2018

BACKGROUND / SCOPE OF RESPONSIBILITY

The governance framework includes the systems, processes and culture by which the Council is controlled and engages with communities and allows the Council to monitor the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to the economic, efficient and effective use of public money.

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

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007). This Statement explains how the Council has complied with the standard and meets the requirements of current good practice.

A copy of the Code may be obtained from the Head of Governance and Law, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT and is also available on the Council's website.

THE GOVERNANCE FRAMEWORK

The Code of Corporate Governance details how the Council will demonstrate compliance with the fundamental principles of Corporate Governance for public sector bodies. The six key principles of our governance arrangements in 2017/18 are described in the Code, along with our supporting principles and key aspects of our arrangements to ensure compliance. Key features of our arrangements are summarised below.

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

Our Corporate Plan sets out our, and our Community Planning Partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "To make Argyll and Bute a place people choose to live, learn, work and do business" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

We have a Performance Improvement Framework (PIF) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Councillors and senior managers review and scrutinise the Council's performance at all levels to ensure our services are having the desired impact on our communities and customers. At a strategic level, performance is scrutinised through our strategic committees and, more locally, at our area committees. The Audit and Scrutiny Committee, which meets four times a year, has a key role in reviewing and scrutinising how we are meeting our strategic objectives as well as promoting good internal control, financial and risk management, governance and performance management, in order to provide reasonable assurance of effective and efficient operation, and compliance with laws and regulations, including the Council's Financial and Security Regulations, Contract Standing Orders and accounting codes of practice.

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

We updated our constitution in April 2018 to define the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

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

Best Value will be now be assessed over the five year audit appointment, as part of the annual audit work. A Best Value Assurance Report (BVAR) for each Council will be considered by the Accounts Commission at least once during this five year period. The BVAR report for Argyll and Bute is not planned in the period covered by this scrutiny plan.

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

We have four values, which underpin all that we do and provide a sound basis to achieve transformation to ensure we meet the challenges of the future and deliver quality services. These values are that we have a workforce which is:

- Caring
- Committed
- Collaborative
- Creative

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

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

The code of conduct and protocols are supported by training and development programmes for elected members by offering PRD plans and on the basis of these we construct training and development programs and seminars.

4. Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk; ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

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

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Audit and Scrutiny Committee receive an annual risk management overview report and have developed a Scrutiny Framework and Manual to support the performance of scrutiny reviews which will be rolled out in 2018/19.

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

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

Elected Member Development

We have signed up to the Improvement Service's Continuing Professional Development Framework for elected members. We are in contact with all elected members about progressing and maintaining their personal development plans and work on this continues apace to ensure that their training needs and aspirations are quickly identified and solutions provided where possible. This work complements the elected member seminar programme which is in place for 2018/19 and which also picks up, where possible, any particular training needs highlighted through the PDP process. Following the election in May, all Members of the new Council were provided with a full induction programme.

The Audit and Scrutiny Committee held a development day in 2017/18 focusing primarily on the development of scrutiny but also to introduce new members of the Committee to some of the fundamental principles of internal audit and risk management.

Officer Development

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

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

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

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

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

Annual Budget Consultation

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

Consultation Diary

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

Public Performance Reporting

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

Community Engagement

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

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

The Area Governance section of the Council supports community engagement by providing the staff resource to support three Area Community Planning Groups which act as a forum to enable local groups and organisations to participate in community planning at a local area level throughout Argyll & Bute. The fourth (Helensburgh and Lomond) is supported by Scottish Fire and Rescue on a partnership basis as agreed by the management committee.

It also supports community engagement by resourcing Community Council Liaison activities, including a training programme, which helps to build the capacity of Community Councils.

The Council produced a Community-Led Action Planning Toolkit in partnership with Scottish Community Development Centre (SCDC). Communities are being supported to consider use of the online toolkit in developing action plans that the community can lead on to address issues and needs in their communities. There are a number of existing community-led action plans and these are recognised as important community contributions to Area Community Planning.

A strong Community Planning Partnership (CPP) is in place with partners leading each of the outcomes. This enhances the shared sense of accountability and ownership of working towards realising the priorities of the CPP.

Council/Committee Meetings

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

GOVERNANCE ROLES AND RESPONSIBILITIES

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the governance arrangements in the Council. These include the Chief Executive, fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director of Customer Services has responsibility for:overseeing the implementation of the Code of Corporate Governance and monitoring its operation; and

- overseeing the implementation of the Code of Corporate Governance and monitoring its operation
- reporting annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each Council Service.

Specific responsibilities are assigned to the Head of Strategic Finance, as Chief Financial Officer, to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in and influencing decision making, and leading the delivery of good financial management across the whole organisation.

FINANCIAL SUSTAINABILITY

Creating a financial outlook is challenging, as a number of assumptions need to be made anticipating changes. The Council accepts the current financial climate we are in. The Council is in a period of one year settlements which doesn't provide any degree of certainty into the medium term. The ring fencing of monies limits what we can do and additional policy and legislative implications, not always fully funded, puts financial pressures on councils. Furthermore progress with Brexit negotiations are ongoing but uncertainty still remains as to what the economic implications are.

In 2017/18 the Council developed a medium to longer term financial strategy designed to ensure the Council addresses the challenges it faces effectively. It covers the period 2018/19 to 2020/21 in detail and provides high level estimates for the period 2021 to 2028. The principal objectives of the financial strategy are:

- Outline Argyll and Bute Council's high level financial position over the years 2018-2028 based on a range of assumptions.
- Highlight the key issues that have been considered in developing the strategy.
- Ensure that available resources are focused on delivery of the Council's key priorities.
- Plan for a sustainable revenue budget and capital investment programme which will support the Council's key priorities.
- Ensure that the Council is fully aware of the financial challenges and uncertainties that it faces and is in a strong position to continue to deliver the best possible quality and range of services within available resources.
- Increase the wider community's understanding of the Council's financial position and the challenges it is facing over the next ten years in balancing its budget.

The Council's Transformation Board has, to date, focused on identifying savings across front line delivery services based on four operating principles of business cost reduction, income maximisation, service redesign and self-funding. The Transformation Board are continuing their transformation journey and in February 2018, as part of the budget pack, reported on their transformation activities for 2018/19 and beyond including a comprehensive root and branch review of the delivery of services to inform the future shape of the Council for 2019/20 and beyond.

INTERNAL FINANCIAL CONTROL

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

In particular the system includes:

- comprehensive budgeting systems;
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against forecast;
- clearly defined capital expenditure guidelines;
- project management disciplines;
- guidance relating to financial processes, procedures and regulations; and
- an effective Internal Audit Section.

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

RISK MANAGEMENT

The Council's Risk Management processes are well developed. In particular the:

- Head of Strategic Finance submits an annual risk management overview report to the Audit and Scrutiny Committee.
- Strategic Risk Register is updated twice a year and approved by the strategic management team (SMT).
- Operational Risk Registers are updated quarterly by departmental management teams.

The Council's risk management manual and risk registers were refined in early 2018 and further improvements to the risk management process were agreed by the SMT. Key improvements were:

- 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
- all red risks identified in operational risk registers are escalated to the SMT for consideration

Internal Audit will perform an audit of risk management in 2018/19 to provide assurances that the revised processes are operating effectively.

INTERNAL AUDIT

Argyll and Bute Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards (PSIAS). The work of internal audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and this states substantial assurance can be taken that the systems of governance and internal control are operating effectively.

Internal audit provides Members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External Audit has and continues to place reliance on the work of internal audit. The Chair of the Audit and Scrutiny Committee is an independent lay member.

During 2017/18, 1 of the 26 audit reports presented to the Audit & Scrutiny Committee had an overall audit opinion of 'limited' assurance. Management have accepted 100% of audit recommendations and a robust follow-up system is in place with progress reports presented to the SMT on a monthly basis.

During 2017/18 the following developments were made within internal audit:

- A new Chief Internal Auditor was appointed in October 2017.
- Introduction of new working practices, reporting templates and a revised internal audit charter and manual.
- Introduction of team development days to ensure internal audit continues to develop the necessary skills and knowledge to carry out their role effectively.
- Audit reports are presented to the Audit and Scrutiny Committee in their entirety, replacing the previous process to remove recommendations classified as 'low' priority.
- Audit reports are presented to the SMT.
- Introduction of a new Scrutiny Framework and Scrutiny Manual to provide governance over the roll out of scrutiny during 2018/19.

HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute Integration Joint Board has been established as a separate legal entity from either Argyll and Bute Council and NHS Highland, with a separate board of governance. The Integration Joint Board comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff. The arrangements for the operation, remit and governance of the Integration Joint Board are set out in the Integration Scheme. The Integration Scheme also outlines the scope and functions of services that are delegated, the clinical and care governance, financial and operational management arrangements.

From 1 April 2016 the Integration Joint Board, via a process of delegation from the Council and Health Board has responsibility, supported by the Chief Officer, for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute. The overarching strategic vision, mission and values of the Integration Joint Board are set out in the Strategic Plan and Strategic Objectives are aligned to deliver on the National Outcomes for Adults, Older People and Children.

The Council places reliance on the internal controls in place for the operation of the Integration Joint Board and similarly the IJB places reliance on the procedures, processes, policies and operational systems of Argyll and Bute Council and NHS Highland. The Integration Joint Board operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The Integration Joint Board has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity for the Integration Joint Board. The annual report includes an independent opinion on the adequacy and effectiveness of the systems of governance and internal control. The report for 2017-18 concludes that the Integration Joint Board has a framework of controls in place that provide reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

UPDATE ON AREAS FOR DEVELOPMENT IN 2016/17 ANNUAL GOVERNANCE STATEMENT

The 2016/17 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2017/18 Update
Financial Strategy	A medium to long term financial strategy (2018/19 – 2027/28) was approved by the Policy and Resources Committee in October 2017. The strategy will be subject to annual review to reflect any changes to underlying assumptions.
Transformation Board	The Transformation Board focus of attention in 2017/18 was on identifying savings across front line delivery services based on four operating principles of business cost reduction, income maximisation, service redesign and self-funding. Some of the savings options identified were efficiency in nature and were reported to Council in October. Others were agreed by the Council in February 2018 to be delivered from 2018/19. The Transformation Board are continuing their transformation journey and in February 2018, as part of the budget pack, reported on their transformation activities for 2018/19 and beyond.
Strategic Workforce Planning	The Strategic Workforce Plan 2018-22 was approved by Council in April 2018. The plan aligns with the Council's Corporate Plan, Transformation Agenda and medium to long term financial strategy. The plan highlights the overall challenges facing the organisation in terms of workforce and identifies key risks in specific service areas for future workforce needs. The plan will be monitored through updates to the Policy and Resources Committee.
Strategic Risk Register and Risk Management Arrangements	The strategic risk register was reviewed and updated by the SMT and reported to the Policy and Resources Committee in August 2017. Risk management arrangements were updated in early 2018 as per the 'Risk Management' section of this Annual Governance Statement.
Health & Social Care Partnership	During the year the frequency of information reporting to the IJB has been reviewed including performance, staff and clinical governance information. In addition a new subcommittee to support the financial governance of the IJB was established. These areas will continue to be kept under review to ensure they meet the requirements of the partnership.

Area	2017/18 Update
Education	In partnership with Education Scotland, the Education Service had a follow through inspection in September 2017 with the published report available in December 2017. The report indicated that the Education Service had made positive improvements across the five main action points. A return visit is planned for May 2018.
Community Engagement and Local Empowerment	Training has been completed and there is continued opportunity for matters relating to community led action plans to feature in Area Community Planning meetings.
Local Scrutiny Plan	The Council's 2018/19 Local Scrutiny Plan was reported to the Audit & Scrutiny Committee in June 2018. It confirms that the Local Area Network has not identified any additional risk areas for the Council where specific scrutiny is required.
Performance and Improvement Framework	Since the approval of the PIF in 2017 there have been specific improvements implemented including alignment of quarterly reporting templates with the Business Outcomes, further revision of the Business Outcomes to simplify them further and engagement with the Chair of the Audit and Scrutiny Committee which resulted in a new mechanism for presenting performance information to members and to enable more effective scrutiny.
Open and Transparent Culture	In 2018/19 internal audit will be carrying out an audit of organisational culture. This will include input from both Council Officers and Elected Members.
New Legislation	The SMT continues to review new legislation as a standing agenda item.
Political Management Arrangements	Council considered the report and introduced revised Political management arrangements adopting many but not all of the suggestions form the SLWG. The constitution has been through its annual review in April 2018 and some minor adjustments were made. The Council continues to proactively review its Constitution including its political management arrangements.

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2018/19, particularly in the context of continuous improvement within the Council:

- Implementation of the new approach to scrutiny with scrutiny reviews reported to the Audit and Scrutiny committee.
- Full implementation of the requirements of GDPR and the new Data Protection Act.
- Improving efficiency and accuracy in payroll processing through full roll out of electronic payslips, greater automation of payroll processing
- Establishing a control hub within Roads and Amenity Services with responsibility for programming, delivering and monitoring roads and amenity activities.
- Implementation of new capital monitoring processes and a revised capital prioritisation process.
- Extend equality impact assessments to include a socio-economic impact assessment to ensure that all major decisions taken by the Council have regard to the Fairer Scotland duty.

- The Council have requested a review of the Integration Scheme with a particular focus on risk sharing arrangements, this review will be carried out in partnership with NHS Highland.
- 2018-19 will be the last year of the current Strategic Planning period and the IJB are required to consult and engage on the next 3 year Strategic Plan, this will require to be agreed by Argyll and Bute Council and NHS Highland.

ASSURANCE

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

- the work of officers within the Council;
- the work of Internal Audit as described above;
- the work of External Audit;
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts;
- external review and inspection reports; and
- recommendations from the Audit Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2017-18 and that there are no significant weaknesses. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing this statement.

BACKGROUND

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI No.2014/200) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. All information disclosed in the tables in this Remuneration Report has been audited by Audit Scotland. All other sections within the Remuneration Report have been reviewed by Audit Scotland to ensure it is consistent with the Financial Statements.

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No 2007/183), further amended by Regulations 2013 (SSI No 2013/351). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), senior councillors or councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The Regulations also provide for the banding of local authorities – Argyll and Bute is in Band B, the Council has determined the level of remuneration for councillors within that banding. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2017-18 the salary for the Leader of Argyll and Bute Council is £33,857. The Regulations permit the council to remunerate one Civic Head. The Regulations set out the maximum salary that may be paid to that Civic Head. The Council's Civic Head is The Provost and their remuneration is set at £25,392 which is the maximum allowed for Local Authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its senior councillors shall not exceed £0.296m. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay a salary of £23,982 to each appointed policy lead. Chairs of Area Committees without a policy lead remit are paid a salary of £19,955.

In 2017-18 Argyll and Bute Council had 10 senior councillors in the administration (excluding the Provost and the Leader). The total salary remuneration for senior councillors (including the Provost and the Leader) during 2017-18 was £0.283m. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

Senior Employees

The salary of senior employees is set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority. Circular CO/148 sets the amount of salary for the Chief Executive of Argyll and Bute Council for 2017-18.

The salaries of Executive Directors are paid at (SCP) 43 with Heads of Service being paid at (SCP) 29.

COUNCILLORS' REMUNERATION

Councillors' payments are made in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

Members Allowances	2017-18 Actual £'000	2016-17 Actual £'000
Basic Councillor Salaries	408	402
Leader and Provost's Salary	58	59
Senior Councillor Salaries	225	227
Other Expenses and Allowances paid to Members	88	88
Total Allowances	**779**	**776**

The annual return of councillors' salaries and expenses for 2017-18 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at **http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors**.

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior councillors or councillors. Details of senior councillors' remuneration are as follows:

Senior Members	Responsibility	2017-18			2016-17
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Councillor Rory Colville	**Policy Lead for Corporate Services** from 18 May 2017 *(Lead Councillor for Education and Lifelong Learning, Chair of Mid Argyll, Kintrye & the Islands Area Committee - previous Administration)*	23,715	-	**23,715**	23,272
Councillor Maurice Corry	*Lead Councillor for Health and Social Care Integration from 21/01/16 to 30/06/16 - previous Administration*	-	-	**-**	10,960
Councillor Robin Currie	**Policy Lead for Communities, Housing, Islands and Gaelic and Chair of Mid Argyll, Kintyre & the Islands Area Committee** from 18 May 2017 *(Lead Councillor for Community & Culture and Strategic Housing - previous Administration)*	23,669	56	**23,725**	24,262
Councillor Bobby Good	**Chair of Bute & Cowal Area Committee** from 18 May 2017	17,155	-	**17,155**	-
Councillor Kieron Green	**Policy Lead for Health and Social Care** from 18 May 2017 *(Lead Councillor for Health and Social Care Integration - previous Administration)*	23,669	-	**23,669**	12,954
Councillor David Kinniburgh	**Policy Lead for Planning and Regulatory Services** from 18 May 2017 *(Depute Provost and Chair of Planning, Protective Services and Licensing Committee - previous Administration)*	23,669	-	**23,669**	23,914

Senior Members	Responsibility	2017-18			2016-17
		Salary, Fees and Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
		£	£	£	£
Councillor Alistair MacDougall	*Lead Councillor for Strategic Transportation - previous Administration*	3,175	-	**3,175**	**23,914**
Councillor Robert E MacIntyre	*Chair of Bute and Cowal Area Committee to 29/09/16 - previous Administration*	-	-	**-**	**11,459**
Councillor Roddy McCuish	**Depute Provost and Policy Lead for Roads and Amenity Services** from 18 May 2017 *(Chair of Oban, Lorn and the Isles Area Committee - previous Administration)*	23,141	177	**23,318**	**19,939**
Councillor Alex McNaughton	*Chair of Bute and Cowal Area Committee from 29/09/16 - previous Administration*	2,647	-	**2,647**	**8,438**
Councillor Yvonne McNeilly	**Policy Lead for Education** from 18 May 2017	20,495	-	**20,495**	**-**
Councillor Aileen Morton	**Leader and Policy Lead for Economic Development** from 18 May 2017	28,175	-	**28,175**	**-**
	Lead Councillor for Sustainable Economic Growth - previous Administration	3,684	-	**3,684**	**23,914**

Senior Members	Responsibility	2017-18			2016-17
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Councillor Ellen Morton	**Chair of Helensburgh & Lomond Area Committee** from 18 May 2017 *(Depute Leader, Lead Councillor for Roads, Amenity Services, Infrastructure, Asset Management and Special Projects - previous Administration)*	20,362	-	**20,362**	23,914
Councillor Gary Mulvaney	**Depute Leader and Policy Lead for Strategic Finance and Capital Regeneration Programme** from 18 May 2017 *(Chair of Helensburgh and Lomond Area Committee - previous Administration)*	23,141	-	**23,141**	19,939
Councillor Elaine Robertson	**Chair of Oban, Lorn & the Isles Area Committee** from 18 May 2017	16,678	-	**16,678**	-
Councillor Len Scoullar	**Provost** from 18 May 2017 *(Provost and Lead Councillor for Island Affairs - previous Administration)*	25,024	-	**25,024**	25,961
Councillor Dick Walsh	*Leader and Lead Councillor for Strategic Finance, (IT Services, Improvement, HR and Customer Support, Facility Services, Governance and Law) - previous Administration*	4,482	-	**4,482**	35,094

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

EMPLOYEES' REMUNERATION

The Regulations require that local authorities provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made to the employee in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, was £50,000 or more in bands of £5,000 was:

Range £	2017-18 Number of Officers	2016-17 Number of Officers
£50,000 - £54,999	71	80
£55,000 - £59,999	22	13
£60,000 - £64,999	9	6
£65,000 - £69,999	1	2
£70,000 - £74,999	9	13
£75,000 - £79,999	3	1
£80,000 - £84,999	3	2
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£95,000 - £99,999	3	2
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	
Total	**123**	**121**

SENIOR EMPLOYEES' REMUNERATION

The table below provides details of the remuneration paid to the Council's Senior Employees (defined by the regulations) as those forming part of the Council's senior management team, or holding certain statutory posts and any additional employee whose salary is over £150,000. In 2017-18 there were no employees earning more than £150,000.

The following table sets out the remuneration disclosures for 2017-18 for senior officers:

Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2017-18 £	Total Remuneration 2016-17 £
Chief Executive (from 9-5-16), **Executive Director of Community Services** (to 8-5-16) - Cleland Sneddon	124,765	5,071	**129,836**	**120,147**
(Full year equivalent as Chief Executive)	-	-	**-**	***118,251***
Chief Executive - Sally Loudon (to 8-5-16)	-	-	**-**	**21,340**
(Full year equivalent)	-	-	**-**	***119,903***
Executive Director of Customer Services - Douglas Hendry	99,214	604	**99,818**	**98,659**
Acting Executive Director of Community Services - Ann Marie Knowles (from 13-5-16)	98,769	-	**98,769**	**77,451**
(Full year equivalent)	-	-	**-**	***97,799***
Executive Director of Development and Infrastructure Services - Pippa Milne	98,769	425	**99,194**	**97,867**
Head of Strategic Finance (Section 95 Financial Officer) - Kirsty Flanagan	73,646	611	**74,257**	**73,590**
Head of Children & Families (Section 3 Social Work Officer) - Louise Long (to 07-05-17))	8,318	299	**8,617**	**73,347**
(Full year equivalent)	*71,723*	-	***71,723***	**-**
Head of Adult Care - East (Section 3 Social Work Officer) - Allan Stevenson (from 08-05-17 to 11-09-17)	25,193	-	**25,193**	**-**
(Full year equivalent)	*72,440*	-	***72,440***	**-**
Head of Children & Families (Section 3 Social Work Officer) - Alex Taylor (from 12-09-17)	40,175	6,278	**46,453**	**-**
(Full year equivalent)	*72,440*	-	***72,440***	**-**

During 2016-17 the Chief Executive, Sally Loudon, left the organisation and Cleland Sneddon (Executive Director of Community Services) was appointed Chief Executive. Ann Marie Knowles was appointed Acting Executive Director of Community Services.

The Chief Executive's salary in 2017-18 included £5,047 of remuneration for acting as Returning Officer. In 2016-17 the former Chief Executive's (Sally Loudon) salary included £2,906 of remuneration for acting as Returning Officer.

During 2017-18 Louise Long, Head of Children & Families and the Council's Section 3 Social Work Officer, left the organisation and the responsibility of Section 3 Social Work Officer was transferred to Allan Stevenson, Head of Adult Care - East. Allan Stevenson left the organisation in September 2017 and the responsibility of Section 3 Social Work Officer was transferred to Alex Taylor, Head of Children and families.

PENSION BENEFITS

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits accumulated are calculated using pensionable pay each scheme year, rather than final salary. All benefits accumulated prior to 1 April 2015 are protected.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members contribution rates for 2017-18 are as follows:

Whole time pay	Contribution Rate 2017-18
On earnings up to and including £20,700	**5.50%**
On earnings above £20,700 and up to £25,300	**7.25%**
On earnings above £25,300 and up to £34,700	**8.50%**
On earnings above £34,700 and up to £46,300	**9.50%**
On earnings above £46,300	**12.00%**

From 1 April 2015, if a person works part-time their contribution is worked out on their part-time pay rate for the job. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2018 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment.

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2018 £	For year to 31 March 2017 £		As at 31 March 2018 £	Difference from 31 March 2017 £
Councillor Rory Colville	4,578	4,617	Pension	4,248	633
			Lump Sum	*1,590*	*61*
Councillor Maurice Corry (left Scheme 04-05-17)	432	3,889	Pension	-	-
			Lump Sum	-	-
Councillor Robin Currie	4,569	4,617	Pension	4,092	616
			Lump Sum	*830*	*29*
Councillor Kieron Green	4,569	3,292	Pension	-	-
			Lump Sum	-	-
Councillor Bobby Good	3,310	-	Pension	-	-
			Lump Sum	-	-
Councillor David Kinniburgh	4,569	4,617	Pension	4,175	637
			Lump Sum	*1,544*	*64*
Councillor Roddy McCuish	4,467	3,850	Pension	4,159	720
			Lump Sum	*164*	*(1,353)*
Councillor Yvonne McNeilly	3,955	-	Pension	-	-
			Lump Sum	-	-
Councillor Aileen Morton	6,150	4,617	Pension	2,860	809
			Lump Sum	-	-
Councillor Ellen Morton	3,931	4,617	Pension	4,299	515
			Lump Sum	*1,656*	34
Councillor Gary Mulvaney	4,467	3,849	Pension	3,830	626
			Lump Sum	*1,447*	67
Councillor Elaine Robertson	3,750	-	Pension	3,512	445
			Lump Sum	*1,383*	*33*

Councillors Len Scoullar, Dick Walsh, Robert E McIntyre, Alex McNaughton and Alistair MacDougall are not members of Strathclyde Pension Fund.

Councillors Bobby Good, Kieron Green and Yvonne McNeilly are members of Strathclyde Pension Fund, however the Pension Fund has been unable to provide us with figures for their accrued pension benefits.

SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2018 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment.

Senior Officers	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2018 £	For year to 31 March 2017 £		As at 31 March 2018 £	Difference from 31 March 2017 £
Chief Executive - Cleland Sneddon	24,052	22,214	Pension	47,456	3,026
			Lump Sum	*85,527*	*945*
Acting Executive Director of Community Services - Ann Marie Knowles	18,904	17,719	Pension	43,256	2,645
			Lump Sum	*83,845*	*927*
Executive Director of Customer Services - Douglas Hendry	18,904	18,717	Pension	48,684	2,651
			Lump Sum	*98,215*	*1,086*
Executive Director of Development and Infrastructure Services - Pippa Milne	18,904	18,717	Pension	42,653	2,583
			Lump Sum	*80,122*	*886*
Head of Strategic Finance (Section 95 Financial Officer) - Kirsty Flanagan	13,997	13,859	Pension	18,556	1,764
			Lump Sum	*20,967*	*232*
Head of Adult Care - East (Section 3 Social Work Officer) - Allan Stevenson	6,876	-	Pension	-	-
			Lump Sum	-	-
Head of Children and Families (Section 3 Social Work Officer) - Alex Taylor	13,794	-	Pension	*38,090*	10,278
			Lump Sum	*81,785*	*20,998*
Head of Children and Families (Section 3 Social Work Officer) - Louise Long	1,988	13,859	Pension	-	-
			Lump Sum	-	-

EMPLOYEE EXIT PACKAGES

The numbers of exit packages with cost per band for compulsory and other redundancies are set out in the table below:

	2016/17					2017/18		
	Cash Value					Cash Value		
No	Compulsory Redundancies £	Other Departures £	Total Cash Value Cost £	Exit Package Cost Band	No	Compulsory Redundancies £	Other Departures £	Total Cash Value Cost £
45	106,794	225,776	**332,570**	£0 - £20,000	14	10,698	112,397	**123,095**
5	0	137,480	**137,480**	£20,001 - £40,000	8	29,049	212,841	**241,890**
4	44,304	123,899	**168,203**	£40,001 - £60,000	-	-	-	**-**
2	0	127,484	**127,484**	£60,001 - £80,000	1	-	60,783	**60,783**
3	98,802	168,669	**267,471**	£80,001 - £100,000	4	97,457	284,867	**382,324**
-	-	-	-	£100,001 - £150,000	2	-	248,562	**248,562**
59	**249,900**	**783,308**	**1,033,208**		**29**	**137,204**	**919,450**	**1,056,654**

Exit package costs include redundancy payments, pension strain and compensatory lump sum payments for all retirees. The costs should also include the capitalised cost of compensatory added years ("CAY"), which will be payable to the pension fund until the retiree ceases to claim their pension. For employees with pensions provided by the Strathclyde Pension Fund (the provider for all employees other than teachers) the notional cost of added years is noted separately in the table as costs are based on an assessment by the pension's provider of the present value of all future payments to the retiree. These amounts are not based on actual costs but instead use actuarial assumptions on pensioner longevity and other factors and as such will be subject to change and will not reflect the actual costs incurred.

The Cash Value costs noted in the table represent the actual costs incurred by the Council for the agreed exit packages. The capitalised added years pension element for members of the Teachers' Pension Scheme is included in the cash value cost as payment is made in advance to the teachers' pension fund to settle this liability.

The total cost of £1.057m in the previous table includes exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year. These costs include all exit packages agreed by 31 March in each year, this does not necessarily mean that these payments have been made, for example an employee could have subsequently been re-deployed to an alternative post within the Council. The Council's Balance Sheet includes a provision at 31 March 2018 of £0.272m, this represents the amount which has yet to be paid out by the Council, this amount is included within the bands above.

The supplementary Termination Benefits Note 35 on page 117 provides more information on the exit packages agreed in the last two financial years.

Expenditure and Funding Analysis

2016-17				2017-18		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Service	Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 31) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,041	100	2,141	**Chief Executive and Strategic Finance**	2,409	316	2,725
			Community Services:			
310	15	325	Executive Director of Community Services	189	43	232
11,170	2,021	13,191	Community and Culture	4,469	1,951	6,420
72,298	8,690	80,988	Education	72,841	14,956	87,797
			Customer Services			
12,932	(182)	12,750	Executive Director of Customer Services	6,314	18	6,332
8,310	2,408	10,718	Customer and Support Services	8,082	1,838	9,920
11,907	2,291	14,198	Facility Services	11,656	2,032	13,688
2,083	94	2,177	Governance and Law	2,043	253	2,296
3,177	124	3,301	Improvement and HR	3,081	344	3,425
			Development and Infrastructure Services			
1,268	54	1,322	Executive Director of Development & Infrastructure Services	1,479	145	1,624
3,886	566	4,452	Economic Development	4,202	766	4,968
3,003	224	3,227	Planning, Regulatory & Housing Services	8,021	814	8,835
20,855	9,858	30,713	Roads and Amenity Services	20,134	10,808	30,942
56,208	3,184	59,392	**Health and Social Care Integration**	57,579	3,955	61,534
(48)	518	470	**Other Non-Departmental Costs**	8,189	423	8,612
209,400	**29,965**	**239,365**	**Net Cost of Services**	**210,688**	**38,662**	**249,350**

(210,472)	(24,255)	(234,727)	Other Income and Expenditure	(207,510)	(26,399)	(233,909)
(1,072)	**5,710**	**4,638**	**(Surplus) / Deficit**	**3,178**	**12,263**	**15,441**
(52,417)			**Opening General fund Balance**	**(53,489)**		
(1,072)			Plus (Surplus) or Deficit on General Fund Balance	3,178		
(53,489)			**Closing General Fund Balance at 31 March 2017**	**(50,311)**		

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on pages 52 to 53.

Statement of Comprehensive Income and Expenditure

2016-17					2017-18		
Gross Expenditure £'000	Gross Income (Note 6.2) £'000	Net Expenditure £'000	Service	Note	Gross Expenditure £'000	Gross Income (Note 6.2) £'000	Net Expenditure £'000
2,268	127	2,141	**Chief Executive and Strategic Finance**		2,897	172	2,725
			Community Services:				
325	-	325	Executive Director of Community Services		232	-	232
19,057	5,866	13,191	Community and Culture		7,630	1,210	6,420
84,614	3,626	80,988	Education		93,319	5,522	87,797
			Customer Services				
15,001	2,251	12,750	Executive Director of Customer Services		9,167	2,835	6,332
36,081	25,363	10,718	Customer and Support Services		34,842	24,922	9,920
27,223	13,025	14,198	Facility Services		26,360	12,672	13,688
2,551	374	2,177	Governance and Law		2,652	356	2,296
3,379	78	3,301	Improvement and HR		3,456	31	3,425
			Development and Infrastructure Services				
1,322	-	1,322	Executive Director of Development & Infrastructure Services		1,763	139	1,624
5,519	1,067	4,452	Economic Development		6,412	1,444	4,968
5,797	2,570	3,227	Planning, Regulatory & Housing Services		14,042	5,207	8,835
65,894	35,181	30,713	Roads and Amenity Services		67,599	36,657	30,942
136,580	77,188	59,392	**Health and Social Care Integration**		137,580	76,046	61,534
1,557	1,087	470	**Other Non-Departmental Costs**		9,149	537	8,612
407,168	**167,803**	**239,365**	**Net Cost of Services**	6.3	**417,100**	**167,750**	**249,350**

		Other Operating Income and Expenditure:	
266	Net (Gain)/loss on Disposal of Long Term Assets		3,544
1,339	Other Operating Income and Expenditure	7	1,430
1,605	**Total Other Operating Income and Expenditure**		**4,974**
	Financing and Investment Income and Expenditure:		
16,133	Interest Payable and Similar charges		16,021
(3,627)	Interest and Investment Income		(970)
3,367	Net Pension Interest Expense		4,033
15,873	**Total Financing and Investment Income and Expenditure**		**19,084**
	Taxation and Non-Specific Grant Income:		
(166,251)	General Government Grants		(162,798)
(11,375)	Government Capital Grants and Other Capital Contributions	12	(17,243)
(30,446)	Non-domestic Rates Redistribution		(29,615)
(82)	Non-domestic Rates TIF		(192)
-	Non-domestic Rates BRIS		(39)
(44,051)	Council Tax Income		(48,080)
(252,205)	**Total Taxation and Non-Specific Grant Income**		**(257,967)**
4,638	**Deficit on Provision of Services**	6.1	**15,441**
(1,290)	(Surplus)/Deficit on revaluation of Long Term Assets		(52,780)
48,407	Other Post Employment Benefits (Pensions)	30.2	(96,302)
47,117	**Other Comprehensive Income and Expenditure**		**(149,082)**
51,755	**Total Comprehensive Income and Expenditure**		**(133,641)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis on pages 50 to 51.

Balance Sheet

31 March 2017 £'000	31 March 2017 £'000		Note	31 March 2018 £'000	31 March 2018 £'000
		Long Term Assets			
		Property Plant & Equipment	14		
250,590		- Other Land and Buildings		323,341	
9,207		- Vehicles, Plant, Furniture and Equipment		8,419	
200,944		- Infrastructure Assets		200,363	
2,271		- Community Assets		2,324	
2,907		- Surplus Assets		1,156	
24,366		- Assets Under Construction		68,743	
	490,285	**Total Property Plant & Equipment**			**604,346**
	1,671	Heritage Assets	15		1,804
	728	Intangible Assets	16		633
	11,021	Investment Property	17		2,260
	492	Long Term Investments	26		492
	4,926	Long-Term Debtors	21		5,936
	509,123	**Total Long Term Assets**			**615,471**
		Current Assets			
529		Inventories		539	
16,063		Short Term Debtors (Net of Impairment)	22	20,655	
691		Assets Held for Sale	23	2,118	
52,500		Short Term Investments		55,002	
7,889		Cash and Cash Equivalents	24	10,426	
	77,672	**Total Current Assets**			**88,740**
		Current Liabilities			
(14,298)		Short-term Borrowing	26	(8,477)	
(29,770)		Short-term Creditors	25	(32,334)	
(567)		Capital Grant Receipts in Advance	29	(21)	
(1,818)		Provisions	28	(1,813)	
(2,008)		Other Short Term Liabilities	27	(4,407)	
	(48,461)	**Total Current Liabilities**			**(47,052)**
		Long-term Liabilities			
(157,937)		Borrowing Repayable within a Period in Excess of 12 Months	26	(172,429)	
(72,801)		Other Long-term liabilities	27	(124,974)	
(1,255)		Provisions	28	(1,300)	
(5,000)		Capital Grant Receipts in Advance	29	(5,000)	
(149,777)		Other Long-term liabilities (Pensions)	30	(68,251)	
	(386,770)	**Total Long-term Liabilities**			**(371,954)**
	151,564	**Total Assets less Liabilities**			**285,205**

Balance Sheet

31 March 2017				31 March 2018	
£'000	£'000		Note	£'000	£'000
		Unusable Reserves	32		
56,033		- Revaluation Reserve		108,720	
195,007		- Capital Adjustment Account		196,126	
(3,836)		- Financial Instruments Adjustment Account		(3,506)	
(149,777)		- Pensions Reserve		(68,251)	
(4,312)		- Accumulated Absences Account		(4,036)	
	93,115				**229,053**
		Usable Reserves	33		
4,064		- Capital Funds		4,326	
896		- Repairs and Renewals Funds		1,515	
53,489		- General Fund Balance		50,311	
	58,449				**56,152**
	151,564	**Total Reserves**			**285,205**

The Balance Sheet is a snapshot of the value as at the 31 March 2018 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported as follows:

- **Unusable reserves:** are reserves that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".
- **Usable reserves:** are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The Unaudited Annual Accounts were issued on 29 June 2018.

Kirsty Flanagan

Head of Strategic Finance

29 June 2018

Statement of Movement in Reserves

Movements in 2017-18	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumu-lated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	**(53,489)**	**(896)**	**(4,064)**	**(58,449)**	**(56,033)**	**(195,007)**	**149,777**	**3,836**	**4,312**	**(93,115)**	**(151,564)**
(Surplus)/Deficit on Provision of Services	15,441			**15,441**						**-**	**15,441**
Other Comprehensive Income and Expenditure					(52,780)		(96,302)			**(149,082)**	**(149,082)**
Total Comprehensive Income and Expenditure	**15,441**	**-**	**-**	**15,441**	**(52,780)**	**-**	**(96,302)**	**-**	**-**	**(149,082)**	**(133,641)**
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost					93	(93)				**-**	**-**
Amortisation of Intangible Assets				**-**		-				**-**	
Depreciation of Non-current Assets	(21,378)			**(21,378)**		21,378				**21,378**	**-**
Impairment of Non-current Assets	(7,581)			**(7,581)**		7,581				**7,581**	**-**
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	17,243			**17,243**		(17,243)				**(17,243)**	**-**
Capital Expenditure Charged to the General Fund	4,135			**4,135**		(4,135)				**(4,135)**	**-**
Net Gain or Loss on Sale of Non-current Assets	(3,544)		(5,677)	**(9,221)**		9,221				**9,221**	**-**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	330			**330**				(330)		**(330)**	**-**
Employee Benefits	276			**276**					(276)	**(276)**	**-**
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(14,776)			**(14,776)**			14,776			**14,776**	**-**

Page 142

Movements in 2017-18	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumu-lated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Repayment of Debt - Loans Fund Advances	10,361			**10,361**		(10,361)				**(10,361)**	**-**
Statutory Repayment of Debt - Finance Leases	34			**34**		(34)				**(34)**	**-**
Statutory Repayment of Debt - NPDO Finance	2,008			**2,008**		(2,008)				**(2,008)**	**-**
Total Statutory Adjustments	**(12,892)**	**-**	**(5,677)**	**(18,569)**	**93**	**4,306**	**14,776**	**(330)**	**(276)**	**18,569**	**-**
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	**2,549**	**-**	**(5,677)**	**(3,128)**	**(52,687)**	**4,306**	**(81,526)**	**(330)**	**(276)**	**(130,513)**	**(133,641)**
Other Transfers required by Statute											
Transfer to/from Other Statutory Reserves	629	(619)	5,415	5,425		(5,425)				**(5,425)**	**-**
(Increase)/Decrease in Year	**3,178**	**(619)**	**(262)**	**2,297**	**(52,687)**	**(1,119)**	**(81,526)**	**(330)**	**(276)**	**(135,938)**	**(133,641)**
Balance at 31 March 2018 Carried Forward	**(50,311)**	**(1,515)**	**(4,326)**	**(56,152)**	**(108,720)**	**(196,126)**	**68,251**	**3,506**	**4,036**	**(229,053)**	**(285,205)**

This Statement shows the movement in the 2017-18 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comparative Movements in 2016-17	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumu-lated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	**(52,417)**	**(671)**	**(4,027)**	**(57,115)**	**(54,847)**	**(194,492)**	**94,441**	**4,165**	**4,529**	**(146,204)**	**(203,319)**
(Surplus)/Deficit on Provision of Services	4,638			**4,638**						**-**	**4,638**
Other Comprehensive Expenditure and Income					(1,290)		48,407			**47,117**	**47,117**
Total Comprehensive Expenditure and Income	**4,638**	**-**	**-**	**4,638**	**(1,290)**	**-**	**48,407**	**-**	**-**	**47,117**	**51,755**
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost.				**-**	104	(104)				**-**	**-**
Amortisation of Intangible Assets	(111)			**(111)**		111				**111**	**-**
Depreciation and of Non-current Assets	(22,872)			**(22,872)**		22,872				**22,872**	**-**
Impairment of Non-current Assets	(1,993)			**(1,993)**		1,993				**1,993**	**-**
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure	11,375			**11,375**		(11,375)				**(11,375)**	**-**
Capital Expenditure Charged to the General Fund	229			**229**		(229)				**(229)**	**-**
Net Gain or Loss on Sale of Non-current Assets	(266)		(1,613)	**(1,879)**		1,879				**1,879**	**-**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	329			**329**				(329)		**(329)**	**-**
Employee Benefits	217			**217**					(217)	**(217)**	**-**
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(6,929)			**(6,929)**			6,929			**6,929**	**-**

Comparative Movements in 2016-17	Usable Reserves (Note 33)				Unusable Reserves (Note 32)						
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumu-lated Absences Account	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statutory Repayment of Debt - Loans Fund Advances	12,105			**12,105**		(12,105)				**(12,105)**	**-**
Statutory Repayment of Debt - NPDO Finance	1,935			**1,935**		(1,935)				**(1,935)**	**-**
Total Statutory Adjustments	**(5,981)**	**-**	**(1,613)**	**(7,594)**	**104**	**1,107**	**6,929**	**(329)**	**(217)**	**7,594**	**-**
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	**(1,343)**	**-**	**(1,613)**	**(2,956)**	**(1,186)**	**1,107**	**55,336**	**(329)**	**(217)**	**54,711**	**51,755**
Other Transfers required by Statute											
Transfer to/from Other Statutory Reserves	271	(225)	1,576	**1,622**		(1,622)				**(1,622)**	**-**
(Increase)/Decrease in Year	**(1,072)**	**(225)**	**(37)**	**(1,334)**	**(1,186)**	**(515)**	**55,336**	**(329)**	**(217)**	**53,089**	**51,755**
Balance at 31 March 2017 Carried Forward	**(53,489)**	**(896)**	**(4,064)**	**(58,449)**	**(56,033)**	**(195,007)**	**149,777**	**3,836**	**4,312**	**(93,115)**	**(151,564)**

This Statement shows the movement in the 2016-17 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2016-17 £'000		Note	2017-18 £'000
4,638	**Net Deficit on the Provision of Services**		**15,441**
(19,151)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(29,635)
3,777	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		4,986
(10,736)	**Net Cash OutFlow from Operating Activities**	39	**(9,208)**
18,915	Investing Activities	40	11,438
(8,128)	Financing Activities	41	(4,767)
51	**Net (Increase)/Decrease in Cash and Cash Equivalents**		**(2,537)**
(7,940)	Cash and Cash Equivalents at the beginning of the Reporting Period		(7,889)
(7,889)	**Cash and Cash Equivalents at the end of the Reporting Period**	24	**(10,426)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2017-18 financial year and its position at the year-end of 31 March 2018. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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

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

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

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

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

1.5 Charges to Revenue for Non-Current Assets

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

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

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

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

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees. These benefits are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

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

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

1.6.3 Post-Employment Benefits

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

a) Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

b) Local Government Pension Scheme

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This pension scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on a "high quality corporate bond of equivalent term and currency to the liability" (as measured by the yield on iboxx Sterling Corporates Index, AA over 15 years)).
- The assets of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value
- The change in the net pension's liability is analysed into the following components:
  - Current service cost – the increase in liabilities as a result of years' service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement.
  - Net interest on the net defined benefit liability (asset), i.e. net interest expenses for the Council – The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
  - Re-measurements comprising

- The return on plan assets – Excluding amounts included in the net interest on the net defined benefit liability (asset), charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve
- Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

1.6.4 Post Employment Discretionary Benefits

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

1.7 Events after the Reporting Period

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

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

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

1.8 Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

1.9 Financial Assets

Loans and Receivables

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

Available-for-Sale Assets

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

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

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

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

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

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

1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable to revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

1.11 Heritage Assets

The main heritage assets held by the Council are two art collections and a historic jail and courthouse which is operated as a “living” museum. The “Argyll Collection” is an art collection which was set up to provide the young people of Argyll and Bute with direct access to a wide range of quality art recognising that they had limited access to museums and galleries. In addition the Council holds other works of art which are held at various libraries and the Campbeltown Museum. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council’s accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council’s main heritage assets are accounted for as follows:

The Art Collections

The collections cover a range of media including acrylic, charcoal, embroidery, engraving, etching, gouache, lithography, oil, pastel, pencil, procion dye, screenprint, monoprint, watercolour, woodcut, ceramic, bronze and woodcarving. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations are updated periodically. The assets within the art collections are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

Inveraray Jail and Courthouse and "Other" Historic Buildings

The building is owned by Argyll and Bute Council and leased out to an organisation which runs it as a "living museum". The building is valued in accordance with its property, plant and equipment policy. Other buildings included in this category are McCaig's Folly in Oban and Castle Lodge in Dunoon.

Archaeology and "Other" Museum Exhibits

The Council does not consider that reliable cost or valuation information can be obtained for archaeological items and "other" museum exhibits outwith the art collections. This is because of the diverse nature of the assets held and lack of comparable values. Consequently, the Council does not recognise these assets on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration of breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note 1.19.3 in this summary of significant accounting policies). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory requirements relating to capital expenditure and receipts (see note 1.19.4 in this summary of significant accounting policies).

1.12 Intangible Assets

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

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.13 Interests in Companies and Other Entities

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

1.14 Inventories

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

1.15 Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.16 Leases

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

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

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

1.16.1 The Council as Lessee

a) Finance Leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

b) Operating Leases

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

1.16.2 The Council as Lessor

a) Finance Leases

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

Lease rentals receivable are apportioned between:

- A capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt on disposal of the asset is used to write down the debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

b) Operating Leases

Where the Authority grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, with the exception of rental income from Investment Property which is credited to Interest and Investment Income. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.17 Overheads and Support Services

The costs of overheads and support services are not charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.18 Assets Held for Sale

Property, land and buildings are classified as *Assets Held for Sale* when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant and Equipment* will be reclassified as *Assets Held for Sale*.

1.19 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others or for administrative purposes that are expected to be used during more than one financial year are classified as *Property, Plant and Equipment*.

1.19.1 Recognition

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

1.19.2 Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

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

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

1.19.3 Impairment

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

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

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

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

1.19.4 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an *Asset Held for Sale*. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Non-Departmental Costs line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as *Assets Held for Sale*.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal receipts are categorised as capital receipts. All capital receipts are credited to the Capital Fund, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the costs of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.19.5 Depreciation

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

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

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

1.20 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the fixed assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the fixed assets used under the contracts on the balance sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Fixed assets recognised on the Balance Sheet are re-valued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – this is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, this is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.21 Provisions, Contingent Liabilities and Contingent Assets

1.21.1 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

1.21.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.21.3 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.22 Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies above and Note 31 to the accounts.

1.23 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable.

1.24 Accounting for the Carbon Reduction Commitment Scheme

The council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the third year of its second phase, which ends on 31 March 2019. The council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to the following new or amended accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2018 for 2018/19). For this disclosure the standards introduced by the 2018/19 code include:

- IFRS 9 Financial Instruments
- IFRS 15 *Revenue from Contracts with Customers* including amendments to IFRS 15 and clarifications to IFRS 15 *Revenue from Contracts with Customers*
- Amendments to IAS 12 *Income Taxes*: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 *Statement of Cash Flows*: Disclosure Initiative

For this disclosure there are no new standards, introduced by the 2018/19 Code, which will impact on the 2018/19 Financial Statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below:

Government Funding: There is a high degree of uncertainty about future levels of funding for local government. However, the Council had determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Service Concessions: The Council currently operates three Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract and the new Schools DBFM contract, the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets "on balance sheet" along with a finance lease liability.

The Council also operates a Waste Management PPP contract. In this case the Council determined that a "qualifying asset" had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be "off balance sheet" and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.

Holiday Pay Accrual: Unused holiday entitlement earned at 31 March 2018 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2017-18 financial statements in respect of the holiday pay accrual is £4.036m.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follow:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.2m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:

Sensitivities at 31 March 2018	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000
0.5% decrease in real discount rate	9%	81,288
1 year increase in member life expectancy	3-5%	26,759 – 40,644
0.5% increase in salary increase rate	3%	26,759
0.5% increase in pension increase rate	7%	52,139

Arrears	At 31 March 2018, the Council had a balance of sundry debtors of £3.001m. A review of significant balances suggested an allowance of 22.8% (£0.684m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate an increase of the allowance by 10% would increase the bad debt provision required by £0.300m.

5. TRANSFERS TO/FROM EARMARKED RESERVES

The Council has ring-fenced £43.717m of the balance on the General Fund.

Ring-fenced Balances	Balance 1 April 2017 £'000	Funds Used £'000	Contributions to/from Funds £'000	Earmarking agreed 2017-18 £'000	Earmarking at end of 2017-18 £'000	Balance 31 March 2018 £'000
Revenue from Additional Council Tax on Second Homes	6,177	(2,190)	-	-	1,913	5,900
Unspent Grants	544	(247)	122	-	904	1,323
Contributions Carried Forward	291	(133)	-	-	26	184
Unspent Budget Carried Forward	7,720	(2,816)	(149)	-	682	5,437
School Budget Carry Forwards	1,033	(848)	-	-	566	751
Unspent Budget Required for Existing Legal Commitments	1,042	-	(122)	-	-	920
CHORD	240	-	-	-	93	333
Revenue Contribution to Capital (Dunoon and Campbeltown Schools)	2,805	(2,805)	-	-	-	-
Investment in Affordable Housing	5,000	-	-	-	-	5,000
Severance Costs	2,321	(1,083)	-	-	-	1,238
Helensburgh Waterfront	5,579	-	-	-	-	5,579
Argyll, Lomond and the Islands Regeneration Initiative	4,453	-	(4,453)	-	-	-
Asset Management	2,492	15	-	-	-	2,507
Energy Efficiency Fund	136	-	-	-	-	136
Transformation	83	-	-	-	-	83
Scottish Government Initiatives	674	(258)	-	-	150	566
Lochgilphead and Tarbert Regeneration	-	(5)	3,000	-	-	2,995
Inward Investment Fund	-	-	960	-	-	960
Rural Resettlement Fund	-	(165)	493	-	-	328
Piers and Harbours Investment Fund	-	-	-	-	107	107
Other	929	(68)	(425)	8,588	346	9,370
Total Ring-fenced	**41,519**	**(10,603)**	**(574)**	**8,588**	**4,787**	**43,717**
Contingency	4,671	-	55	-	-	4,726
Budget Smoothing in 2019-20	4,000	-	(4,000)	-	-	-
Unallocated	3,299	-	(1,431)	-	-	1,868
Total General Fund Balance	**53,489**	**(10,603)**	**(5,950)**	**8,588**	**4,787**	**50,311**

The contingency balance of £4.726m is 2% of the Council's budgeted net expenditure for 2018-19.

6. SUPPLEMENTARY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

6.1 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

Expenditure/Income	2017-18 £'000	2016-17 £'000
Expenditure		
Employee benefits expenses	148,394	140,953
Other services expenses	182,057	187,725
Contribution to Argyll and Bute Integration Joint Board	57,579	60,787
Depreciation, amortisation, impairment	29,070	17,703
Interest payments	20,054	19,500
Precepts and levies	1,281	1,316
Other operating expenditure	149	23
Net Loss/(Gain) on the disposal of assets	3,544	266
Total Expenditure	**442,128**	**428,273**
Income		
Fees, charges and other service income (External) - *Note 6.2*	(78,302)	(75,988)
Fees, charges and other service income (Internal) - *Note 6.2*	(31,869)	(31,028)
Income to fund social care services (Argyll and Bute Integration Joint Board)	(57,579)	(60,787)
Interest and investment income	(970)	(3,627)
Income from council tax and non-domestic rates	(77,926)	(74,579)
Government grants and contributions	(180,041)	(177,626)
Total Income	**(426,687)**	**(423,635)**
Deficit on the Provision of Services	**15,441**	**4,638**

6.2 Income Analysis based on Management Structure

Income received by the Council on its management structure is analysed below:

2016-17 Fees, Charges & Other Service Income				2017-18 Fees, Charges & Other Service Income		
External £'000	Internal £'000	Total £'000	Service	External £'000	Internal £'000	Total £'000
-	127	127	**Chief Executive and Strategic Finance**	41	131	172
			Community Services:			
5,792	74	5,866	Community and Culture	1,150	59	1,209
3,263	363	3,626	Education	4,998	524	5,522
			Customer Services			
37	2,215	2,252	Executive Director of Customer Services	513	2,322	2,835
25,017	346	25,363	Customer and Support Services	24,598	324	24,922
5,130	7,895	13,025	Facility Services	5,025	7,647	12,672
373	-	373	Governance and Law	356	-	356
78	-	78	Improvement and HR	31	-	31
			Development and Infrastructure Services			
4	122	126	Executive Director of Development & Infrastructure Services	2	137	139
749	192	941	Economic Development	1,253	192	1,445
2,534	36	2,570	Planning, Regulatory & Housing Services	5,175	32	5,207
15,912	19,269	35,181	Roads and Amenity Services	16,519	20,138	36,657
			Health and Social Care Integration			
16,012	389	16,401	Social Care Services	18,104	363	18,467
1,087	-	1,087	**Other Non-Departmental Income**	537	-	537
75,988	**31,028**	**107,016**	**Total Income analysed on a management structure basis**	**78,302**	**31,869**	**110,171**

6.3 Net Cost of Service Analysis based on Service Reporting Code of Practice (SeRCOP)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is based in the Council's Management Structure, this was a new requirement under the 2016-17 Accounting Code of Practice. In previous years the Comprehensive Income and Expenditure Account's Net Cost of Service analysis has been based on CIPFA's Service Reporting Code of Practice (SeRCOP). This note provides an additional analysis based on SeRCOP to aid comparability across previous accounting years.

2016-17				2017-18		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
113,276	6,922	106,354	Education Services	121,657	9,072	112,585
33,782	27,428	6,354	Housing Services (Non-HRA)	33,015	26,083	6,932
12,064	2,143	9,921	Cultural and Related Services	12,195	1,389	10,806
23,724	4,724	19,000	Environmental Services	24,027	5,193	18,834
25,391	6,850	18,541	Roads and Transport Services	26,046	6,968	19,078
8,716	5,637	3,079	Trading Services	8,786	6,042	2,744
7,806	2,724	5,082	Planning and Development Services	7,427	2,149	5,278
140,978	78,165	62,813	Social Work	141,384	76,379	65,005
			Central Services:			
4,717	167	4,550	- Corporate and Democratic Core	4,629	178	4,451
1,985	4	1,981	- Non Distributed Costs	1,687	2	1,685
2,989	1,299	1,690	- Central Services to the Public	3,261	1,309	1,952
375,428	**136,063**	**239,365**	**Net Cost of Services**	**384,114**	**134,764**	**249,350**

7. OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.430m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure can be analysed as follows:

Other Operating Income and Expenditure	2017-18 Actual £'000	2016-17 Actual £'000
Dunbartonshire and Argyll & Bute Valuation Joint Board Requisition	1,281	1,316
Equal Pay Settlements and Legal Costs	152	15
Other Operating Income and Expenditure not attributable to Services	(3)	8
Total	**1,430**	**1,339**

8. AGENCY INCOME

The Council have an on-going agency agreement with Scottish Water to collect domestic water and sewerage charges. During 2017-18 income from this agreement amounted to £0.309m (2016-17 £0.309m).

The Council also acts as agent for the Scottish Government in the collection of non-domestic rate income. Further information on the collection of non-domestic rate income can be found on pages 124 to 125.

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

From 1 April 2016 health and social care services were fully integrated as part of the new Health and Social Care Partnership.

During 2017-18 the Partnership included provision of services to older people, supporting people with a learning disability and provision of support to adults who have a mental health difficulty.

Budgets are currently aligned which means that each Partner organisation holds their own element of the budget and records the income and expenditure that relates to the part of the service for which they are responsible.

During 2017-18 income received by the Council from this source amounted to £6.192m and the related expenditure was £8.450m. This can be analysed as follows.

Purpose of Services	Income £'000	Expenditure £'000
Care of the Elderly	2,488	3,851
Provision of Services for People with Learning Disabilities	2,412	3,075
Provision of Services for People with Mental Health Needs	1,292	1,524
Total	**6,192**	**8,450**

10. FEES PAYABLE TO AUDIT SCOTLAND

In 2017-18 the following fees relating to external audit and inspection were incurred:

Auditor's Remuneration	2017-18 £'000	2016-17 £'000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed Auditor	256	262
Total Remuneration	**256**	**262**

The fee for 2017-18 includes £3,300 for the audit of the Council's charitable trusts.

11. WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

The Council has entered into a Public Private Partnership for the provision of its waste disposal service. This agreement requires the provider to upgrade or replace three waste disposal sites, two transfer stations and five civic amenity sites. In addition, the provider will also provide composting facilities to meet waste diversion targets. When the agreement ends in September 2026 the provider will hand back to the Council the waste disposal facilities with a life of 5 years.

The Council has paid a service charge of £5.045m (2016-17 £5.042m) which represents the value of the service provided from 1 April 2017 to 31 March 2018. Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2018 - 2019	5,984
2019 - 2022	25,017
2022 - 2027	23,207
Total	**54,208**

The average service charge equates to £5.328m per annum over the life of the contract.

12. GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2017-18:

Grant Income	2017-18 £'000	2016-17 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	162,798	166,251
Non Domestic Rates	29,615	30,446
Specific Capital Grant	45	76
General Capital Grant	12,747	9,465
Heritage Lottery Fund	617	600
Scottish Timber Transport Strategy	345	-
Scottish Government	986	300
Strathclyde Partnership for Transport (SPT)	419	171
Other Grants	890	746
Other Government Capital Grants	1,194	17
Total	**209,656**	**208,072**
Credited to Services		
Scottish Government Specific Grants	3,107	365
General Capital Grant - Private Sector Housing Improvement Grants	1,000	1,409
General Capital Grant - Economic Development	744	157
Housing Benefit Subsidy	22,468	22,983
Other Revenue Government Grants	2,782	1,569
Total	**30,101**	**26,483**

13. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The aim of the Financial Reporting Standard dealing with Related Parties is to highlight instances where influence and control has been exercised over an external organisation by the Council, and where an elected member, their close family or someone in their household, has the ability to exercise the influence or control. Elected members and Senior Officers have completed a signed declaration on Related Party Interests and these have been used to compile this disclosure.

13.1 Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 12 – Grant Income on page 83.

13.2 Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2017-18 is shown in the Remuneration Report on page 40.

During the year there were two organisations in which members had a significant interest and where the total of transactions exceeded £10,000.

Transactions in which Members have a significant interest	Expenditure £'000
Trident Taxis	10
South Kintyre Development Trust	88

Notes to the Financial Statements

13.3 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Authority.

During the year transactions with other related bodies were as follows:

Related Bodies	Expenditure £'000
Transactions with related bodies during the year totalled	3,503
Of these, transactions with the following exceeded £10,000:	
Dunbritton Housing Association Ltd	941
Oban and Lorn Community Enterprise - Atlantis Leisure	459
Fyne Homes Ltd	456
Argyll Community Housing Association (ACHA)	382
Kintyre Alcohol and Drugs Advisory Service (KADAS)	162
Dunoon and Cowal Youth Project	146
West Highland Housing Association Ltd	144
Argyll and the Isles Tourism Ltd	97
Islay and Jura Community Enterprise	94
South Kintyre Development Trust	88
Mid Argyll Community Enterprise	74
Scotland Excell	72
Fyne Futures	71
Convention of Scottish Local Authorities (COSLA)	70
Argyll and Bute Citizens Advice Bureaux	60
Bute Advice	57
Kintyre Recycling	56
Oban Addiction Support and Information Services (OASIS)	26
RE-JIG (Recycling)	18
Duke of Edinburgh Award Scheme	12
Mull & Iona Community Trust (MICT)	12
Total	**3,497**

Given the relationships the Council has with other organisations and partners it is possible that some related party transactions may exist. However, the purpose of the requirement to complete the disclosure is to provide additional information to the users of the Annual Accounts and, by declaring possible instances, there is no suggestion that any inappropriate transactions have taken place.

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movement in Property, Plant and Equipment

Movements in 2017-18	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2017-18 £'000
Cost or Valuation							
At 1 April 2017	**273,916**	**34,148**	**269,553**	**2,280**	**2,911**	**24,366**	**607,174**
Additions	4,158	1,429	5,820	53	-	23,866	35,326
Additions financed under a new leasing arrangement	23,527	607	-	-	-	32,480	56,614
Revaluation increases/(decreases) recognised in the Revaluation Reserve	38,937	-	-	-	44		38,981
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,980)	-	-	-	(169)	-	(8,149)
Derecognition - Disposals	(4)	(486)	-	-			(490)
Assets reclassified (to)/from Held for Sale	(203)	-	-	-	-	-	(203)
Other movements in cost or valuation	11,602	51	306		(1,626)	(11,969)	(1,636)
At 31 March 2018	**343,953**	**35,749**	**275,679**	**2,333**	**1,160**	**68,743**	**727,617**
Depreciation and Impairments							
At 1 April 2017	**(23,326)**	**(24,941)**	**(68,609)**	**(9)**	**(4)**	**-**	**(116,889)**
Depreciation Charge for 2017-18	(11,611)	(2,863)	(6,707)	-	(43)	-	(21,224)
Depreciation written out to the Revaluation Reserve	13,748	-	-	-	1	-	13,749
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	481	-	-	-	22	-	503
Derecognition - Disposals	-	474		-		-	474
Other movements in depreciation and impairment	96	-	-		20	-	116
At 31 March 2018	**(20,612)**	**(27,330)**	**(75,316)**	**(9)**	**(4)**	**-**	**(123,271)**
Balance Sheet amount at 31 March 2018	**323,341**	**8,419**	**200,363**	**2,324**	**1,156**	**68,743**	**604,346**
Balance Sheet amount at 1 March 2017	**250,590**	**9,207**	**200,944**	**2,271**	**2,907**	**24,366**	**490,285**

Comparative Movements in 2016-17	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2016-17 £'000
Cost or Valuation							
At 1 April 2016	**277,214**	**31,517**	**263,226**	**1,870**	**2,821**	**15,486**	**592,134**
Additions	12,826	1,463	5,805	397	-	6,256	26,747
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(6,006)	-	-	-	345	116	(5,545)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,734)	-	-	-	(17)	-	(4,751)
Derecognition - Disposals	(75)	(408)	-	-	-	(41)	(524)
Assets reclassified (to)/from Held for Sale	(195)	-	-	-	-	-	(195)
Other movements in cost or valuation	(5,114)	1,576	522	13	(238)	2,549	(692)
At 31 March 2017	**273,916**	**34,148**	**269,553**	**2,280**	**2,911**	**24,366**	**607,174**
Depreciation and Impairments							
At 1 April 2016	**(18,729)**	**(20,830)**	**(62,062)**	**(2)**	**(4)**	**-**	**(101,627)**
Depreciation Charge for 2016-17	(11,781)	(4,485)	(6,547)	-	(60)	-	(22,873)
Depreciation written out to the Revaluation Reserve	6,778	-	-	-	22	-	6,800
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	294	-	-	-	27	-	321
Derecognition - Disposals	-	374	.	-	-	-	374
Other movements in depreciation and impairment	112	-	-	(7)	11	-	116
At 31 March 2017	**(23,326)**	**(24,941)**	**(68,609)**	**(9)**	**(4)**	**-**	**(116,889)**
Balance Sheet amount at 31 March 2017	**250,590**	**9,207**	**200,944**	**2,271**	**2,907**	**24,366**	**490,285**
Balance Sheet amount at 31 March 2016	**258,485**	**10,687**	**201,164**	**1,868**	**2,817**	**15,486**	**490,507**

14.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for fair value
- All other classes of assets are valued at fair value. Where there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold then an estimate of fair value is made using a depreciated replacement cost approach.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured is re-valued at least every five years. Assets identified as Corporate Surplus Assets are valued in accordance with IFRS 13 - Fair Value Measurement. The Balance Sheet value of Corporate Surplus assets at 31 March 2018 was £1.156m. Corporate Surplus assets are valued at their fair value on 31 March each year. Level 3 inputs were used for most Corporate Surplus asset valuations.

Revaluations of council owned Land and Property were carried out at 31 March 2018 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out by external valuers, Ryden LLP. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following table shows the progress of the Council's rolling programme for the revaluation of Other Land and Buildings:

Valued at Fair Value as at:	Other Land & Buildings £'000
31 March 2018	194,237
31 March 2017	26,224
31 March 2016	41,969
31 March 2015	26,383
31 March 2014	34,528
Total Cost or Valuation	**323,341**

14.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer (20 to 50 years)
- Infrastructure – straight-line allocation over 40 years
- Vehicles, Plant and Equipment - straight-line allocation over the useful life of the asset as determined by a suitably qualified officer (3 to 20 years)
- Vessels – straight line allocation over 25 years

14.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2017-18 total spending on capital projects was £92.311m.

		2017-18 £'000	2016-17 £'000
Opening Capital Financing Requirement		**253,483**	**253,896**
Capital Investment:			
Property Plant and Equipment:	Other Land and Buildings	4,158	12,826
	Vehicles, Plant, Furniture and Equipment	1,429	1,463
	Infrastructure Assets	5,820	5,805
	Community Assets	53	397
	Assets Under construction	23,866	6,256
Property Plant and Equipment acquired under Finance Leases:	Other Land and Buildings - DBFM Schools	56,007	-
	Vehicles, Plant, Furniture and Equipment	607	-
Heritage Assets		133	32
Intangible Assets		238	282
Total Capital Investment		**92,311**	**27,061**
Sources of Finance:			
Capital Receipts		(5,677)	(1,613)
Government Grants		(17,243)	(11,375)
Capital Financed from Current Revenue		(4,135)	(229)
Repayment of External Loans		(10,361)	(12,105)
Capital Element of Finance Lease Payments		(34)	-
Capital Element of Schools NPDO Payments		(2,008)	(1,935)
Capital Receipts transferred to Capital Fund		5,677	1,613
Capital Receipts Used from Capital Fund		(5,415)	(1,576)
Other		(165)	(254)
Total Funding		**(39,361)**	**(27,474)**
Closing Capital Financing Requirement		**306,433**	**253,483**

14.5 Commitments under Capital Contracts

At 31 March 2018, the Council had commitments on capital contracts of £33.429m. This expenditure will be funded from a combination of government grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2017 were £32.449m. The major commitments are:

	£'000
Dunoon Queens Hall	10,760
Dunoon Primary School Refurbishment	7,524
Campbeltown New Quay Expansion	5,563
Kirk Road, Dunbeg	1,872
Rothesay Pavilion	1,118
Oban High School Replacement	943
Kirn Primary School Replacement	565
Clyde Cottage Nursery Extension	482
Campbeltown Flood Scheme	404
Artificial Pitches	358
Kilcreggan Primary School Early Learning Upgrade	355
Lismore Point & Port Appin Repairs	290

15. HERITAGE ASSETS

The main heritage assets held by the Council are two art collections and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the balance sheet. Further details on the council's heritage assets policy can be found in note 1.11 on page 66.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2017-18	Art Collections £'000	Heritage Property £'000	Total £'000
Cost or Valuation			
Net Book Value at 1 April 2017	**1,316**	**355**	**1,671**
Additions	-	133	133
Disposals	-	-	-
Revaluations	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-		-
Transfer from Assets Under Construction	-		-
At 31 March 2018	**1,316**	**488**	**1,804**

16. INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over the economic life of the licences, assessed as five years.

The carbon reduction commitment allowances relate to allowances purchased in advance as part of the Carbon Reduction Energy Efficiency Scheme (Phase 2). These allowances will be surrendered in October of each year on the basis of emissions, i.e. carbon dioxide produced as energy is used.

The movement in intangible assets during the year was:

Movements in 2017-18	Carbon Reduction Commitment Allowance £'000	Purchased Software Licences £'000	Total Intangible Assets £'000
Cost or Valuation			
At 1 April 2017	**282**	**1,499**	**1,781**
Additions	172	66	238
Disposals	(230)	-	(230)
Reclassifications	-	51	51
At 31 March 2018	**224**	**1,616**	**1,840**
Depreciation and Impairments			
At 1 April 2017	**-**	**(1,053)**	**(1,053)**
Charge for 2017-18	-	(154)	(154)
Disposals	-	-	-
At 31 March 2018	**-**	**(1,207)**	**(1,207)**
Balance Sheet amount at 31 March 2018	**224**	**409**	**633**
Balance Sheet amount at 31 March 2017	**282**	**446**	**728**

Comparative Movements in 2016-17	Carbon Reduction Commitment Allowance £'000	Purchased Software Licences £'000	Total Intangible Assets £'000
Cost or Valuation			
At 1 April 2016	**242**	**1,277**	**1,519**
Additions	282	-	282
Disposals	(242)	-	(242)
Reclassifications	-	222	222
At 31 March 2017	**282**	**1,499**	**1,781**
Depreciation and Impairments			
At 1 April 2016	-	**(942)**	**(942)**
Charge for 2016-17	-	(111)	(111)
Disposals	-		-
At 31 March 2017	**-**	**(1,053)**	**(1,053)**
Balance Sheet amount at 31 March 2017	**282**	**446**	**728**
Balance Sheet amount at 31 March 2016	**242**	**335**	**577**

17. INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2018. Revaluations of investment properties were carried out at 31 March 2018 by external valuers, Ryden LLP.

17.1 Movement in Investment Property

The movement in investment property during 2017-18 was:

Movements in 2017-18	Investment Properties £'000
Cost or Valuation	
At 1 April 2017	**11,021**
Acquisitions	-
Disposals	(8,905)
Net Gains/Losses from fair value adjustments	111
Transfers	33
At 31 March 2018	**2,260**

17.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2017-18 £'000	2016-17 £'000
Rental Income from Investment Property	192	214
Direct operating expenses arising from investment property	(62)	(101)
Net gain/(loss)	**130**	**113**

18. SCHOOLS BUILT UNDER PUBLIC PRIVATE PARTNERSHIP CONTRACTS (PPP)

Argyll and Bute Council have two schemes:

Schools Non-Profit Distributing Organisation (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the non-profit distributing organisation (NPDO) variant of a public private partnership, became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council, it is expected at that point in time each school will have an estimated life of 30 years remaining.

Schools Hub Design, Build, Finance and Maintain Contract (DBFM)

Campbeltown and Oban High Schools have been built under this type of arrangement which reached Financial Close in March 2016.

Campbeltown Grammar School Construction Phase 1 was completed on 19 February 2018 and provided a new secondary school for pupils aged between 12 and 18. The new school has capacity for 500 pupils and replaces the existing Campbeltown Grammar School on the current school site at Hutcheon Road, Campbeltown. Phase 2 includes the demolition of the existing school buildings, provision of a car park, landscaping and 3G artificial turf pitch and is scheduled to complete in November 2018.

Oban High School Construction Phase 1 was completed on 5 April 2018 and provided a new secondary school for pupils between 12 and 18. The new school has capacity for 1300 pupils and replaces the existing Oban High School, on the current school site at Soroba Road, Oban. Phase 2 includes the demolition of the existing school buildings, provision of a car park, landscaping and a pedestrian footway with lighting from the new school facilities to the grass pitches owned by the Council at Glencruitten, Oban and is scheduled to complete in January 2019.

18.1 Assets Held under Schools NPDO and DBFM Contracts

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2018 and depreciation to date are included as part of Operational Land and Buildings.

As noted above two schools were completed under the Schools DBFM Contract. Campbeltown Grammar has been included within Other Land and Buildings at its actual construction cost. Oban High School has been included within Assets Under Construction at its actual construction cost.

Movements in 2017-18	Buildings Under Construction £'000	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation				
At 1 April 2017	**-**	**-**	**93,567**	**93,567**
Additions at Cost	32,480	23,527	(75)	55,932
Revaluations	-	-	37,190	37,190
At 31 March 2018	**32,480**	**23,527**	**130,682**	**186,689**
Depreciation and Impairments				
At 1 April 2017	**-**	**-**	**(6,805)**	**(6,805)**
Charge for 2017-18	-	-	(1,706)	(1,706)
Revaluations	-	-	8,505	8,505
At 31 March 2018	**-**	**-**	**(6)**	**(6)**
Balance Sheet amount at 31 March 2018	**32,480**	**23,527**	**130,676**	**186,683**
Balance Sheet amount at 31 March 2017	**-**	**-**	**86,762**	**86,762**

18.2 Schools NPDO Finance Lease Liability

The finance lease liability arising from the Schools NPDO contract is as follows:

Movements in 2017-18	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2017	**-**	**(74,059)**	**(74,059)**
Additions	**(56,007)**	**-**	**(56,007)**
Repayments	-	2,008	**2,008**
Schools NPDO Finance Lease Liability at 31 March 2018	**(56,007)**	**(72,051)**	**(128,058)**
Split:			
Obligations payable within 1 year	(2,240)	(2,117)	(4,357)
Obligations payable after 1 year	(53,767)	(69,934)	(123,701)
Schools NPDO Finance Lease Liability at 31 March 2018	**(56,007)**	**(72,051)**	**(128,058)**

18.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Lifecycle Costs £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2018 - 2020	4,385	-	14,413	10,359	29,157
2020 - 2025	14,888	928	31,888	28,087	75,791
2025 - 2030	22,156	2,839	23,166	32,205	80,366
2030 - 2035	30,622	3,124	9,825	33,193	76,764
Total	**72,051**	**6,891**	**79,292**	**103,844**	**262,078**

18.4 Payments due to Operator under Schools DBFM Contract

The Council is committed to paying the following sums under the Schools DBFM contract:

Future Repayment Periods	Repayment of Liability £'000	Service Charges & Interest £'000	Total Payments £'000
2018 - 2024	11,201	13,753	24,954
2024 - 2029	11,201	14,760	25,961
2029 - 2034	11,201	15,541	26,742
2034 - 2039	11,202	16,425	27,627
2039 - 2044	11,202	16,627	27,829
Total	**56,007**	**77,106**	**133,113**

19. OPERATING LEASES

19.1 Operating Leases – Amounts Paid to Lessors

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amounts paid under these arrangements in 2017-18 were as follows:

	2017-18 £'000	2016-17 £'000
Land and Buildings	229	198
Vehicles	270	367
Plant and Equipment	168	162
Total	**667**	**727**

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2018 to making payments of £0.535m under operating leases comprising the following elements:

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring within 1 year	135	29
Leases expiring between 1 and 5 years	44	214
Leases expiring after 5 years	112	1
Value at 31 March 2017	**291**	**244**

20. FINANCE LEASES

20.1 Finance Leases – Amounts Paid to Lessors

During 2017-18 the council purchased a new cremator for Cardross Crematorium under a finance lease arrangement. The amount paid under this arrangement in 2017-18 was as follows:

	2017-18 £'000	2016-17 £'000
Plant and Equipment	34	-
Total	**34**	**-**

20.2 Assets Held Under Finance Leases

Assets purchased under a finance leases are included within the assets of the council and depreciated over the life of the asset as follows:

Movements in 2017-18	Vehicles, Plant and Equipment £'000
Value at 1 April 2017	**-**
Additions	607
Depreciation	(27)
Value at 31 March 2018	**580**

20.3 Finance Lease Liability

The Council was committed at 31 March 2018 to making payments of £0.573m under finance leases comprising the following elements:

Movements in 2017-18	£'000
Balance at 1 April 2017	**-**
Additions	(607)
Repayments	34
Finance Lease Liability at 31 March 2018	**(573)**
Split:	
Obligations payable within 1 year	(50)
Obligations payable between 1 and 5 years	(174)
Obligations payable after 5 years	(349)
Finance Lease Liability at 31 March 2018	**(573)**

21. LONG TERM DEBTORS

	31st March 2018 £'000	31st March 2017 £'000
House Loans	18	27
Waste PPP Historic Contamination Fund	750	750
Charging Orders - Care Home Fees	1,214	1,103
Strategic Housing Fund Loans to Registered Social Landlords	3,854	2,946
Other Long Term Debtors	100	100
Total Long Term Debtors	**5,936**	**4,926**

22. DEBTORS

		31 March 2018		31 March 2017	
		£'000	£'000	£'000	£'000
Arrears of Local Taxation	Council Tax	15,898		14,563	
	Less: Provision for Bad Debts	(13,179)		(12,002)	
			2,719		2,561
Housing Benefits Overpayments		1,063		1,192	
Less: Provision for Bad Debts		(883)		(1,030)	
			180		162
Debtor Accounts		3,001		2,930	
Less: Provision for Bad Debts		(684)		(703)	
			2,317		2,227
Net Debtor to Scottish Government for Non Domestic Rates			2,121		945
VAT Recoverable from HMRC			3,657		3,016
Strategic Housing Fund Loans due within 1 Year			570		584
Other Debtors			9,091		6,568
Total Debtors			**20,655**		**16,063**

23. ASSETS HELD FOR SALE

The movement in assets held for sale during 2017-18 was:

Movements	2017-18 £'000	2016-17 £'000
Balance outstanding at start of year	**691**	**2,381**
Assets newly classified as held for sale (Property, Plant and Equipment)	1,681	134
Revaluation losses	-	(45)
Revaluation gains	46	-
Impairment losses	-	-
Assets declassified as held for sale (Property, Plant and Equipment)	-	-
Assets Sold	(300)	(1,779)
Balance outstanding at year-end	**2,118**	**691**

24. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2018 £'000	31 March 2017 £'000
Cash held by the Authority	49	57
Cash in transit	269	125
Short term deposits with banks	914	1,722
Short term deposits in Money Market Funds	14,000	9,500
Bank Current Accounts (Overdraft)	(4,806)	(3,515)
Total Cash and Cash Equivalents	**10,426**	**7,889**

25. CREDITORS

	31 March 2018 £'000	31 March 2017 £'000
Accrued Payrolls and Superannuation	6,279	6,288
Accrued Employer's National Insurance Contributions and PAYE	2,899	2,397
Accrual for Short Term Accumulating Absences	4,036	4,312
Creditors System Liability	2,806	4,382
Accrued Expenditure	5,365	4,442
Other Creditors	10,949	7,949
Total Creditors	**32,334**	**29,770**

26. FINANCIAL INSTRUMENTS DISCLOSURES

26.1 Types of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments":

	31 March 2018		31 March 2017	
	Long Term £'000	Current £'000	Long Term £'000	Current £'000
Investments and Lending				
Loans and Receivables	6,428	86,083	5,418	76,452
Borrowing				
Financial Liabilities at amortised cost	297,433	45,188	230,736	46,077

26.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2018 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31 March 2018		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Lending				
Loans and Receivables	92,511	92,617	81,870	82,079
Borrowing				
Financial Liabilities	342,621	420,465	276,813	276,813

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

26.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

26.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

26.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2018 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2018 %	Estimated Maximum Exposure to Default and Uncollectibility £'000
Deposits with Banks and Money Market Funds	14,914	-	-

The information in respect of the Council's debtors can be found in note 21 and 22 on page 98. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 21 represents the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the council and credit is issued on the council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

26.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 30% of the loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

Maturity analysis of financial liabilities	31 March 2018 £'000	31 March 2017 £'000
Less than one year	45,188	46,077
Between one and two years	10,757	7,460
Between two and five years	24,345	18,698
More than five years	262,331	203,578
	342,621	**275,813**

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

26.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the “fair value” of both lending and borrowing at fixed rates. Changes in “fair value” of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.

During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.

The Council takes the daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government’s grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Council receives for “loan charges”.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2018, with all other variables held constant:

Impact on tax-payer	31 March 2018 £'000
Increase on interest payable on variable rate borrowings	3
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for “loan charges”	-
Net effect on Statement of Comprehensive Income & Expenditure	**3**

Other accounting presentational changes	31 March 2018 £'000
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the notes to the financial statements)	46,977

The impact of a 1% fall in the interest rates would be as above but with the changes being reversed.

26.8 Price Risk

The Council has no investment classified as "available-for-sale".

26.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

26.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

	31 March 2018 £'000	31 March 2017 £'000
Banks and Money Market Funds	14,914	11,222

26.11 Soft Loans

There were two loans paid out during 2017-18 on which no interest is being charged, both are repayable by 31 March 2019.

26.12 Short-Term Borrowing

The Common Good and the various Trust Funds administered by the Council had monies temporarily invested with the Council's loans fund during the year. The amounts at 31 March 2018 are shown in the table below. Further details of the nature and amounts of the funds of the Common Good and Trust Funds are shown in notes 36 and 37 on pages 117 to 118.

	31 March 2018 £'000	31 March 2017 £'000
Common Good	117	110
Trust Funds	738	728

27. OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £129.381m as at 31 March 2018 and comprise the following:

Movements in 2017-18	Opening Balance 31 March 2017 £'000	Movement in Year £'000	Closing Balance 31 March 2018 £'000
Finance Lease Liability (See note 20.3)	-	(573)	(573)
Schools Finance Lease Liability (See note 18.2)	(74,059)	(53,999)	(128,058)
Land Contamination	(750)	-	(750)
Total Other Liabilities	**(74,809)**	**(54,572)**	**(129,381)**
Split:			
Short Term Liabilities (due within 1 year)			(4,407)
Long Term Liabilities (due after 1 year)			(124,974)
Total Other Liabilities			**(129,381)**

28. PROVISIONS

	Opening Balance 31 March 2017 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2018 £'000
VAT Misdeclaration Provision	(253)	(24)	205		(72)
Equal Pay Claims	(7)	(146)	-	-	(153)
Income due to Registered Social Landlords	(135)	(3)	-	-	(138)
Reorganisation Redundancy Costs	(69)	(50)	50	-	(69)
Service Choices Redundancy Costs	(207)	(222)	207	-	(222)
Landfill Sites - Restoration and Aftercare Costs	(1,120)	(42)	-	-	(1,162)
Utlities Provision	(469)	-	-	99	(370)
Other Provisions	(813)	(166)	52	-	(927)
Total Provisions	**(3,073)**	**(653)**	**514**	**99**	**(3,113)**
Split:					
Short Term Provisions (due within 1 year)					(1,813)
Long Term Provisions (due after 1 year)					(1,300)
Total Other Liabilities					**(3,113)**

A provision was created at the end of 2005-06 in relation to employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. The increase in provision of £0.146m relates to claims that are highly likely to be settled within the next year. There may be further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

The Council reduced the discount on council tax from second homes to 10% during 2005-06. The additional council tax income invoiced during 2017-18 amounted to £1.913m; this amount is to be paid

to registered social landlords to invest in social housing. A provision for cash not yet collected has been created amounting to £0.138m.

In line with expectations, liabilities have arisen in respect of employees who will be made redundant as a result of operational restructuring and Service Choices. The Council has significant budget savings to make over the next 5 years and there has been a complete service provision review, Service Choices. As a result of Service Choices and other savings agreed as part of the budget process for 2018-19, a number of posts will be removed resulting in increased redundancy costs. In line with normal practice, the Council invited all employees to express an interest in voluntary redundancy and a number of employees have subsequently either taken or have been offered a redundancy package. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2018, a provision of £0.222m has been created during 2017-18. For further information refer to note 35 - Termination Benefits on page 117.

A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. The landfills sites were revalued at 31 March 2018 and the provision for restoration and aftercare increased to £1.161m. These have been provided for based on the net present value of estimated future costs.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.099m has been reversed during 2017-18 resulting in a total provision of £0.370m.

The "other" provisions includes funds to cover legal expenses in respect of recent court cases which the council will have to incur and also an amount in relation to the schools NPDO service charges which have been withheld from the operator. These amounts will require to be settled during 2018-19.

29. CAPITAL GRANTS RECEIVED IN ADVANCE

	Opening Balance 31 March 2017 £'000	Capital Grants Received £'000	Amounts Used £'000	Closing Balance 31 March 2018 £'000
Ministry of Defence LIBOR Funding - Helensburgh &	(5,000)		-	(5,000)
Grant in Aid - Gaelic School Capital Fund	(567)		546	(21)
Total Other Liabilities		**-**	**546**	**(5,021)**
Split:				
Capital Grant Receipts in Advance (due within 1 year)				(21)
Capital Grant Receipts in Advance (due after 1 year)				(5,000)
Total Other Liabilities				**(5,021)**

The Chancellor of the Exchequer, in his Spring 2016 Budget, awarded Argyll and Bute Council LIBOR funding of £5m. The Ministry of Defence (MOD) are acting on behalf of Her Majesty's Treasury (HMT) with regard to all matters relating to this funding.

The purpose of the grant is to provide a contribution to the costs of the provision of the new Helensburgh Leisure Centre on condition that serving personnel and their families are offered favourable admission terms. This is because the LIBOR funds are to be used to recognise the contribution made by the Armed Forces Community to the nation.

30. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

30.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2018. These payments have been accrued and are included within the creditors figure on the balance sheet. These have been paid during April 2018. The amounts are as follows:

- Local Government Pension Scheme – £1.374m
- Teachers' scheme – £0.754m

30.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2017. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer's pensionable payroll over the year to 31 March 2018 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

	2017-18 £'000	2016-17 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
Service cost comprising:		
Current Service Cost	24,125	17,268
Past Service Cost (Including Curtailments)	492	782
Net Cost of Services	**24,617**	**18,050**
Net Interest Expense	4,033	3,367
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**28,650**	**21,417**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on Assets (excluding amounts included in net interest)	(5,493)	(101,991)
Other Experience (see note (i) below)	(57,368)	866
Change in Financial Assumptions	(33,441)	149,532
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(67,652)**	**69,824**
Statement of Movement in Reserves:		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(14,776)**	**(6,929)**
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employer's Contributions Payable to the Scheme	**13,874**	**14,488**

(i) A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular cost method. (ASOP No. 4)

30.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2017-18 £'000	2016-17 £'000
Defined Benefit Obligation at 1 April	**786,341**	**612,214**
Current Service Cost	24,125	17,268
Past Service Costs including Curtailments	492	782
Interest Cost	20,550	21,467
Contributions by Scheme Participants	3,802	3,786
Re-measurement Gains and (Losses)	(90,809)	150,398
Estimated Benefits Paid	(20,294)	(19,574)
Defined Benefit Obligation at 31 March	**724,207**	**786,341**

Reconciliation of fair value of the scheme (plan) assets:

	2017-18 £'000	2016-17 £'000
Fair Value of Employer Assets at 1 April	**636,564**	**517,773**
Re-measurement Gains and (Losses):		
Expected Rate of Return on Pension Fund Assets	5,493	101,991
Actuarial Gains and Losses	-	-
Interest Income on Plan Assets	16,517	18,100
Employers Contributions	13,874	14,488
Contributions by Scheme Participants	3,802	3,786
Estimated Benefits Paid	(20,294)	(19,574)
Fair Value of Employer Assets at 31 March	**655,956**	**636,564**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

30.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

Local Government Pension Scheme	2017-18 £'000	2016-17 £'000
Present Value of Funded Liabilities	(695,392)	(756,727)
Present Value of Unfunded Liabilities	(28,815)	(29,614)
Fair Value of Employer Assets	655,956	636,564
(Deficit) in the Scheme	**(68,251)**	**(149,777)**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits.

30.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2018 comprised:

	2017-18 £'000	2016-17 £'000
Cash and Cash Equivalents	20,806	23,976
Equity Instruments (by industry type)		
Consumer	-	60,206
Manufacturing	-	47,786
Energy and Utilities	-	18,918
Financial Institutions	-	44,299
Health and Care	-	25,891
Information Technology	-	36,616
Other	188,389	-
Sub-total Equity Instruments	188,389	233,716
Bonds (by sector)		
Corporate	1	6
Government	-	-
Sub-total Bonds	1	6
Real Estate		
UK Property	77,716	76,781
Overseas Property	-	-
Sub-total Real Estate	77,716	76,781
Private Equity (All)	58,126	52,484
Investment Funds and Unit Trusts		
Equities	208,573	204,664
Bonds	68,548	35,740
Commodities	-	428
Infrastructure	-	-
Other	33,546	8,631
Sub-total Investment Funds and Unit Trusts	310,667	249,463
Derivatives		
Forward Foreign Exchange Contracts	-	85
Other	251	52
Sub-total Derivatives	251	137
Total Assets	**655,956**	**636,563**

Fair Value of Pension Fund Assets	2017-18 £'000	2016-17 £'000
Equity Securities		
Quoted in an Active Market	178,447	233,595
Not Quoted in an Active Market	9,942	121
Sub-total Equity Securities	**188,389**	**233,716**

30.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

Mortality assumptions		2017-18 Years	2016-17 Years
Longevity at 65 for current pensioners:	Men	21.4	22.1
	Women	23.7	23.6
Longevity at 65 for future pensioners:	Men	23.4	24.8
	Women	25.8	26.2
Financial Assumptions		**2017-18 %**	**2016-17 %**
Rate of Inflation (CPI)		2.4%	2.4%
Rate of Increase in Salaries		3.6%	4.4%
Rate of Increase in Pensions (CPI)		2.4%	2.4%
Rate for discounting scheme liabilities		2.7%	2.6%
Long-term Expected Rate of Return on Assets in the Fund		**2017-18 %**	**2016-17 %**
Equity Investments		2.7%	2.6%
Bonds		2.7%	2.6%
Property		2.7%	2.6%
Cash		2.7%	2.6%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

30.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range.

30.8 Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2018-2019.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2019 is £12.094m. This is based on an assumed pensionable payroll of £62.663m.

The assumed weighted average duration of the defined benefit obligation for the Council falls into the "Medium" duration category which is between 17 and 23 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

30.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Authority are members of the Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency. The Scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified by the regulations.

The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four yearly valuation was undertaken as at 31 March 2016 and this has set contribution rates from 1 April 2019.

The Authority has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Authority is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate from 1 September 2015 was 17.2% of pensionable pay. While the employee rate applied is variable it provides an actuarial yield of 9.6% of pensionable pay.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers' pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers' contribution rate.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2018, the Authority's own contributions equate to 1.49%

	2017-18	2016-17
Amount Paid Over (£'000)	5,841	5,729
Rate of Contribution (%)	17.20%	17.20%
Amount of Added Years Awarded by the Council (£'000)	528	528

The contributions due to be paid to the Teacher's Scheme by Argyll and Bute Council in the next financial year are estimated to be £5.917m.

31. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2017-18				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive and Strategic Finance	2	314	-	-	316
Community Services:					
Executive Director of Community Services	-	43	-	-	43
Community and Culture	1,709	288	-	(46)	1,951
Education	13,160	1,904	-	(108)	14,956
Customer Services					
Executive Director of Customer Services	1,935	90	(2,007)	-	18
Customer and Support Services	907	934	-	(3)	1,838
Facility Services	1,086	946	-	-	2,032
Governance and Law	-	253	-	-	253
Improvement and HR	-	344	-	-	344
Development and Infrastructure Services					
Executive Director of Development & Infrastructure Services	-	145	-	-	145
Economic Development	426	340	-	-	766
Planning, Regulatory and Housing Services	39	792	-	(17)	814
Roads and Amenity Services	9,036	1,790	-	(18)	10,808
Health and Social Care Integration	770	3,230	-	(45)	3,955
Other Non-Departmental Costs	-	463	-	(40)	423
Net Cost of Services	**29,070**	**11,876**	**(2,007)**	**(277)**	**38,662**
Other Income and Expenditure	(28,306)	2,900	-	(993)	(26,399)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit	**764**	**14,776**	**(2,007)**	**(1,270)**	**12,263**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts (Comparative Year)	Adjustments between Funding and Accounting Basis 2016-17				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive and Strategic Finance	-	100	-	-	100
Community Services:					
Executive Director of Community Services	-	15	-	-	15
Community and Culture	1,750	270	-	1	2,021
Education	8,286	607	-	(203)	8,690
Customer Services					
Executive Director of Customer Services	1,731	22	(1,935)	-	(182)
Customer and Support Services	2,088	322	-	(2)	2,408
Facility Services	1,966	325	-	-	2,291
Governance and Law	-	94	-	-	94
Improvement and HR	-	124	-	-	124
Development and Infrastructure Services					
Executive Director of Development & Infrastructure Services		54	-	-	54
Economic Development	457	109	-	-	566
Planning and Regulatory Services	2	218	-	4	224
Roads and Amenity Services	9,249	616	-	(7)	9,858
Health and Social Care Integration	2,091	1,093	-	-	3,184
Other Non-Departmental Costs	-	528	-	(10)	518
Net Cost of Services	**27,620**	**4,497**	**(1,935)**	**(217)**	**29,965**
Other Income and Expenditure from the Expenditure and Funding Analysis	(26,087)	2,432	-	(600)	(24,255)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit	**1,533**	**6,929**	**(1,935)**	**(817)**	**5,710**

(i) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- Financing and investment income and expenditure – the statutory charges for capital financing (loans fund advances) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

(ii) Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) Capital element of schools NPDO payment

- This is the capital cost of the annual payment to the schools NPDO operator and represents repayment of the balance sheet liability rather than a charge to Comprehensive Income and Expenditure Statement.

(iv) Other differences

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For services and adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves Statement.

32. UNUSABLE RESERVES

Movements in the Authority's unusable reserves are detailed in the Statement of Movement in Reserves on pages 56 to 57.

32.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

32.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

32.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

32.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority had set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

32.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

33. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Statement of Movement in Reserves on pages 56 to 57.

33.1 Capital Funds

The Authority holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

During the 2007-08 financial year the Council established a Capital Fund under Section 22 of Schedule 3 of the Local Government (Scotland) Act 1975. All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008.

The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2017-18	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2017	**2,782**	**1,282**	**4,064**
Proceeds of Disposals	14	5,663	5,677
Transfer to Capital Adjustment Account	-	(5,425)	(5,425)
Contribution to Capital Fund From Revenue	-	-	-
Interest Earned	6	4	10
Balance at 31 March 2018	**2,802**	**1,524**	**4,326**

33.2 Repairs and Renewals Fund

The movement in the Education Repairs and Renewals Fund is as follows:

Movements in 2017-18	Balance at 31 March 2017 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2018 £'000
Education	896	792	2	(175)	1,515
Total	**896**	**792**	**2**	**(175)**	**1,515**

34. CONTINGENT LIABILITIES

The Council settled a number of equal pay claims during 2016-17, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

In a recent legal case, the European Court of Justice ruled that if a worker's remuneration includes contractual commission; their holiday pay must also take account of that commission. All pay elements such as overtime, standby/emergency call outs and commission should be included in the calculation of holiday pay. At this stage the extent of the Council's potential liability is unknown.

The Limitation (Childhood Abuse) (Scotland) Act 2017 Section 1 removes the limitation period for actions of damages in respect of personal injuries resulting from childhood abuse. At this stage the extent of any potential liability is unknown.

There are other legal challenges which are on-going and may result in future liabilities.

35. TERMINATION BENEFITS

A number of savings options as a result of service reviews and other savings have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Councils staffing levels. The Council had forewarning of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs as part of the programme of service reviews have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year provision was made within the financial year for the costs of all employees who had accepted redundancy as at 31 March ending that year, including accounting for costs for employees who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2017-18 was £1.057m for 29 employees and in 2016-17 was £1.033 for 59 employees. These costs are detailed further in the Remuneration Report on page 49.

Therefore termination costs for all Council employees who have accepted redundancy by 31 March 2018 have been accounted for in 2017-18, or in previous financial years.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the service review and other savings agreed by the Council. There are likely to be further redundancy costs incurred as the Council is required to make further savings to balance the budget in future years.

36. TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which Argyll and Bute Council act as sole trustee:

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	14	6	496	496
GM Duncan Trust	-	3	78	78
MacDougall Trust	26	-	760	760
Various Other Trust Funds	3	21	489	489
Total Trust Funds	**43**	**30**	**1,823**	**1,823**

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by Argyll and Bute Council, can be obtained from Strategic Finance within the Chief Executive's Unit.

A number of the trust funds administered by Argyll and Bute Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by Argyll and Bute Council comply and will continue to comply with these requirements.

37. COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2018. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Strategic Finance within the Chief Executive's Unit.

37.1 Common Good Income and Expenditure Account for the year ended 31 March 2018

2016-17 Actual £'000		2017-18 Actual £'000
207	Expenditure	191
(84)	Income	(128)
123	**(Surplus)/Deficit for the Year**	**63**

37.2 Common Good Balance Sheet at 31 March 2018

2016-17 Actual £'000		2017-18 Actual £'000
3,882	Tangible Fixed Assets	3,751
2,307	Investments	2,345
194	Current Assets	217
(12)	Current Liabilities	(5)
6,371	**Total Assets less Liabilities**	**6,308**
3,888	Revaluation Reserve	3,755
2,483	Common Good Fund	2,553
6,371	**Total Net Worth**	**6,308**

38. Tax Incremental Financing (TIF) Projects

The council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc Tax Incremental Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue. The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Lorn Arc area of Oban. The project is for 25 years, with the first material capital investment incurred during the financial year ending 31 March 2015.

During the TIF project period, the council is entitled to retain the TIF revenue from its NDR revenue, a pro-rate amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. Following repayment in full, and until the end of the project period, the council is entitled to retain 50% of the TIF revenue for further infrastructure investment.

Net capital expenditure incurred in the year to 31 March 2018, to be funded from borrowing, in respect of TIF assets totalled £0.822m. This is reflected in the "Summary of Capital Expenditure and Financing" outlined within note 14.4 on page 89. The total TIF debt to be repaid over the project period, in respect of investment to 31 March 2018, has been calculated in accordance with finance circular No. 4/2014 at £1.163m.

There is a retention of £0.192m of TIF income during 2017-18 to repay the notional borrowing for TIF. Principal sums accumulated by 2017-18 amount to £0.062m and cumulative interest £0.061m resulting in a net cumulative surplus of £0.068m which will be used to pay down TIF debt per the TIF agreement.

39. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

	2017-18 £'000	2016-17 £'000
Net (Surplus)/Deficit on Provision of Services	**15,441**	**4,638**
Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:		
Statutory Adjustments through Statement of Movement in Reserves	(12,892)	(5,981)
Transfer to/from Other Statutory Reserves	629	271
Increase/(Decrease) in Inventories	10	(26)
Increase/(Decrease) in Debtors	1,916	(2,670)
(Increase)/Decrease in Creditors and Provisions	(3,943)	2,146
Other Revenue Adjustments	(15,355)	(12,891)
	(29,635)	**(19,151)**
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:		
Non Cash Capital	7,028	5,712
Capital Element of Finance Lease Payments	(2,042)	(1,935)
	4,986	**3,777**
Net Cash Flows from Operating Activities	**(9,208)**	**(10,736)**
The cash flows for Operating Activities include the following items:		
Interest Paid on Borrowings	7,656	8,973
Interest Paid on Finance Leases	7,509	7,697
Interest Received on Bank Deposits	(595)	(571)
Net Cash Outflow from Servicing of Finance	**14,570**	**16,099**

40. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

	2017-18 £'000	2016-17 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	29,347	20,294
Investments made/(disposed of) during year	2,502	17,481
Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(3,027)	(1,613)
Other Receipts from Investing Activities	(17,384)	(17,247)
Net Cash Outflow from Investing Activities	**11,438**	**18,915**

41. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

	2017-18 £'000	2016-17 £'000
Cash Receipts of Short and Long Term Borrowing	(40,145)	(28,502)
Other Receipts from Financing Activities	1,176	2,349
Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	2,042	1,935
Repayments of Short and Long Term Borrowing	32,160	16,090
Other Payments from Financing Activities	-	-
Net Cash (Inflow)/Outflow from Financing Activities	**(4,767)**	**(8,128)**

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Authority.

2016-17 Actual £'000		2017-18 Actual £'000
54,804	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	59,856
	Add Back:	
1,858	RSL Second Home Discount Additional Income	1,913
	Less:	
(12,003)	Other Discounts and Reductions	(12,564)
(1,055)	Provision for Bad and Doubtful Debts	(1,171)
43,604	**Total**	**48,034**
447	Adjustment to Previous Years' Community Charge and Council Tax	46
44,051	**Transfers to General Fund**	**48,080**

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2017-18 was as follows:

Band	Valuation Band	% Band D	£ per year
A	Up to £27,000	67%	808.89
B	£27,001 - £35,000	78%	943.71
C	£35,001 - £45,000	89%	1,078.52
D	£45,001 - £58,000	100%	1,213.34
E	£58,001 - £80,000	131%	1,594.19
F	£80,001 - £106,000	163%	1,971.68
G	£106,001 - £212,000	196%	2,376.12
H	Over £212,000	245%	2,972.68

2. CALCULATION OF THE COUNCIL TAX BASE 2017-18

Council Tax Base		A	B	C	D	E	F	G	H	Total
Total Number of Properties		7,642	10,007	9,448	6,056	7,421	4,140	2,819	247	47,780
Less	- Exemptions / Deductions	1,087	819	1,073	517	612	246	169	47	4,570
	- Adjustment for Single Chargepayers	861	1,042	745	433	435	207	111	6	3,840
Effective Number of Properties		**5,694**	**8,146**	**7,630**	**5,106**	**6,374**	**3,687**	**2,539**	**194**	**39,370**
Band D Equivalent Factor (%)		67%	78%	89%	100%	131%	163%	196%	245%	
Band D Equivalent Number of Properties		**3,796**	**6,336**	**6,782**	**5,106**	**7,790**	**5,326**	**4,232**	**388**	**39,756**
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)										508
Nominal Tax Yield										**40,264**
Less Provision for Non-Collection	-	1.26%								506
Council Tax Base 2017-18 - Number of Band D equivalents										**39,758**

Non Domestic Rate Income Account

The Non-Domestic Rate Income Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2016-17 Actual £'000		2017-18 Actual £'000
43,853	Gross rates levied and Contributions in Lieu	50,975
	Less:	
(10,283)	Reliefs and other deductions	(14,407)
-	Payment of Interest	-
(336)	Provision for Bad and Doubtful Debts	(390)
33,234	**Total Net Non-Domestic Rate Income**	**36,178**
(2,365)	Adjustments for years prior to introduction of National Non-domestic Rates Pool	-
-	Business Rate Incentivisation Scheme (BRIS) NDR Income Retained	(39)
(82)	Tax Incremental Finance (TIF) Scheme NDR Income Retained	(192)
30,787	**Contribution to National Non-Domestic Rate Pool**	**35,947**
(341)	Difference between Distributable and Contributable NDR Income amounts	(6,332)
30,446	**Distribution from Non-Domestic Rate Pool credited to Comprehensive Income and Expenditure Statement**	**29,615**

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

	2017-18 £	2016-17 £
Industrial and freight transport subjects	8,723,960	8,735,000
Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	75,167,172	70,346,799
Commercial subjects:		
Shops	14,247,025	14,315,325
Offices	5,924,725	5,995,360
Hotels, Boarding Houses etc.	8,479,050	8,521,950
Others	1,996,230	1,982,280
Total Rateable Value	**114,538,162**	**109,896,714**

2. NON-DOMESTIC RATE CHARGE

	2017-18 Pence	2016-17 Pence
Rate Per Pound	46.6p	48.4p
Supplementary Rate Per Pound for Properties over £35,000	2.6p	2.6p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

Group Accounts - Introduction

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2017-18: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show "a true and fair view" of the financial performance and position of the Council's Group.

THE GROUP ACCOUNTS

The Group Accounts comprise the following financial statements:

- ***Group Statement of Comprehensive Income and Expenditure:*** this statement shows the accounting cost in the year of providing the Council's services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves on pages 56 to 57.
- ***Group Balance Sheet:*** The Balance sheet is a snapshot of the value at the 31 March 2018 of the assets and liabilities recognised by the Council and its share of the net assets or liabilities of its associates and Common Good funds. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates is matched by its share of the reserves of the associates (i.e. its group reserves).
- ***Group Statement of Movement in Reserves:*** this statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. The Council's reserves are analysed into those which are "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation). The Council's Statement of Movement in Reserves on pages 56 to 57 gives a more detailed analysis of the movement in the Council's usable and unusable reserves during 2017-18.

Group Statement of Comprehensive Income and Expenditure

2016-17				2017-18		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
2,268	127	2,141	Chief Executive and Strategic Finance	2,897	172	2,725
103,996	9,492	94,504	Community Services	101,181	6,732	94,449
84,235	41,091	43,144	Customer Services	76,477	40,816	35,661
78,532	38,818	39,714	Development and Infrastructure Services	89,816	43,447	46,369
136,580	77,188	59,392	Health and Social Care Integration	137,580	76,046	61,534
1,761	1,087	674	Other Non-Departmental Costs	9,340	537	8,803
3,170	3,300	(130)	Associates and Joint Ventures Accounted for on an Equity Basis	5,648	6,849	(1,201)
410,542	**171,103**	**239,439**	**Net Cost of Services**	**422,939**	**174,599**	**248,340**
			Other Operating Income and Expenditure:			
		266	Net (Gain)/loss on Disposal of Fixed Assets			3,544
		1,339	Other Operating Income and Expenditure			1,430
		1,605	**Total Other Operating Income and Expenditure**			**4,974**
			Financing and Investment Income and Expenditure:			
		16,133	Interest Payable and Similar charges			15,893
		(4,008)	Interest and Investment Income			(970)
		3,367	Net Pension Interest Expense			4,033
		15,492	**Total Financing and Investment Income and Expenditure**			**18,956**
			Taxation and Non-Specific Grant Income:			
		(166,251)	General Government Grants			(162,798)
		(11,375)	Government Capital Grants and Other Capital Contributions			(17,243)
		(30,528)	Non-domestic Rates Redistribution and Retained Non-domestic Rates (TIF & BRIS)			(29,846)
		(44,051)	Council Tax Income			(48,080)
		(252,205)	**Total Taxation and Non-Specific Grant Income**			**(257,967)**
		4,331	**(Surplus)/Deficit on Provision of Services**			**14,303**
		(1,290)	(Surplus)/Deficit on revaluation of Fixed Assets			(52,780)
		48,407	Other Post Employment Benefits (Pensions)			(96,302)
		1,536	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds			(2,637)
		48,653	**Other Comprehensive Income and Expenditure**			**(151,719)**
		52,984	**Total Comprehensive Income and Expenditure**			**(137,416)**

Group Balance Sheet

Argyll Bute COUNCIL

31 March 2017 £'000	31 March 2017 £'000		31 March 2018 £'000	31 March 2018 £'000
		Long Term Assets		
		Property Plant & Equipment		
250,590		- Other Land and Buildings	323,341	
9,207		- Vehicles, Plant, Furniture and Equipment	8,419	
200,944		- Infrastructure Assets	200,363	
6,155		- Community Assets	6,075	
2,907		- Surplus Assets	1,156	
24,366		- Assets Under Construction	68,743	
	494,169	**Total Property Plant & Equipment**		**608,097**
	1,671	Heritage Assets		1,804
	728	Intangible Assets		633
	11,021	Investment Property		2,260
	4,926	Long-Term Debtors		5,936
	2,798	Long-Term Investments		2,837
	3,114	Investment in Associates and Joint Ventures		5,330
	518,427	**Total Long Term Assets**		**626,897**
		Current Assets		
529		Inventories	539	
16,075		Short Term Debtors (Net of Impairment)	20,669	
691		Assets Held for Sale	2,118	
52,500		Short Term Investments	55,002	
7,960		Cash and Cash Equivalents	10,512	
	77,755	**Total Current Assets**		**88,840**
		Current Liabilities		
(14,188)		Short-term Borrowing	(8,360)	
(29,782)		Short-term Creditors	(32,339)	
(567)		Capital Grant Receipts in Advance	(21)	
(1,818)		Provisions	(1,813)	
(2,008)		Other Short Term Liabilities	(4,407)	
	(48,363)	**Total Current Liabilities**		**(46,940)**
		Long-term Liabilities		
(157,937)		Borrowing Repayable within a Period in Excess of 12 Months	(172,429)	
(72,801)		Other Long-term liabilities	(124,974)	
(1,255)		Provisions	(1,300)	
(5,000)		Capital Grant Receipts in Advance	(5,000)	
(149,777)		Other Long-term liabilities (Pensions)	(68,251)	
(2,931)		Liabilities in Associates and Joint Ventures	(1,309)	
	(389,701)	**Total Long-term Liabilities**		**(373,263)**
	158,118	**Total Assets less Liabilities**		**295,534**

Group Balance Sheet

31 March 2016			31 March 2018	
£'000	£'000		£'000	£'000
		Unusable Reserves		
56,033		- Revaluation Reserve	108,720	
195,007		- Capital Adjustment Account	196,126	
(3,836)		- Financial Instruments Adjustment Account	(3,506)	
(149,777)		- Pensions Reserve	(68,251)	
(4,312)		- Accumulated Absences Account	(4,036)	
	93,115			229,053
		Usable Reserves		
4,064		- Capital Funds	4,326	
896		- Repairs and Renewals Funds	1,515	
53,489		- General Fund Balance	50,311	
	58,449			56,152
	183	**Group Reserves**		4,021
	6,371	**Common Good Reserves**		6,308
	158,118	**Total Reserves**		**295,534**

The Unaudited Annual Accounts were issued on 29 June 2018.

Kirsty Flanagan
Head of Strategic Finance
29 June 2018

Movements in 2017-18	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves								
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Council			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	**(53,489)**	**(896)**	**(4,064)**	**(58,449)**	**(93,115)**	**(151,564)**	**(183)**	**(6,371)**	**(158,118)**
Surplus/(Deficit) on Provision of Services	15,441	-	-	**15,441**	-	**15,441**	(1,201)	63	**14,303**
Other Comprehensive Income and Expenditure	-	-	-	-	(149,082)	**(149,082)**	(2,637)	-	**(151,719)**
Total Comprehensive Income and Expenditure	**15,441**	**-**	**-**	**15,441**	**(149,082)**	**(133,641)**	**(3,838)**	**63**	**(137,416)**
Total Statutory Adjustments (See Page 56 to 57)	**(12,892)**	**-**	**(5,677)**	**(18,569)**	**18,569**	**-**	**-**	**-**	**-**
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	**2,549**	**-**	**(5,677)**	**(3,128)**	**(130,513)**	**(133,641)**	**(3,838)**	**63**	**(137,416)**
Other Transfers required by Statute									
Transfer to/from Other Statutory Reserves	629	(619)	5,415	**5,425**	(5,425)	-	-	-	-
(Increase)/Decrease in Year	**3,178**	**(619)**	**(262)**	**2,297**	**(135,938)**	**(133,641)**	**(3,838)**	**63**	**(137,416)**
Balance at 31 March 2018 Carried Forward	**(50,311)**	**(1,515)**	**(4,326)**	**(56,152)**	**(229,053)**	**(285,205)**	**(4,021)**	**(6,308)**	**(295,534)**

Comparative Movements in 2016-17	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council			
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	**(52,417)**	**(671)**	**(4,027)**	**(57,115)**	**(146,204)**	**(203,319)**	**(1,589)**	**(6,194)**	**(211,102)**
Surplus/(Deficit) on Provision of Services	4,638	-	-	**4,638**	-	**4,638**	(130)	(177)	4,331
Other Comprehensive Expenditure and Income	-	-	-	-	47,117	**47,117**	1,536	0	48,653
Total Comprehensive Expenditure and Income	**4,638**	**0**	**0**	**4,638**	**47,117**	**51,755**	**1,406**	**(177)**	**52,984**
Total Statutory Adjustments (See Page 58 to 59)	**(5,981)**	**-**	**(1,613)**	**(7,594)**	**7,594**	**-**	**-**	**-**	**-**
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	**(1,343)**	**-**	**(1,613)**	**(2,956)**	**54,711**	**51,755**	**1,406**	**(177)**	**52,984**
Other Transfers required by Statute									
Transfer to/from Other Statutory Reserves	271	(225)	1,576	**1,622**	(1,622)	-	-	-	-
(Increase)/Decrease in Year	**(1,072)**	**(225)**	**(37)**	**(1,334)**	**53,089**	**51,755**	**1,406**	**(177)**	**52,984**
Balance at 31 March 2017 Carried Forward	**(53,489)**	**(896)**	**(4,064)**	**(58,449)**	**(93,115)**	**(151,564)**	**(183)**	**(6,371)**	**(158,118)**

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements on pages 61 to 121.

- The Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee financial statements have been prepared under the historic cost convention.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- Live Argyll – Leisure Trust

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has "significant influence" over their financial and operating policies. The Council has no shares in or ownership of any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards.

The accounting period for all entities is 31 March 2018.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish local authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 28 participating Scottish local authorities. Argyll and Bute Council contributed £0.072m towards Scotland Excel in the 2017-18 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

4. ARGYLL AND BUTE INTEGRATION JOINT BOARD

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between Argyll and Bute Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. Argyll and Bute Council contributed £57.579m towards the Argyll and Bute Integration Joint Board in the 2017-18 financial year.

Argyll and Bute Council and NHS Highland are required to treat the IJB as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year. All transactions are accounted for and shown within the single entity statements and therefore there is no material impact on the group accounts.

5. NATURE OF COMBINATION

The Council inherited its interest in these entities following the reorganisation of local government in 1996. An acquisition basis has been used as the basis of consolidation. However, as no consideration was given for this interest there is no goodwill involved in these instances.

6. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £10.329m. This gives an overall net asset position for the Group of £295.534m.

All associates have prepared their accounts on a 'going concern' basis. For Strathclyde Passenger Transport Authority and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

7. FURTHER DETAILS ON CONSOLIDATION

Due to the significant impact upon the reported figures of the Group Accounts further information in respect of the Associate Entities outlined above can be summarised as follows:

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a Joint Committee of all Councils in the West of Scotland plus Dumfries and Galloway Council. In association with the related Structure Planning Committees, the Partnership's remit included the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Joint Transport Strategy. The Council contributed £0.594m or 1.62% of the Board's estimated net running costs during 2017-18 and accounted for £5.265m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board

This body comprises the 12 local authorities within the West of Scotland which oversees the operations of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the 12 constituent councils and direct grant funding from the Scottish Government. During 2017-18 the Council contributed £0.173m or 4.14% of the net annual running costs and accounted for £0.065m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from

the Treasurer to Strathclyde Concessionary Travel Scheme, Consort House, 12 West George Street, Glasgow G2 1HN.

Live Argyll

Live Argyll started trading 2 October 2017. The Trust is a charitable company registered in Scotland and provides leisure facilities within the Argyll and Bute area to the general public and operates sports centres, leisure centres, swimming pools, halls and community education centres owned by the Council.

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at local government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2017-18 Argyll and Bute Council contributed £1.281m towards estimated running costs and accounted for £1.128m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Dunbartonshire and Argyll and Bute Valuation Joint Board, Council Offices, Garshake Road, Dumbarton G82 3PU.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:-

	2017-18 £'m	2016-17 £'m
Argyll and Bute Council has a 48.1% share of:		
Gross Income	2.704	2.758
Net (Surplus)/Deficit	0.549	0.460
Long Term Assets	0.642	0.664
Current Assets	0.684	0.597
Liabilities due within one year	(0.121)	(0.100)
Liabilities due over one year		-
Pension Liability	(3.515)	(7.254)
Capital and Revenue Reserves	(2,310)	(6.093)

8. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 52 to 53) for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in note 37 of the Notes to the Financial Statements on page 118 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £6.308m.

8. GROUP CASH FLOW STATEMENT

The impact of the incorporation of the associates has no effect upon the Cash Flow statement for Argyll and Bute Council on page 60. Only the Common Good transactions would have an impact. However, this impact is not material enough for a separate Group Cash Flow Statement to be prepared.

Glossary of Terms

Existing Use Value. The market value of a particular Council property, less the difference between the average rental income between public and private sector properties.

Expected Rate of Return on Pension Assets. The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value. This is the price at which an asset could be exchanged in an arm's length transaction less any grants receivable towards the purchase or use of the asset.

Financial Asset. A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument. Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another.

Financial Instruments Adjustment Account. This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

Financial Liability. An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS). Financial Reporting Standards are issued by the Accounting Standard Board and define proper accounting practice for a given transaction or event.

Fixed Assets. Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Gains/losses on settlements and curtailments. The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged or credited to Non Distributed costs in the Comprehensive Income and Expenditure Statement.

General Fund Balance. This contains the net surplus on the provision of Council services combined with any balances from previous years and any contributions to other funds or reserves made during the year.

Group Accounts. The purpose of group accounts is to show the Council's interest in organisations and companies within the Financial Statements. The Council's shares of the assets and liabilities of these other entities are shown in the Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Group Balance Sheet.

Government Grants. Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the authority.

Heritage Assets. Assets which are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations and are held by the Council of the maintenance of heritage.

International Accounting Standards (IAS). International Accounting Standards are issued by the International Accounting Standards Board and define proper accounting practice for a given transaction or event. IAS's take precedence over other accounting standards in the hierarchy of technical accounting standards.

International Public Sector Accounting Standards (IPSAS), a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Impairment. A reduction in the value of fixed or financial asset below the valuation held on the balance sheet.

Infrastructure Assets. Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets. Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions). The expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories. Inventories may comprise the following: goods or other assets purchased for re-sale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances; and finished goods.

Liquid Resources. Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded on the active market.

Glossary of Terms

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

National Non-Domestic Rates Pool. All non-domestic rates collected by local authorities are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

Net Book Value. The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less cumulative amounts provided for depreciation.

Net Realisable Value. The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.

Non-Current Assets. Non-current assets are not expected to be realised within 12 months and are held to provide future economic benefits to the Council.

Non-operational assets. Are assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration. All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax).

Operating Leases. A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets. All items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions). The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensions Reserve. The Pensions Reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Prior Period Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP). Those partnerships enable the council to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the building or refurbishment of the assets.

Residual Value. The net realisable value of an asset at the end of its useful life.

Related Party Transactions. A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Renewal and Repairs fund. This contains funds credited at the Council's discretion from the General Fund and is available for use on capital or revenue expenditure on council assets.

Revaluation Reserve. Records unrealised gains arising since 1 April 2007 from holding fixed assets not yet realised through sales.

Service Expenditure Analysis (SEA). An analysis which groups together expenditure on services within headings or divisions as defined in the Service Reporting Code of Practice (SeRCOP).

Specific Government Grants. These are grants received from Central Government in respect of a specific purpose or service.

Unusable Reserves. Those reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences.

Usable Reserve. Those reserves which the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Useful Life. The period over which the local authority will derive benefits from the use of a fixed asset.

Agenda Item 7b

Argyll & Bute COUNCIL

Summary Accounts—2017-18

This provides a summary of some of the key issues from the 2017-18 Annual Accounts. It provides information on the Comprehensive Income and Expenditure Statement, the Balance Sheet, Reserves, Cash Flow Statement and also provides a comment on plans for the future.

Comprehensive Income and Expenditure Statement

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

	Actual 2017-18	Actual 2016-17	Actual Variance Year on Year
	£m	£m	£m
Net cost of services	249.4	239.4	10.0
Other operating income and expenditure	5.0	1.6	3.4
Finance and investment income and expenditure	19.1	15.9	3.2
Total expenditure	273.4	256.8	16.6
Taxation and non specific grants			
General Government Grants	(162.8)	(166.3)	3.5
Government Capital Grants and other capital contributions	(17.2)	(11.4)	(5.9)
Non Domestic Rates Redistibution	(29.8)	(30.5)	0.7
Council Tax Income	(48.1)	(44.1)	(4.0)
(Surplus)/deficit on provision of services	**15.4**	**4.6**	**10.8**

The net cost of service provision for 2017-18 was £249.4m with total expenditure of £273.4m which was offset by taxation and non-specific grants totalling £258.0m. This left a deficit on the provision of service of £15.4m.

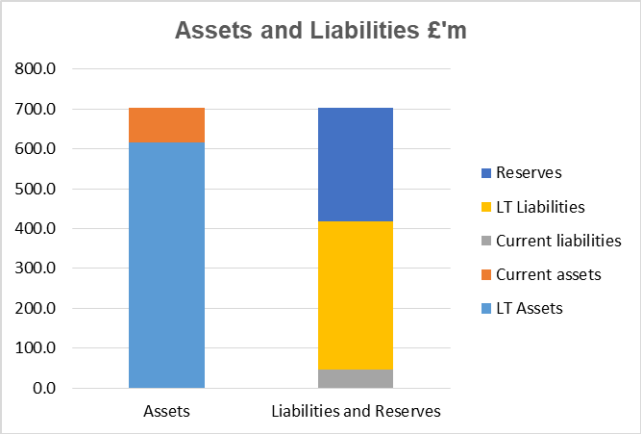
Total expenditure decreased by £16.6m from 2016-17. Expenditure on services increased by £10.0m, other operating income and expenditure increased by £3.4m and there was also an increase in interest and investment income of £3.2m.

Reconciliation of Comprehensive Income and Expenditure Statement to Budgetary Outturn

	£'m	£'m
Deficit on Provision of Services		15.4
Remove statutory adjustments that don't feature in budget outturn:		
Depreciation	(21.4)	
Impairments of Asset charged to services	(7.6)	
Capital Funding	17.2	
CFCR	4.1	
Pension Adjustment	(14.8)	
Statutory Repayment of Debt	10.4	
Repayment of Finance Leases	2.0	
Transfers to/from Other Statutory Reserves	0.6	
Other Adjustments	(2.9)	
		(12.3)
Movement In General Fund Balance		3.2
Adjust for earmarkings:		
Released sums earmarked to service budgets 2017-18	(10.6)	
Supplementary estimates agreed during 2017-18	(0.1)	
Budgeted Surplus in 2017-18 transferred to General Fund	0.2	
Contributions to earmarked reserves 2017-18	4.8	
		(5.7)
Revenue Budget Outturn - Surplus		**(2.6)**

The table sets out a reconciliation of the (Surplus)/Deficit on the provision of the services noted within the Comprehensive Income and Expenditure Statement to the revenue budget underspend for 2017-18 of £2.6m.

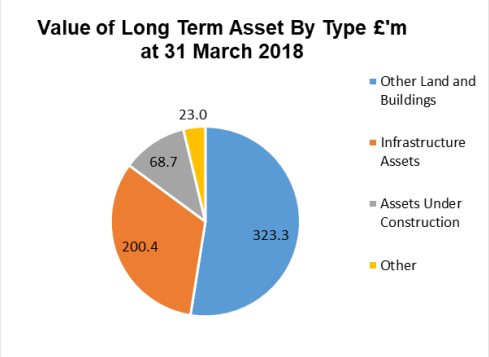
Balance Sheet—our assets and liabilities

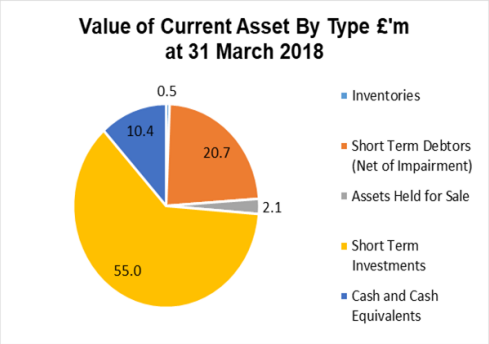


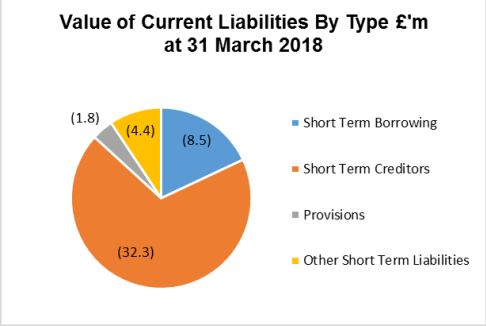
The balance sheet shows the value of the assets and liabilities recognised by the council as at 31 March 2018. Net assets (assets less liabilities) are matched by the reserves held by the council.

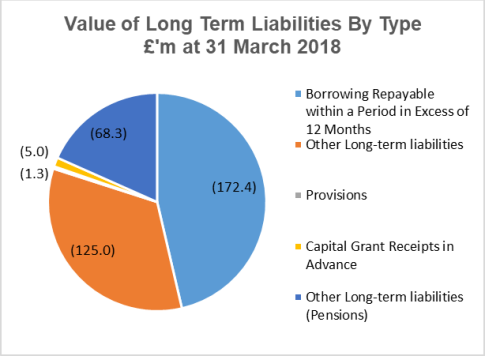
The net assets of the council increased by £133.6m from £151.5m at 31 March 2017 to £285.2m at 31 March 2018.

Summary of Balance Sheet	31 March
Long term assets -includes property, plant and equipment as well as other intangible assets. There has been an increase of £106.4m from £509.1m at 31 March 2017. The main reason for the increase is in relation to the valuation of the four new schools, Campbeltown, Oban, Kirn and Dunoon refurbishment.	615.5
Current assets - includes stock, short term debtors, assets held for sale, short term investments and cash. There has been a increase of £11.1m from £77.6m at 31 March 2017 this relates to a small increase in short term investments, cash held and debtors at the end of the year.	88.7
Current liabilities -includes short term borrowing, creditors, provisions and other short term liabilities. There has been a decrease of £1.4m from £48.5m at 31 March 2017 mainly as a result of repayment of external debt which had a life of less than one year.	(47.1)
Long term liabilities - Not due for payment for at least 12 months and comprise borrowing, payments due under the NPDO, provisions and pensions liability. There has been a decrease of £14.8m from £386.8 at 31 March 2017 mainly as a result of a reduction in pension liability offset by the finance lease liabiilties for the new schools under the DBFM model.	(372.0)
Total reserves	285.2









Reserves

Reserves can be usable or unusable:

Usable reserves:

- Backed by actual resources
- Can be applied to fund expenditure or reduce local taxation

Unusable reserves:

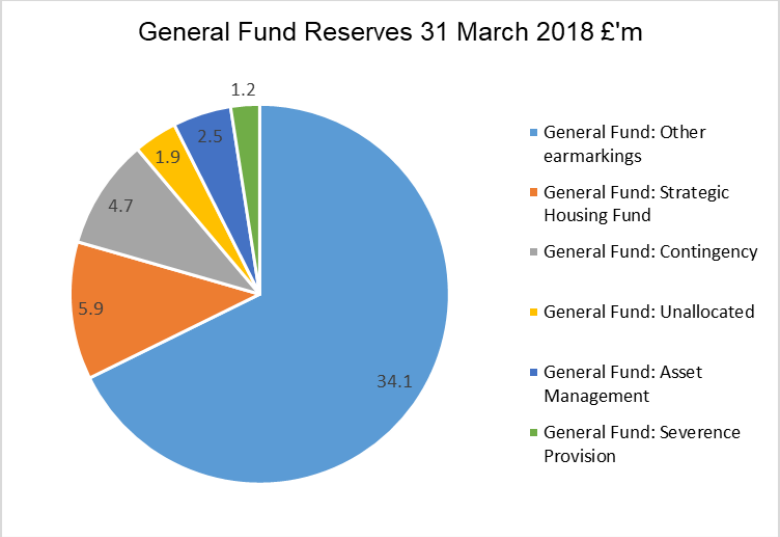
- Required purely for accounting purposes
- Do not represent resources available for the council to use

The council has total reserves of £285.2m, but most of these (£229.1m) are unusable reserves which are purely for accounting purposes and do not represent resources available for use. The usable reserves were £56.2m at 31 March 2018, the main element being the General Fund Balance of £50.3m.

	31 March 2018	31 March 2017
	£'m	£'m
Unusable reserves	229.1	93.1
Useable reserves		
Capital fund	4.3	4.1
Renewal and repairs fund	1.5	0.9
General Fund: Other earmarkings	34.1	31.7
General Fund: Strategic Housing Fund	5.9	6.2
General Fund: Contingency	4.7	4.7
General Fund: Unallocated	1.9	3.3
General Fund: Schools Capital	-	2.8
General Fund: Asset Management	2.5	2.5
General Fund: Severence Provision	1.2	2.3
Total reserves	**285.2**	**151.6**

Unusable reserves have increased by £135.9 from £93.1 at 31 March 2017 to £229.1m at 31 March 2018 mainly due to an increase in the revaluation reserves and a decrease in the pension fund reserve which matches the pension liability.

Useable reserves have decreased by £2.3m from £58.4 at 31 March 2017 to £56.1m at 31 March 2018, mainly due to a decrease in the General Fund Balance of £3.2m in addition to small increases in the Capital Fund and the Repairs and Renewals Fund.



Cashflow

The cashflow statement shows the changes in cash and cash equivalents of the Council during the financial year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating , investing and financing activities.

	31 March 2018	31 March 2017	Movement	
	£'m	£'m	£'m	
Net Cashflows from Operating Activities	(9.2)	(10.7)	(1.4)	Expenditure being funded from taxation and grant income has increased by £1.4m
Investing Activities	11.4	18.9	7.5	Cash outflows for investments have decreased by £7.5m
Financing Activities	(4.8)	(8.2)	(3.4)	Cash inflows for investments have decreased by £3.4m

Operating Activities is an indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided.

Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Financing Activities cashflows are useful for predicting claims on future cash flows by providers of capital (i.e. borrowing).

Plans for the Future

A three year financial outlook was/is regularly presented to Members and in view of estimated future savings requirements, a Transformation Board was established to take forward further transformational change. As part of the 2018-19 budget front line services were asked to consider savings via four operating principals: business cost reduction, income maximisation, service redesign and self-funding. A number of efficiency savings were identified and presented to Council on 26 October 2017 in addition to options with policy implications that were subject to public and Trade Union consultation. The savings options agreed in February 2018 increase in value across 2018-19 to 2020-21 and therefore contributes to the financial challenges facing the Council in the future. The budget strategy for 2019-20 and beyond is based on the work of the Transformation Board.

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. A draft vision, key themes and potential projects have been developed/identified which we believe support economic transformation. The emerging overarching vision of the Rural Growth Deal is "Argyll, the natural place to live, learn, visit and do business".

The Transformation Board, chaired by the Executive Director of Customer Services with membership of a number of senior managers across the Council as well as Trade Union representation, identified a number of areas which they would be exploring for future years and this was reported to Council in February 2018. These include a reconstructing the Council budget exercise, looking at duties and powers, review of fleet management, review of procurement, amongst others.

The full set of annual accounts is available on our website at:

http://www.argyll-bute.gov.uk/

The Council also produces an Annual Report which provides residents with further detail on how the money has been spent. The Annual Report for 2017-18 will be produced later this year, however, the 2016-17 Annual Report is available on the following web-link:

https://www.argyll-bute.gov.uk/sites/default/files/annual_report_201617_final_designed_version.pdf

Argyll Bute COUNCIL

Agenda Item 7c

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

REVENUE BUDGET MONITORING – FOR THE YEAR 2017-18

1. EXECUTIVE SUMMARY

1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2017-18. The report also summarises the movement in the General Fund balance.

1.2 The performance against budget for financial year 2017-18 was an overall underspend of £2.567m (1.03%).

1.3 There was a net underspend of £0.958m in relation to departmental expenditure and a net underspend of £0.877m in relation to other central/non-departmental costs. The remainder of the underspend of £0.732m is in relation to funding and the over-recovery of Council Tax income. Included within the overall underspend are a number of budget underspends which are likely to be one-off in nature or have been adjusted for in the 2018-19 budget process.

1.4 The General Fund Balance has moved from £53.489m at the end of financial year 2016-17 to £50.311m at the end of 2017-18. The movement represents a decrease of £3.178m which is due to the contributions to and from earmarked reserves and the favourable year-end underspend position.

1.5 There is a separate report that details the earmarked reserves; it outlines proposals to earmark a total of £43.717m from the General Fund balance, leaving £6.594m unallocated. Of this £4.726m is required to be held as the General Fund contingency, leaving an unallocated balance of £1.868m.

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

REVENUE BUDGET MONITORING – FOR THE YEAR 2017-18

2. INTRODUCTION

2.1 This report summarises the revenue budget position of the Council as at the end of the financial year 2017-18. The overall revenue budget monitoring statement for the Council is attached as Appendix 1 and departmental outturn summaries are attached as Appendix 2.

3. RECOMMENDATION

3.1 Members to consider the revenue budget monitoring position as at the end of financial year 2017-18.

3.2 Members to note that the unallocated balance within the General Fund as at 31 March 2018, after taking into account the contingency, amounts to £1.868m.

4. DETAIL

4.1 Final Outturn Variance (Un-audited)

4.1.1 The performance against budget for the financial year 2017-18 was an overall underspend of £2.567m (1.03%). A summary of the final outturn position is noted within the table below:

Final Outturn Variance (Un-audited) 2017/18				
Department	Actuals	Budget Adjusted for Earmarkings	Variance (Overspend) Underspend	% age
Chief Executive's Unit	2,409,184	2,479,125	69,940	2.82%
Community Services	79,766,285	79,435,211	(331,073)	(0.42%)
Customer Services	40,037,393	41,343,626	1,306,233	3.16%
Development and Infrastructure Services	34,181,985	34,095,168	(86,817)	(0.26%)
Total Departmental Expenditure	**156,394,847**	**157,353,130**	**958,283**	**0.61%**
Integration Services	57,579,226	56,424,128	(1,155,098)	(2.05%)
Joint Boards	1,352,303	1,374,371	22,068	1.61%
Loans Charges	18,583,976	19,083,976	500,000	2.62%
Pension Costs	2,358,705	2,727,399	368,694	13.52%
Other	7,632,489	8,773,813	1,141,324	13.01%
Total Non-Departmental Expenditure	**87,506,699**	**88,383,687**	**876,988**	**0.99%**
Total Expenditure	**243,901,546**	**245,736,817**	**1,835,271**	**0.75%**
Total Funding	251,256,208	250,524,053	732,155	0.29%
UNDERSPEND			**2,567,426**	

4.2 Departmental Budget Outturn

4.2.1 The performance against budget shows departmental controllable expenditure being £0.958m (0.61%) under budget. Included in this outturn position is an adjustment to update the 2017-18 budget to reflect the new amounts earmarked by departments at the year-end, these new earmarkings total £2.870m.

4.2.2 The main reasons giving rise to the departmental underspend of £0.958m are noted below and further detail is provided within the departmental outturn reports in Appendix 2.

- Underspends within Customer Services due to lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO, lower than planned expenditure on the Catering Innovation Project which was delayed and lower than expected expenditure on school transport due to reduced contract and fuel costs. Further, within Development and Infrastructure Services, there was an over-recovery of income from charges for fish exports and the appraisal of water supplies. Also, there were higher than expected vacancy savings delivered by the Customer Services and Development and Infrastructure Services Departments.

- Offsetting overspends arising from the impact of the severe weather over the winter on the Roads Winter Maintenance budget (reduced due to the receipt of additional funding from the Scottish Government at year end) and lower than expected income from planning fees, both within Development and Infrastructure Services, as well as increased demand for Additional Support Needs and placements in residential schools, both within Education.

4.3 Central/Non-Departmental Budget Outturn

4.3.1 The performance against budget for central/non-departmental expenditure was a net underspend of £0.877mm. Included in this outturn position is an adjustment to update the 2017-18 budget to reflect the new amounts earmarked at the year-end, these new earmarkings total £0.005m.

4.3.2 The spend on social work services transferred to the Argyll and Bute Integrated Joint Board (IJB) were overspent by £1.155m. In accordance with the IJB's Scheme of Integration, as the outturns for the services delivered by both the Council and by NHS Highland were overspends, there were no mitigating funds available within the IJB to meet or reduce the overspend incurred on Social Work services which subsequently fall to the Council to absorb in its outturn. The additional funding provided by the Council will be recovered through reductions in the funding provided to the IJB for Social Work services over the three year period from 2018-19 to 2020-21.

4.3.3 Joint Board payments were £0.022m (1.61%) below budget.

4.3.4 There is an underspend within Severance and Unfunded Pensions that relates to a superannuation budget which is no longer required, removed from the 2018-19 budget, as well as lower than anticipated pension costs.

4.3.5 Loan charges are underspent by £0.500m. As part of the budget process for 2018-19 a detailed review of loans charges was undertaken and this released £2.2m of recurring loans charges saving. Part of this review assumed that any underspend within 2017-18 would be used to make special repayments of principal thereby reducing the budget required in future years. Due to the accounting treatment for the Social Work overspend now being brought into the Council's overall outturn position and the impact that this has on the General Fund position, some further analysis of loans charges has been undertaken. The analysis has concluded that £0.500m of special repayments can be deferred in the medium term allowing some of the underspend to be transferred into the unallocated General Fund balance. It would be advisable to work on the basis that when the Social Work overspend is recovered in future years, the underspend on loans charges in 2017-18 is used to make further special repayments but further modelling of the loans charges position at that time will be undertaken prior to any Council decision on this.

4.3.6 There is an underspend in other services of £1.141m due to lower than anticipated spend on utilities and apprenticeship levy and additional unused funding for the Tranche 1 monies announced as part of the 2018-19 budget but paid in 2017-18 and additional funding towards the Council Tax Reduction Scheme which was not required.

4.4 Funding Budget Outturn

4.4.1 The performance against budget for Funding was a net underspend/over-recovery of income of £0.732m. Included in this outturn position is an adjustment to update the 2017-18 budget to reflect the new amounts earmarked at the year-end, these new earmarkings total £1.913m and relate solely to the Strategic Housing Fund.

4.4.2 There is a year-end favourable position in relation to Council Tax of £0.692m where collections have exceeded the budget. This is due to better the than expected collection of double Council Tax on empty homes and growth in the tax base. Non-domestic rates income exceeded budget by £0.040m.

4.4.3 It should be noted that previous forecasts reported to the Policy and Resources Committee during the year were lower than the final outturn as there were plans to earmark further funds at the year end. However, due to the overspend on Social Work, which the Council has to absorb (as noted in paragraph 4.3.2), the unspent budget earmarkings have been contained to a minimum to increase the unallocated General Fund balance available going forward.

4.5 Impact on the General Fund

4.5.1 The movement in the General Fund balance is different to the underspend as noted above as it also takes into consideration the earmarked reserve withdrawals and contributions. The General Fund balance at 31 March 2017 was £53.489m and has decreased to £50.311m as at 31 March 2018, representing a decrease of £3.178m.

4.5.2 There were £10.602m of earmarked reserves released to services and spent during 2017-18 and a supplementary estimate of £0.123m paid to meet the higher than expected cost of the 2017-18 pay award for Council staff. The contributions to earmarked reserves amount to £4.980m, including a budgeted surplus from the 2017-18 budget of £0.193m. As noted above the overall underspend amounts to £2.567m

for the year. All these factors contribute to the decrease in the General Fund balance as summarised within the table below:

	£m
Balance on General Fund 31 March 2017	53.489
Budgeted surplus	0.193
Released sums earmarked to service budgets 2017-18	(10.602)
Supplementary estimates agreed and used during 2017-18	(0.123)
Contributions to earmarked reserves 2017-18	4.787
Overall budget underspend as above	2.567
Balance on General Fund 31 March 2018	**50.311**

4.5.3 The closing balance on the General Fund as at 31 March 2018 is £50.311m. Of this, £43.717m is earmarked for specific purposes and £4.726m is required to be held as the General Fund contingency, leaving an unallocated balance of £1.868m, as shown below:

	£m
Balance on General Fund 31 March 2018	50.311
Earmarked balances at 31 March 2017 (as per Earmarked Reserves report)	(43.717)
Contingency balance at 2.0% of net expenditure	(4.726)
Unallocated balance as at 31 March 2018	**1.868**

5. CONCLUSION

5.1 The performance against budget for financial year 2017-18 was an overall underspend of £2.567m (1.03%). The General Fund balance has decreased by £3.178m which reflects the contributions to and from earmarked reserves and the favourable year-end underspend position.

6. IMPLICATIONS

6.1 Policy – None.

6.2 Financial - None.

6.3 Legal - Report notes the underspend against budget during 2017-18 and the movement in the General Fund balance.

6.4 HR - None.

6.5 Equalities - None.

6.6 Risk - None.

6.7 Customer Service - None.

Kirsty Flanagan
Head of Strategic Finance
15 June 2018

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

APPENDICES

Appendix 1 - Overall Revenue Budget Monitoring Statement 2017-18
Appendix 2 - Departmental 2017-18 Outturn Summaries

ARGYLL AND BUTE COUNCIL - SUMMARY OF ACTUAL AND BUDGET COMPARISON 2017/18 **Appendix 1**

Department	Actual 2017/18	Budget 2017/18	Adjustment for Funds Earmarked in General Fund Reserve									Adjusted Budget 2017/18	"Real Variance" (Over)/underspend
			Income from council tax on 2nd homes	Unspent Grant monies carried forward to 2018-19	Third Party Contributions carried forward to 2018-19	CHORD	DMR School Carry Forwards	Previous Council Decision	Scottish Government Initiatives carried forward to 2018/19	Piers and Harbours Surplus (New)	NEW Unspent Budget Propsals		
Expenditure	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Chief Executive's Unit	2,409,184	2,512,233			10,545			14,013	8,550			2,479,125	69,940
Community Services	79,766,285	80,923,716		770,313	15,502		566,290		136,400			79,435,211	(331,073)
Customer Services	40,037,393	42,063,796		133,810				227,383			358,977	41,343,626	1,306,233
Development and Infrastructure Services	34,181,985	34,723,169				93,386		104,574		107,041	323,000	34,095,168	(86,817)
Total Departmental Expenditure	**156,394,847**	**160,222,914**	**0**	**904,123**	**26,047**	**93,386**	**566,290**	**345,970**	**144,950**	**107,041**	**681,977**	**157,353,130**	**958,283**
Integration Services	57,579,226	56,424,128										56,424,128	(1,155,098)
Joint Boards	1,352,303	1,374,371										1,374,371	22,068
Loans Charges	18,583,976	19,083,976										19,083,976	500,000
Severance and Unfunded Pension Costs	2,358,705	2,727,399										2,727,399	368,694
Other	7,632,489	8,778,813							5,000			8,773,813	1,141,324
Total Non-Departmental Expenditure	**87,506,699**	**88,388,687**	**0**	**0**	**0**	**0**	**0**	**0**	**5,000**	**0**	**0**	**88,383,687**	**876,988**
Total Expenditure	**243,901,546**	**248,611,601**	**0**	**904,123**	**26,047**	**93,386**	**566,290**	**345,970**	**149,950**	**107,041**	**681,977**	**245,736,817**	**1,835,271**
Funding													
AEF & NDR Income	192,643,408	192,603,295										192,603,295	40,113
Council Tax	48,080,551	45,476,000	1,912,509									47,388,509	692,042
Budgeted/withdrawn from Earmarked Reserves	10,602,239	10,602,239										10,602,239	0
Supplementary Estimates Approved	123,010	123,010										123,010	0
Budgeted Contribution from General Fund Balance	(193,000)	(193,000)										-193,000	0
Total Funding	**251,256,208**	**248,611,544**	**1,912,509**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**250,524,053**	**732,155**
Under/(Overspend)	**7,354,662**	**(57)**	**1,912,509**	**904,123**	**26,047**	**93,386**	**566,290**	**345,970**	**149,950**	**107,041**	**681,977**	**4,787,236**	**2,567,426**

APPENDIX 2

REVENUE BUDGET MONITORING 2017-18 - DEPARTMENTAL OUTTURN SUMMARIES (including Social Work)

Department	Service	Actuals 2017-18	Budget 2017-18	Funds Carried Forward to 2018-19: Unspent Grant Monies	Third Party Contributions	CHORD Funding	DMR School Carry Forward	Previous Council Decision	Scottish Government Initiatives	Piers and Harbours Investment Fund	Unspent Budget Proposals	Adjusted Budget	(Over) / Underspend	Variance %age	Comments/Explanation
Chief Executive's Unit	Chief Executive	774,803	823,925		10,545			14,013	8,550			790,817	16,014	2.03%	Outwith reporting criteria
Chief Executive's Unit	Head of Strategic Finance	1,634,381	1,688,307									1,688,307	53,926	3.19%	The underspend arises due to vacant posts within the service partially offset by consultancy costs.
Chief Executive's Unit Total		**2,409,184**	**2,512,233**	**0**	**10,545**	**0**	**0**	**14,013**	**8,550**	**0**	**0**	**2,479,125**	**69,940**	**2.82%**	
Community Services	Executive Director of Community Services	189,152	259,575									259,575	70,422	27.13%	The underspend arises due to the impact of the adjustment to the Bad Debt Provision in relation to Housing moving to DIS.
Community Services	Head of Education	75,108,308	76,399,167	770,313	15,502		566,290		136,400			74,910,662	(197,646)	(0.26%)	The overspend arises due to increased demand within the Additional Support Needs and residential placements budgets. This is expected to be an ongoing pressure and the 2018-19 budget has been adjusted accordingly.
Community Services	Leisure and Libraries Trust - Council Share	4,468,825	4,264,975									4,264,975	(203,850)	(4.78%)	The overspend arises due to one-off savings required in 2017-18 not being achieved prior to the transfer to Live Argyll.
Community Services Total		**79,766,285**	**80,923,716**	**770,313**	**15,502**	**0**	**566,290**	**0**	**136,400**	**0**	**0**	**79,435,211**	**(331,073)**	**(0.42%)**	
Customer Services	Executive Director of Customer Services	15,193,216	16,160,874									16,160,874	967,658	5.99%	The underspend arises due to excess vacancy savings and insurance and utility costs savings on the Schools NPDO budget.
Customer Services	Head of Customer and Support Services	8,235,172	8,615,324	103,810				227,383				8,284,131	48,959	0.59%	Outwith reporting criteria
Customer Services	Head of Facility Services	11,485,099	12,097,218								137,845	11,959,373	474,274	3.97%	The underspend arises due to delays in the Catering Innovation Project which reduced the 2017-18 costs and lower than expected spend on school transport due to reduced contract and fuel costs.
Customer Services	Head of Governance and Law	2,042,610	2,070,068	30,000								2,040,068	(2,542)	(0.13%)	Outwith reporting criteria
Customer Services	Head of Improvement and HR	3,081,296	3,120,312								221,132	2,899,180	(182,116)	(6.28%)	The actual outturn variance before earmarking would be outwith the reporting criteria and the reported overspend only arises due to the proposed earmarking of underspends from elsewhere within the Department to fund support for Council-wide programmes and activities.
Customer Services Total		**40,037,393**	**42,063,796**	**133,810**	**0**	**0**	**0**	**227,383**	**0**	**0**	**358,977**	**41,343,626**	**1,306,233**	**3.16%**	
Development and Infrastructure Services	Executive Director of Development and Infrastructure Services	1,478,815	1,796,637									1,796,637	317,822	17.69%	The underspend arises due to excess vacancy savings.
Development and Infrastructure Services	Head of Economic Development	4,201,682	4,407,716			93,386					125,000	4,189,330	(12,352)	(0.30%)	Outwith reporting criteria
Development and Infrastructure Services	Head of Planning and Regulatory Services	8,021,143	7,914,419								24,000	7,890,419	(130,724)	(1.66%)	The overspend arises due to a reduction in Planning income partially offset by underspends in housing and over recovery of income from Fish exports and appraisal of water supplies.
Development and Infrastructure Services	Head of Roads and Amenity Services	20,480,345	20,604,397					104,574		107,041	174,000	20,218,782	(261,563)	(1.29%)	The overspend arises due to the impact of the severe weather over the winter period on the Winter Maintenance budget.
Development and Infrastructure Services Total		**34,181,985**	**34,723,169**	**0**	**0**	**93,386**	**0**	**104,574**	**0**	**107,041**	**323,000**	**34,095,168**	**(86,817)**	**(0.26%)**	
Overall Totals (excluding IJB)		**156,394,847**	**160,222,914**	**904,123**	**26,047**	**93,386**	**566,290**	**345,970**	**144,950**	**107,041**	**681,977**	**157,353,130**	**958,283**	**0.61%**	
Integration Services	Chief Officer Integration	(10,720,987)	(11,580,371)									(11,580,371)	(859,384)	7.42%	The overspend arises due to the impact of unidentified savings partially offset by un-needed cost pressure funds and slippage in the use of the community investment budget.

APPENDIX 2

REVENUE BUDGET MONITORING 2017-18 - DEPARTMENTAL OUTTURN SUMMARIES (including Social Work)

Department	Service	Actuals 2017-18	Budget 2017-18	Funds Carried Forward to 2018-19								Adjusted Budget	(Over) / Underspend	Variance %age	Comments/Explanation
				Unspent Grant Monies	Third Party Contributions	CHORD Funding	DMR School Carry Forward	Previous Council Decision	Scottish Government Initiatives	Piers and Harbours Investment Fund	Unspent Budget Proposals				
Integration Services	Head of Adult Services	54,948,196	54,090,981									54,090,981	(857,215)	(1.59%)	The overspend arises due to the impact of increasing demand for services, higher than funded increase in costs linked to the increase in the Scottish Living Wage, delays in the implementation of some savings and lower than expected impact from other savings activity. This is partially offset by higher than expected receipts from service user charges and charging orders.
Integration Services	Head of Children and Families	12,953,383	13,523,722									13,523,722	570,339	4.22%	The underspend arises due to delays in the implementation of new overnight staffing arrangements in the three children's' houses and lower than expected demand for support for young people leaving care.
Integration Services	Head of Strategic Planning and Performance	398,634	389,796									389,796	(8,837)	(2.27%)	Outwith reporting criteria
Integration Services Total		**57,579,226**	**56,424,128**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**56,424,128**	**(1,155,098)**	**(2.05%)**	
Overall Totals (including IJB)		**213,974,073**	**216,647,042**	**904,123**	**26,047**	**93,386**	**566,290**	**345,970**	**144,950**	**107,041**	**681,977**	**213,777,258**	**(196,815)**	**(0.09%)**	

Reporting Criteria: +/- £50k OR +/- 10%

This page is intentionally left blank

Agenda Item 7d

ARGYLL AND BUTE COUNCIL **COUNCIL**

CHIEF EXECUTIVE'S UNIT **28 JUNE 2018**

EARMARKED RESERVES – 2017-18 YEAR-END

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund, new balances earmarked at the end of 2017-18 that qualify for automatic carry forward and request approval for 10 new unspent budget earmarking proposals.

1.2 The earmarked balance in the General Fund as at 31 March 2017 was £41.519m. Of this balance £10.567m has been spent during 2017-18. An additional earmarking agreed during 2017-18 for a one-off payment to Argyll and Bute Citizens Advice Centre totalling £0.035m was also spent, bringing the total amount spent from earmarked reserves during 2017-18 to £10.602m. The sum of £0.574m will be transferred back to the General Fund. The remainder is planned to be spent in future years.

1.3 There are 10 new unspent budget earmarked proposals totalling £0.682m with supporting business cases for approval:

Department	Description	Appendix	£000
Customer Services	Car Parking at Kilmory including Equality Act 2010 Requirements	1a	138
Customer Services	Living Wage Consolidation Team	1b	94
Customer Services	Transformation and Budget Reconstruction	1c	50
Customer Services	Business Development Training	1d	77
Development and Infrastructure Services	Inveraray Arches Re-tender	1e	50
Development and Infrastructure Services	Continuation of Transformation Project Managers	1f	60
Development and Infrastructure Services	Housing Case Management System	1g	24
Development and Infrastructure Services	Cardross Crematorium Essential DDA Works	1h	103
Development and Infrastructure Services	Dalinlongart Forestry Plan	1i	11
Development and Infrastructure Services	Oban Strategic Development Framework	1j	75
Total			**682**

1.4 The Council previously agreed to earmark £8.588m at its meeting in February 2018 for the following purposes:

	£000s
WW1 Commemoration Events on Islay	15
Bute Advice Centre One-Off Additional Payment	22
Argyll and Bute Citizens Advice Bureau One-Off Additional Payment	35
Kintyre Recycling One-off Additional Payment	18
MACPool Development Project Contribution	25
Funding Allocated to the Capital plan	8,240
Dunoon Business Improvement District Funding	101
Acquisition of Land at 1 West Clyde Street, Helensburgh	132
Total	**8,588**

1.5 There are new balances totalling £4.105m that qualify for automatic carry forward at the end of 2017-18.

1.6 The new earmarked balance as at 31 March 2018 amounts to £43.717m. The most significant elements of this balance relate to the Strategic Housing Fund £5.900m, Investment in Affordable Housing £5.000m, which will generate an income stream which will finance borrowing for the schools projects and the Helensburgh Waterfront £5.579m.

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY HEAD OF STRATEGIC FINANCE **28 JUNE 2018**

EARMARKED RESERVES - 2017-18 YEAR-END

2. INTRODUCTION

2.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund, new balances earmarked at the end of 2017-18 that qualify for automatic carry forward and request approval for 10 new unspent budget earmarking proposals.

3. RECOMMENDATIONS

3.1 Members to review and approve the revised Policy on Year End Flexibility, included as Appendix 2, including the approval of a new category for automatic carry forward of additional fees and charges income generated from Piers and Harbours operations in order to create a Piers and Harbours Investment Fund.

3.2 Members to approve the 10 new unspent budget earmarked reserve proposals totalling £0.682m, as per the business cases submitted and as outlined within Appendix 1.

3.3 Members to note the new balances at the end of 2017-18 that qualify for automatic carry-forward as outlined within Appendix 3.

3.4 Members to note the previously approved unspent budget earmarked reserves and the justification for continuing to earmark these as outlined within Appendix 4.

3.5 Members to note that £0.574m of earmarked balances will be released back into the General Fund as these balances are no longer required.

3.6 Members to note the other balances contained within Appendix 5, both previously earmarked and new balances that have been subject to a previous Council decision.

4. DETAIL

4.1 Background

4.1.1 The Council has previously agreed the following in respect of earmarked balances in the General Fund:

- The balances in relation to the Strategic Housing Fund, CHORD and unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools.
- Any unspent grants and unspent contributions from external bodies are earmarked. This is on the basis that the monies would have to be returned/repaid if not used for the purpose intended.

- Any unspent budget that relates to existing policy commitments arising from a previous Council decision or is required to meet an existing legal commitment is earmarked.
- Any unspent funding provided by the Scottish Government to implement new legislation or government initiatives is earmarked. The funding carried forward is used solely for its intended purpose to fund the implementation of new government directions; and
- Any savings generated from energy efficiency measures are carried forward in an Energy Efficiency Fund for reinvestment to further reduce the Council's energy costs and carbon emission levels.

4.1.2 A new automatic carry forward category, referred to as the Piers and Harbours Investment Fund, for additional fees and charges income generated from Piers and Harbours operations is proposed. The earmarked funds will be used to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure. A revised earmarking policy, including this new category, is attached as Appendix 2 for approval.

4.1.3 Outwith the situations noted above there will be no automatic carry forward of unspent budget. Earmarking of funds in relation to unspent budget and not covered by the criteria above are reported to Council for approval and supported by a business case.

4.2 New Earmarked Reserves

4.2.1 Appendix 1 provides detail of the new unspent budget proposals at the end of the 2017-18 financial year, these proposals total £0.682m. Council are asked to review these new proposed earmarked balances together with the business cases developed by services which are included as Appendices 1a to 1j.

4.2.2 There are also new earmarked balances for the 2017-18 financial year which qualify for automatic carry forward in line with the conditions outlined in paragraphs 4.1.1 and 4.1.2. These total £4.105m and are outlined in Appendix 3.

4.3 Previously Approved Balances

4.3.1 Appendix 4 outlines the previously agreed earmarked balances from unspent budget with a note on the plans for use and in some instances further justification of why the amounts remain earmarked. An indicative spending profile has been included for each earmarked balance but these may vary as projects progress and require amendment. These balances have been scrutinised by SMT to ensure that there are clear spending plans in place and that the purpose of the earmarking is in line with Council priorities.

4.3.2 Appendix 5 outlines the remainder of the previously approved earmarked balances. These are only provided for information as they are balances which qualify for automatic carry forward or have been subject to a previous Council decision.

4.4 Balances released back to the General Fund

4.4.1 The details of the funds totalling £0.574m that will be un-earmarked and released back into the General Fund are detailed below:

4.4.2 A £0.100m payment in respect of the Pathfinder North Implementation. Funding was agreed to meet expected additional costs arising from delays in the project but this funding has not been required and can be returned to the unallocated General Fund.

4.4.3 A £0.322m payment in respect of the Council's Employability Team's operations. Additional funding was agreed in October 2015 to fund the completion of the Council's contractual obligation to deliver a Welfare to Work programme. The Team's operations are now in a much healthier state enabling the removal of the balance of £0.322m which was still available and an additional repayment to the unallocated General Fund of £0.103m from the operational surplus generated by the Team.

4.4.4 A £0.006m payment in respect of the celebration of the 50th anniversary of the twinning arrangement between Argyll and Bute and Amberg-Sulzbach. The celebrations are now complete and the residual funds can be returned to the unallocated General Fund.

4.4.5 A £0.005m payment in respect of the rationalisation of office accommodation in Campbeltown. All of the costs have been met and the residual funds can be returned to the unallocated General Fund.

4.4.6 A £0.039m payment in respect of the running of local elections in May 2017. All of the costs have been met and the residual funds can be returned to the unallocated General Fund.

4.5 General Fund Balance

4.5.1 The General Fund balance at 31 March 2017 was £53.489m, of this a total of £41.519m was approved by Council to be earmarked for specific purposes. The table overleaf summarises the movement in the earmarked balance to 31 March 2018.

4.5.2 A total of £43.717m is earmarked to be carried forward into 2018-19. The most significant elements of this balance relate to the Strategic Housing Fund £5.900m, Investment in Affordable Housing £5.000m, which will generate an income stream which will finance borrowing for the schools projects, and Helensburgh Waterfront £5.579m.

4.5.3 The earmarked balances will be monitored throughout the financial year and reports submitted to the Policy and Resources Committee.

Movement in Earmarked Balances

Earmarking Category	Balance at 31 March 2017 £000	Transfers Between Categories £000	New Earmarking from 2017-18 Outturn £000	New Earmarking Agreed by Council during 2017-18 £000	Actual Spend 2017-18 £000	Released back to General Fund £000	Balance Carried Forward to 2018-19 £000
Argyll, Lomond and the Islands Regeneration Initiative	4,453	(4,453)	0	0	0	0	0
Lochgilphead and Tarbert Regeneration	0	3,000	0	0	(5)	0	2,995
Inward Investment Fund	0	960	0	0	0	0	960
Rural Resettlement Fund	0	493	0	0	(165)	0	328
Asset Management Investment	2,492	0	0	0	15	0	2,507
CHORD	240	0	93	0	0	0	333
DMR Schools	1,034	0	566	0	(848)	0	752
Energy Efficiency Fund	136	0	0	0	0	0	136
Existing Legal Commitments	1,042	(122)	0	0	0	0	920
Helensburgh Waterfront	5,579	0	0	0	0	0	5,579
Investment in Affordable Housing	5,000	0	0	0	0	0	5,000
NPDO	2,805	0	0	0	(2,805)	0	0
Piers and Harbours Investment Fund	0	0	107	0	0	0	107
Previous Council Decision - Other	929	0	346	8,588	(68)	(425)	9,370
Scottish Government Initiatives	674	0	150	0	(258)	0	566
Severance	2,321	0	0	0	(1,083)	0	1,238
Strategic Housing Fund	6,177	0	1,913	0	(2,190)	0	5,900
Transformation	83	0	0	0	0	0	83
Unspent Budget	7,719	0	682	0	(2,816)	(149)	5,436
Unspent Grant	544	122	904	0	(247)	0	1,323
Unspent Third Party Contribution	291	0	26	0	(133)	0	184
Totals	**41,519**	**0**	**4,787**	**8,588**	**(10,603)**	**(574)**	**43,717**

5. CONCLUSION

5.1 A total of £0.574m of earmarked balances will be released back into the General Fund.

5.2 Services have submitted their new proposed unspent budget earmarked reserves balances for the 2017-18 year-end for consideration by Council together with business cases to support the requests, these proposals total £0.682m.

5.3 There are a number of previously approved unspent budget earmarked reserves balances where there are plans to spend in future years, these have been scrutinised by SMT to ensure there is clear justification for these to continue to be earmarked.

5.4 There are new balances totalling £4.105m that qualify for automatic carry forward at the end of 2017-18, including one which is classified under the new Piers and Harbours Investment Fund category totalling £0.107m.

6. IMPLICATIONS

6.1	Policy –	Outlines the new proposed unspent budget earmarking to be carried forward as per the updated policy. Also outlines the new balances to be earmarked which qualify for automatic carry forward.
6.2	Financial -	Outlines all earmarked balances held within the General Fund.
6.3	Legal -	None.
6.4	HR -	None.
6.5	Equalities -	None.
6.6	Risk -	None.
6.7	Customer Service -	None.

Kirsty Flanagan
Head of Strategic Finance

Councillor Gary Mulvaney – Depute Council Leader - Policy Lead Strategic Finance and Capital Regeneration Projects
19 June 2018

For further information contact: Kirsty Flanagan, Head of Strategic Finance

APPENDICES
Appendix 1 – New Unspent Budget Proposals 2017-18
Appendix 1a – Business Case – Car Parking at Kilmory including Equality Act 2010 Requirements
Appendix 1b – Business Case – Living Wage Consolidation Team
Appendix 1c – Business Case – Transformation and Budget Reconstruction
Appendix 1d – Business Case – Business Development Training
Appendix 1e – Business Case – Inveraray Arches Re-tender
Appendix 1f – Business Case – Continuation of Transformation Project Managers
Appendix 1g – Business Case – Housing Case Management System
Appendix 1h – Business Case – Cardross Crematorium Essential DDA Works
Appendix 1i – Business Case – Dalinlongart Forestry Plan
Appendix 1j – Business Case – Oban Strategic Development Framework
Appendix 2 – Revised Policy on Year End Flexibility
Appendix 3 – New Automatic Carry Forward Earmarkings 2017-18
Appendix 4 – Previously Agreed Earmarked Balances – Unspent Budget
Appendix 5 – Previously Agreed Earmarked Balances – Automatic Carry Forward

NEW Unspent Budget Proposals **Appendix 1**

Ref	Service	Description	New Earmarking	Plans for Use	Spending profile		
					Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
CUSTOMER SERVICES:							
001	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	137,845	The parking capacity at Kilmory is proving to be insufficient, particularly taking account of the pending transfer of up to 40 NHS staff from Aros during 2018. The proposal is to increase car parking capacity making use of the area adjacent to the access road to the west of the Extension building. If approved, the project would also deliver safety enhancements and DDA compliance for users and pedestrians including upgraded lighting along the footpath.	130,953	6,892	0
002	Improvement and HR	Living Wage Consolidation Team	94,108	This proposal relates to the first of a two stage project to review and update the Council's Pay and Grading model to incorporate the Scottish Local Government Living Wage arrangements. The first stage will involve the establishment of a project team to carry out an options appraisal and present a preferred and costed option to Council to agree the implementation of Living Wage consolidation and the required changes to the Pay and Grading model.	62,739	31,369	0
003	Improvement and HR	Transformation and Budget Reconstruction	49,774	This proposal seeks earmarked funding for temporary additional staff to support the effective delivery of employee change processes (increased requirements for redundancy quotes, retirement quotes, job evaluation, redeployment etc) involved in the Council's current Transformation Programme.	33,183	16,591	0
004	Improvement and HR	Business Development Training	77,250	This proposal is to invest in leadership development in support of transformational and culture change. The proposal involves a further programme of leadership development building on the outcomes of the Chief Officer's Leadership Development and Argyll and Bute Manager programmes.	38,625	38,625	
DEVELOPMENT AND INFRASTRUCUTRE SERVICES:							
005	Economic Development	Inveraray Arches Re-tender	50,000	The design team working on the essential maintenance work required on the Arches in Inveraray have provided updated advice on the likely cost of the project based on the reduction in scope of the works to the minimum (essential) elements and the costs which are likely to be submitted in response to a retender exercise. This earmarking reflects the anticipated increase in the cost of the works.	50,000	0	0
006	Roads and Amenity Services	Continuation of Transformation Project Managers	60,000	It is proposed to extend two existing transformation manager posts in roads to allow the rate of transformation that has been delivered through Roads and Amenity Services to be maintained. The work will focus on activities to improve service delivery by improving customer service and through a proactive approach to reducing complaints and service requests.	60,000	0	0

Ref	Service	Description	New Earmarking	Plans for Use	Spending profile		
					Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
007	Planning, Housing and Regulatory Services	Housing Case Management System	24,000	It is proposed to earmark funds to meet the cost of the procurement of two additional modules for the CIVICA Housing Case Management System. Adding the Empty Homes and Home Energy Efficiency Programme modules will provide consistency of data collection across the Housing Service, an evidence base of actions taken, improve reporting on outcomes and provide performance monitoring functionality.	24,000	0	0
008	Roads and Amenity Services	Cardross Crematorium Essential DDA Works	103,000	There is currently an existing earmarked reserve of £94K to assist with the cost of upgrading the crematorium to meet health and safety and DDA requirements. These works were originally planned to be completed in conjunction with the installation of the new cremator. Unfortunately it was not possible to complete the design and procurement of these works in conjunction with the closures planned for the replacement of the cremator. In order to manage within the existing budget it would now be necessary to close the crematorium for a number of weeks causing significant disruption and a loss of income. This proposal requests an additional £103K earmarking of funds to cover the completion of the works largely out of opening hours.	103,000	0	0
009	Roads and Amenity Services	Dalinlongart Forestry Plan	11,000	In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. It is proposed that the remaining income received for timber income from Tilhill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council fulfills its obligaton to restock the site.	0	0	11,000
010	Economic Development	Oban Strategic Development Framework	75,000	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network useage and parking arrangements in Oban town centre.	75,000	0	0
		App 1	**681,977**		**577,500**	**93,477**	**11,000**

APPENDIX 1a

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF CUSTOMER SERVICES **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

CAR PARKING AT KILMORY INCLUDING EQUALITY ACT 2010 REQUIREMENTS

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose in line with the Policy on End of Year Flexibility.

2. DETAIL

2.1 Initiative/Proposal

2.1.1 The parking capacity at Kilmory is proving to be insufficient and vehicles are being parked in areas to the front of the building causing difficulty for people with mobility issues. The proposal is to increase car parking capacity making use of the area adjacent to the access road to the west of the Extension building. If approved, the project would also deliver safety enhancements for pedestrians including upgraded lighting along the footpath and address the access arrangements required under the Equality Act 2010.

2.2 Business Case

2.2.1 Background

As a result of feedback from staff including the Disability Forum, members of the public and elected members, the car parking at Kilmory is often full. In addition the Council are in negotiation with the HSCP to co-locate between 35 and 40 staff at Kilmory as a consequence of the proposed closure of Aros thereby adding to pressure on the available parking space.

This project is recommended to provide additional parking in the area to the west of the Extension block at Kilmory, with access being provided from the main road into the Council Headquarters. The works will provide approximately 36 additional parking spaces together with footpath and lighting enhancements to improve safety for pedestrians. In addition, the proposed improvements will address the access arrangements required under the Equality Act 2010.

2.2.2 Benefits

The benefits that will result from the additional parking are:

- Less likelihood of vehicles parking on the footpaths adjacent to the main access to Kilmory therefore improving access for all.
- More car parking capacity to accommodate Council and HSCP staff.
- Footpath and lighting improvements.
- Compliance with Equality Act 2010 access requirements.
- Less chance of there being complaints from the Council's neighbours from use of the woodland area and the Industrial Estate.

2.3 Expenditure Profile

2.3.1 It is anticipated that the finalised design, procurement of a contractor and the works will be completed within 2018/19. The sum of £137,845 is required as an earmarked reserve to secure the delivery of the project. Approximately 95% of this will be spent in 2018/19 with the remaining 5% in the following year.

Douglas Hendry
Executive Director, Customer Services

APPENDIX 1b

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF CUSTOMER SERVICES **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

CONSOLIDATION OF THE LIVING WAGE – PHASE 1: PROJECT TEAM AND OPTIONS APPRAISAL

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility for a project team to develop options for the consolidation of the Living Wage into the Council's pay and grading structure.

2. DETAIL

2.1 Initiative/Proposal

2.1.1 The Council's pay and grading model for LGE employees has been in place for ten years now since the implementation of Single Status in 2008. Discussions have been taking place nationally between COSLA as the employers' representative for local government and the trade unions over pay and conditions. This has been set within the context of the Living Wage, which local government has agreed to pay as part of annual pay settlements. Agreement to implement the Scottish Local Government Living Wage has resulted in much higher percentage rises for eligible employees than other LGE pay increases over the period since its implementation. This is having the effect of compressing the pay grades at the lower end of the pay scales and is presenting problems for all councils as pay differentials at the lower end of the pay scale are eroded.

2.1.2 Argyll and Bute Council, along with a significant number of other Councils, pays the Living Wage as a supplement to the lower pay grades. This approach cannot continue in the long term as it has a material effect on the lower grades of the pay scale. However, the exercise to consolidate the Scottish Local Government Living Wage is a complex one and will require a fundamental change to our pay and grading structure and will have a potentially significant impact on the Council's future revenue budget.

2.1.3 This proposal sets out the first of a two stage project to take this important piece of work forward. Stage 1, which this paper details, is to establish a project team to carry out an options appraisal and present a preferred and costed option to Council to agree the implementation of Living Wage consolidation and the required changes to the Pay and Grading Model. Stage 2 will be subject to a further funding requirement once the preferred option is agreed and will include the detailed development of the pay and grading model and its subsequent implementation.

APPENDIX 1b

2.2 Business Case

The Council must develop a fully appraised approach to the consolidation of the Living Wage, as there is agreement through COSLA to do so. The timescale for implementation is not agreed yet with the Joint trades Unions nationally, but each year the impact of the Living Wage becomes more detrimental to the integrity of our pay and grading structure. The development of a costed options appraisal for this complex task will require a dedicated project officer at LGE11, a project assistant at LGE9 and external, specialist advice and input. It is anticipated that the project will take 12 months to complete (for stage 1 only). The preferred option will include further costs for the implementation phase of the project.

2.3 Expenditure Profile

Expenditure	**Estimated Cost**
LGE11 project officer (with on costs) at £44,801 per annum	£44,801
LGE 9 project assistant (with on costs) at £34,307 per annum	£34,307
External Expert advice 20 days at £750 per day (estimate)	£15,000
Total	**£94,108**

Douglas Hendry
Executive Director, Customer Services

For more information contact Jane Fowler, Head of Improvement and HR

APPENDIX 1c

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF CUSTOMER SERVICES **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

TRANSFORMATION AND BUDGET RECONSTRUCTION HR PROCESSING TEAM

1. INTRODUCTION

1.1 The HROD team provides support to services for the processing and implementation of employee changes as a result of redesign and budget savings implementation. The HROD service has restructured to implement a saving of 25% which was implemented at 1 April 2018. The redesign took into account the general turnover of staff in the organisation. Increased activity required by additional change programmes have previously been funded through earmarked reserves as they have been of a temporary nature because the baseline service is designed to deal with normal turnover, not large scale change. This proposal seeks Earmarked funding for temporary additional staff to support the effective delivery of employee change processes (increased requirements for redundancy quotes, retirement quotes, job evaluation, redeployment etc)

2. DETAIL

2.1 Initiative/Proposal

2.1.1 The HROD Service Choices team was funded through earmarked reserves for a period from June 2014 to October 2017 to align with the Service Choices Programme and its implementation period. This team supported HR processing of employee and post changes resulting from Service Choices changes. The team activity included redundancy consultation, high volumes of job evaluations, pension quotes, redundancy calculations, notice period calculations, redeployment – identification of suitable vacancies, matching and trial periods.

2.1.2 The implementation of the Transformation Programme then resulted in an unexpected increase in activity for the team at a time when the short term posts for Service Choices had come to an end and the revenue budget was being realigned to reduce in line with Service Choices savings. Vacancy savings were utilised to provide temporary cover to support Transformation changes, but this could not be continued into the 2018/19 financial year. There are still aspects of Transformation savings to be supported through implementation and this presents an increased volume of work for the reduced team. The implementation of Budget Reconstruction will add to the volume of activity in employee change processes in HR and cannot be absorbed by the team in its reduced format.

APPENDIX 1c

2.1.3 This proposal seeks funding for a 1 year period for 2 x LGE6 posts to support employee change processing resulting from Transformation implementation and Budget Reconstruction changes.

2.2 **Business Case**

Transforming the Council and implementing Budget reconstruction requires an increase in the volume of work for the HROD team as the number of posts requiring evaluation, employees seeking redundancy quotes, managers and employees seeking retirement quotes and consultation, engagement and redeployment are all increased. The reduced and redesigned HROD service does not have capacity to process this increased volume of employee change and so earmarked reserves are sought for 1 year and thereafter consideration for additional funding to be baselined into the core budget will be undertaken as part of the 2019/20 budget process.

2.3 **Expenditure Profile**

Expenditure	**Cost**
2 x LGE6 admin officer (with on costs) for 1 years at £24,887 per officer per year	£49,774
Total	**£49,774**

Douglas Hendry
Executive Director, Customer Services

For further information please contact Jane Fowler, Head of Improvement and HR

Appendix 1d

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF CUSTOMER SERVICES **28 June 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

Business Development Training

1. INTRODUCTION

1.1 The council's workforce is its greatest resource in delivering the services people and the area need and in achieving the significant, on-going change demanded of councils.

1.2 This report sets out a proposal for investing in the leadership and workforce capacity of the council to meet the challenges of service-delivery in the face of the increasingly demanding transformation agenda.

2. DETAIL

2.1 Business development

2.1.1 Funding cuts have meant that the council has already had to make millions of pounds of savings over recent years. Budget forecasts are that we will have to make up another £22.6 million of savings between 2019 and 2022.

2.1.2 This means sustained pressure and increasing challenge in finding ways in which to make savings while also protecting our most vital services and developing the vibrant economy Argyll and Bute needs.

2.1.3 Business coaching is about developing individuals' ability to identify solutions to problems and deliver improvement.

2.1.4 Action learning sets develop a team's ability to identify solutions to complex situations.

2.1.5 It is proposed that the council invests in these business development approaches to support our staff in meeting the increased level of challenge of another period of intensive change.

2.1.6 Best value costs, based on a stringent procurement process, are £900 per person per year for business improvement coaching.

2.1.7 Best value costs for delivering action learning sets are £600 per person per year.

Appendix 1d

2.2 Business resilience

2.2.1 As well as investing in skills at a higher, 'bigger picture' level, it is important that the council supports our employees to deliver their best on a day-to-day basis.

2.2.2 Budget challenges have meant reduced staff resources, bringing demanding workloads and change to working practices.

2.2.3 The scale of change, and the fact that change will continue to be needed, impact significantly on the very employees the council relies upon to make change work.

2.2.4 It is proposed that the council supports our employees to work with change, by investing in training that develops collaboration as a resource and defence against change failure.

2.2.5 Best value costs for this would be £1,270 per person.

2.3 Business efficiency

2.3.1 The council deals with an average of 115,000 emails every day. With reduced levels of admin support across the council, time spent on emails, meetings and other online activities is one of the major areas of pressure for staff.

2.3.2 It is proposed therefore to increase efficiency by providing training that has been described by managers as the course that "*has had the single biggest, positive impact on my working life*"; has "*saved me several hours a week through more effective and targeted working'*.

2.3.3 Best value costs for this would be £695 per person.

Business Case

2.3.4 The proposal contains 3 elements of business development which are detailed above.

2.3.5 **Expenditure Profile**

Expenditure	**Cost**
Business development - coaching (2 years)	£23,400
Business development - extending action learning sets	£6,080
Business resilience	£16,495
Business efficiency	£31,275
Total	**£77,250**

Douglas Hendry, Executive Director, Customer Services
For further information please contact Jane Fowler, Head of Improvement and HR

Appendix 1e

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

EARMARK RESERVE FOR INVERARAY AVENUE SCREEN

1.0 INTRODUCTION

1.1 The Avenue Screen in Inveraray is a Category A listed building which identifies the structure as being of national or international importance. The structure is a key component of the Front Street façade. The Avenue Arch has suffered from serious problems associated with de-bonding render and saturation of the masonry structure for several years. Argyll and Bute Council have secured grant funding from Historic Environment Scotland for essential works to rehabilitate the Avenue Arch. Tendering in January /February 2018 has demonstrated that there is a shortfall in the available budget of £50,000. In order to allow for this project to go ahead it is necessary to request that an additional £50,000 for the rehabilitation of the Avenue Arch is earmarked for spending in the 2018/19 financial year.

2.0 DETAIL

2.1 Initiative/Proposal

2.1.1 The Avenue Arch is a key component of the Front Street façade and its rehabilitation would add value to and complement the significant public investment that has already been made into Inveraray through the Inveraray CARS.

2.1.2 As owners of the Avenue Arch, Argyll and Bute Council has a statutory duty to maintain the structure (Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997). Given that the structure is immediately adjacent to the public footpath and it also provides the main vehicular access to the public car park it is important that the structure is maintained in a manner that ensures the safety of the public.

2.1.3 The Avenue Arch has suffered from serious problems associated with de-bonding render and saturation of the masonry structure for several years. This is not only an aesthetic problem but could pose a health and safety risk in future given its proximity to the public footpath and vehicular access to the public car

park.

2.2 Business Case

2.2.1 Argyll and Bute Council have secured grant funding from Historic Environment Scotland through Inveraray CARS for the proposed rehabilitation of the Avenue Arch. This grant funding is made up of re-allocation of existing CARS funding (e.g. wage savings) and a supplementary grant. The grant was agreed on the basis of an owners' contribution (Argyll and Bute Council) to the budget of £100k as agreed at the Policy and Resources Committee in June 2017. Total HES grant funding for the Avenue Arch is £57,828.40.

2.2.2 A tender for the proposed works at the Avenue Arch was issued on the 20th of November 2017 but this tender process had to be abandoned as only one tender was returned and it was not considered to represent good value for the council. A second tender was issued on the 29th of January 2018. Unfortunately this was also unsuccessful. Two tenders were returned but costs came in above budget and procurement officers advised that value engineering would require a further fresh tendering process. On the basis of the analysis of the tenders carried out by the quantity surveyor, the design team recommended that a retender was likely to be successful on the basis of the reduction of the scope of works to the minimum (essential) elements and an increase of £50,000 in the budget.

2.2.3 There is a small pool of contractors in Scotland with the appropriate skills and experience to carry out hot lime rendering required for this project. In order to maximise competition in the market and ensure competitive prices, all specialist contractors would be contacted and invited to tender, main contractors would also be invited to tender on the basis that they use appropriate specialist sub-contractors for elements such as leadwork and harling.

2.2.4 With the approval of an additional £50,000 for the budget, the rehabilitation works at Avenue Screen would be retendered with a view to starting on site as swiftly as possible.

2.3 Expenditure Profile

2.3.1 Value £50,000
It is expected that the costs will be incurred during the 2018/19 financial year.

Pippa Milne
Executive Director, Development and Infrastructure

APPENDIX 1f

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

PROJECT MANAGERS FOR TRANSFORMATION WORK

1. INTRODUCTION

Roads and Amenity currently have 2 dedicated Project Managers in place. These secondments and short term contracts are due to end over the coming weeks and months. To allow the rate of transformation that has been delivered through Roads and Amenity Services over the last few years to be maintained, it would be necessary to extend the project resource. It is proposed that these posts are extended by a year.

These transformational projects will be delivered alongside the day to day delivery of a diverse range of frontline services by an already diminished professional and technical team and frontline workforce. Additional project management and support will help to ensure that the various projects can be progressed to programme and yield the savings or income identified.

2. DETAIL

2.1 Initiative/Proposal

As part of the engineering design teams work there has been an over recovery of fees. It is proposed that this over recovery of fees be used to fund ongoing project manager support which is detailed above. In previous years any over recovery of fees has generally be reinvested back into infrastructure improvements. The value of over recovered fees is £60k.

2.2 Business Case

This earmarked reserves application deals with over recovered funds from engineering design works and proposes that these funds are earmarked for continuing the ongoing project management works associated with transformation initiatives across Roads and Amenity Services.

These officers have been working on activities to improve service delivery by improving customer service and through a proactive approach to reducing complaints and service requests. This will reduce the amount of time officers spend on reactive issues and enable them to focus more on proactive service delivery to the benefit of our communities. Services receiving high levels of customer contact will be the focus of this work. The work to date has successfully reduced the number of customer contacts received but further improvements are possible.

APPENDIX 1f

2.3 Expenditure Profile

The remainder of the funding allocated as part of the 2017/18 budget process, detailed above is intended to be fully expended during financial year 2018/19.

Pippa Milne
Executive Director, Development and Infrastructure

APPENDIX 1g

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFRASTRUCTURE **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

ENHANCEMENTS TO HOUSING CASE MANAGEMENT SYSTEM

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose in line with the Policy on End of Year Flexibility.

2. DETAIL

2.1 Initiative/Proposal

2.1.1 During the procurement process of an additional two modules for the Civica Housing Case Management system it became apparent that due to the need for a detailed scoping exercise that the procurement process will extend beyond March 2018.

The two new modules will provide functionality to record Empty Homes and the Home Energy Efficiency Programme data within the existing Civica Housing Case Management system.

The procurement process began in September in liaison with ICT and Procurement officers. Budget had been identified for the project during 2017/18.

2.2 Business Case

2.2.1 **Background**

In 2017, the Housing Service identified a requirement to replace the various spreadsheets used to record information in respect of Empty Homes and the Home Energy Efficiency Programme (HEEPs) and to incorporate both these elements within the existing Civica Housing Case Management system.

Currently, the Empty Homes and the Home Energy Efficiency Programme are the only business areas not managed within the Civica Housing Case Management system.

The two new modules will be fully integrated with the existing Housing Case Management System and provide functionality to record casework in respect of both Empty Homes and the management and monitoring of grant funding for the Home Energy Efficiency Scheme (HEEPS)

The ICT Steering Board approved the Business Case on 28th February 2018.

APPENDIX 1g

2.2.2 **Benefits**

Incorporating the Empty Homes and Home Energy Efficiency Programme within the existing Civica Housing Case Management System will provide: consistency of data collection across the Housing Service, an evidence base of actions taken, improve reporting on outcomes and provide performance monitoring functionality.

In addition, it will ensure a more robust, secure and GDPR compliant means of recording customer data.

2.3 Expenditure Profile

2.3.1 It is anticipated that the procurement process will be completed by the end of April with implementation completed by August 2018.The amount which has been earmarked for the project from the Housing budget this year is £24,000 and it is requested that this budget can be carried forward and retained for this purpose in 2018/19.

Pippa Milne
Executive Director, Development and Infrastructure

Appendix 1h

ARGYLL AND BUTE COUNCIL	**COUNCIL**
REPORT BY EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFASTRUCTURE	**28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

Cardross Crematorium Essential DDA Works

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for essential DDA works at Cardross Crematorium for 2017/18, in line with the Policy on End of Year Flexibility.

2. DETAIL

2.1 Initiative/Proposal

2.1.1 There is currently an existing earmarked reserve (ref. 091) of £94K to assist with the cost of upgrading the crematorium to meet essential health and safety and DDA requirements. These works were originally planned to be completed in conjunction with the installation of the new cremator. Unfortunately it was not possible to complete the design and procurement of these works in order to coincide with the closures planned for the replacement of the cremator. In order to manage within the existing budget it would now be necessary to close the crematorium for a number of weeks causing significant disruption and a loss of income. This proposal requests an additional £103K earmarking of funds to cover the completion of the works largely out of opening hours.

2.2 Business Case

The works which are required at the crematorium facility include, installing a disabled toilet, currently there are no such facilities at the building, the raising of the access road at the main entrance to the crematorium building, this will allow for disabled access. There are also works to be carried out at the catafalque area, to lower the existing catafalque, this will allow for coffins to be presented using a trolley where the family are not in a position to carry the coffin to the catafalque.

Discussions are ongoing with Property Services colleagues on the delivery of the works and how best to schedule these works to minimise any disruption at the Cardross Crematorium.

2.3 Expenditure Profile

The cost of the required works and to minimise service disruption is £197K these works will be carried out over the summer/autumn of 2018. We would intend allocating the 2017/18 earmarked revenue budget to ensure the costs will not impact on the 2018-19 budget.

Pippa Milne
Executive Director, Development and Infrastructure

Appendix 1i

ARGYLL AND BUTE COUNCIL **COUNCIL**

DEVELOPMENT AND INFRASTRUCTURE SERVICES **28 JUNE 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

DALINLONGART FORESTRY PLAN

1. INTRODUCTION

1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL

2.1 Initiative/Proposal

2.1.1 It is proposed that the remaining income received for timber income from Tilhill Forestry Limited and annual rental income received from Northern Energy for an area at Dalinlongart landfill site be earmarked to fund future work associated with the Forestry Plan for the Dalinlongart North site. The earmarked amount proposed equates to £11k in 2017-18. The replanting initiative will be picked up as part of the wider ongoing waste strategy review. However, there will be a cost demand for future years to meet the obligation the council has in relation to this site.

2.2 Business Case

In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. Tilhill Forestry have estimated that £60,101.00 of expenditure is required to allow the re-planting to take place. Tilhill have also advised that there is a possibility this could be reduced by £12k from grant funding if the Council are set up on the Rural Payment and Inspections Division system. The proposal is to use the earmarking to assist with the funding of future re-planting costs.

2.3 Expenditure Profile

The expenditure required for replanting etc., £60,101, is needed meet the council's obligation and to maintain the commercial viability of the forestry at Dalinlongart guaranteeing future returns from this resource. The expenditure is broken down below in table 1 and is broadly in line with market costs:

Appendix 1i

Table 1

Dalinlogart Expenditure Profile				
Operation	**Qty**	**Unit**	**£/Unit**	**Estimate**
Mounding	17.8	ha	£1,000.00	£17,800
Draining	2000	m	£2.30	£4,600
New Tracks	700	m	£6.25	£4,375
Planting Restock	17.8	ha	£1,420.00	£25,276
Property Maintenance	1	Sum	£500.00	£500
Weevil Spraying	13.6	ha	£235.30	£3,200
Beating Up	6.8	ha	£330.88	£2,250
Forest Management	1	Sum	£2,000.00	£2,000
Growing Timber Insurance	1	Sum	£100.00	£100
			Total	£60,101

Replanting works would only commence once full funding for the works have been secured from existing budget and income received from future de-foresting. The attached earmarking of £11k will assist in building up these funds.

Pippa Milne
Executive Director of Development and Infrastructure

19 June 2018

Appendix 1j

ARGYLL AND BUTE COUNCIL **COUNCIL**

REPORT BY EXECUTIVE DIRECTOR OF DEVELOPMENT AND INFASTRUCTURE **28 June 2018**

PROPOSAL TO EARMARK FUNDS FROM UNSPENT BUDGET

Oban Strategic Development Framework

1. INTRODUCTION

1.1. The purpose of this report is to request support in earmarking unspent budget for a specific purpose in line with the Policy on End of Year flexibility.

2. DETAIL

2.1. Initiative/Proposal

2.1.1. A project plan and scope for the Oban Strategic Development Framework was approved by the Policy and Resources Committee in April 2018. The Strategic Development Plan will set out a clear vision and spatial strategy for the area. The plan will focus on the key land use and development issues, ensuring that a long term view is taken to land use, that constraints are minimised allowing business investment to be delivered in a co-ordinated way.

2.1.2. The objective of this project is to ensure the potential for sustainable economic and population growth is maximised and the potential for conflict between projects is minimised. This project will act as a pilot which can be rolled out if successful for a pan Argyll approach.

2.2. Business Case

2.2.1. Background

2.2.2. The Argyll and Bute Outcome Improvement Plan seeks to grow the population and economy of the area. Oban is a Main Town that is experiencing population growth and lies within an area with significant potential for economic growth. The town is however reaching its natural topographic capacity. The potential to achieve further growth in Oban requires careful planning to maximise these opportunities which may be realised through rationalisation and restructuring within Oban. This has been identified in the Local Development Plan 2 Main Issues Report.

2.2.3. LDP1 had already recognised these issues through the designation of a strategic masterplan area (a similar strategic development vehicle) however resources have not been available to deliver this.

2.2.4. A Strategic Development Framework for Oban is being prepared in order to:

i) Develop a more combined understanding of the range of activities/projects being pursued in the Oban area by the Council and other stakeholders; and

ii) 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.

2.2.5. Benefits

2.2.6. This project has support from the local communities and key stakeholders as demonstrated by the positive responses to the Local Development Plan Main Issues Report question on this issue. 93% of respondents were in favour of the preparation of an Oban Strategic Development Framework to deliver a co-ordinated approach to the strategic development of the area.

2.2.7. The delivery of the Oban Strategic Development Framework will:-

- Establish a collaborative way forward to ensure the potential for sustainable economic and population growth, as identified in the Argyll and Bute Outcome Improvement Plan, is maximised and the potential for conflict between projects is minimised;
- Promote delivery through an action plan identifying actions, resources, partners and timeframe;
- Act as a catalyst for additional private sector led investment
- Ensure the strategic integration of projects
- 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.

2.2.8 Town centre traffic flows have a significant impact on how the town functions and in order to develop a spatial strategy for the area in a meaningful and robust manner it is necessary to carry out a survey which will establish exactly how traffic flow and parking is operating. The survey will produce information about where a journey starts, the route it takes and the finishing point. Such a survey is known as an Origin and Destination Survey. Undertaking this study will therefore be a key task within the project.. Although different methods are available to carry out such a survey, in order to achieve robust results it has been recommended that an Automatic Number Recognition Survey (ANR Survey) is undertaken, utilising 9 survey points.

2.2.9 Information from the survey will help to inform the spatial plan that will allow for business investment ensuring that the location of developments minimises congestion and maximises connectivity potentials. For example the location of development may vary considerably depending on whether traffic is mainly local, driving into the town or driving through the town.

2.2.10 It will be essential for the Council to analyse the strategic issues and findings of the available studies to establish, in partnership with other stakeholders (Transport Scotland, HIE, HITRANS, CALMAC, c-MAL, Argyll Marine Ferries Infrastructure Group, etc. practical ways of dealing with any constraints. The Council anticipates that some of the potential solutions would fall within the remit of other organisations. The contributions from other stakeholders are yet to be agreed, but discussions have been initiated.

Appendix 1j

2.2.11 The OSDF project is a collaborative cross service project including Economic Development, Planning, Roads, Community Planning, Estates and other services as required. Where appropriate existing service budgets will be utilised to contribute to the OSDF project.

2.2.12 The initial outcomes will inform spatial planning within the town, ensuring that the Council (and other public bodies) are better informed when making decisions in relation to land use. The outcomes of this work may also have the potential to provide evidence in support of bids for external funding.

2.3. Expenditure Profile

2.3.1. It is proposed that £75k is earmarked to fund the Strategic Development Framework which will be spend in the financial year 2018/19.

Pippa Milne
Executive Director, Development and Infrastructure

APPENDIX 2

STRATEGIC FINANCE
POLICY ON END OF YEAR FLEXIBILITY

1. INTRODUCTION

1.1 Given the tightening financial situation it is essential that the Council gives proper scrutiny to any proposal to earmark balances or carry forward funds. In particular the Council should seek to ensure funding that is carried forward is directed to and supports Council priorities in terms of corporate and service plans.

1.2 This note outlines the policy adopted by the Council for the earmarking and carry forward of surplus funds to future years.

2. POLICY

2.1 SMT agreed the seven situations where earmarking of the general fund reserve is permitted.

2.2 SMT agreed the protocol for use of reserves.

3. DETAIL

3.1 The Council hold a general fund reserve. It comprises the following elements:

- A contingency for any unforeseen events or emergencies. The contingency is reviewed each year as part of the budget process.
- The Strategic Housing Fund.
- Balances held to support the following year's budget.
- Earmarked funds as noted below.

3.2 At the end of each financial year any surplus for the year is added to the general fund reserve. At this time the Council have the opportunity to consider earmarking surplus funds.

3.3 There are eight situations where earmarking of the general fund reserve is permitted.

- Unspent grant. On some occasions a grant is received in one financial year and will not be spent/fully spent until the following financial year. If the grant is not spent on the purpose intended the Council would have to return the unspent grant, therefore, the unspent grant is required to be held in the general fund and earmarked for that purpose next year.

- Unspent third party contribution. The council may receive a contribution from third parties towards a project/work stream but the project spans more than one financial year. As with grant payments the contribution

would have to be repaid if not spent on the purpose it was intended for. In this instance, the unspent contribution is required to be held in the general fund and earmarked for that purpose next year.

- Unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools. This allows for the carry forward of unspent budget within schools, partly to give flexibility over the school year as opposed to the Council's financial year. Unspent budget is required to be held in the general fund and earmarked for the school next year. This carry forward operates within the agreed scheme of delegation for school budgets.

- CHORD funding. Any budget allocated to the CHORD programme will be ring fenced and any unspent balance at the year-end will be carried forward to support the overall CHORD programme.

- Existing Legal Commitments.

- Scottish Government Initiatives. The council may receive additional funding from the Scottish Government to implement new Government initiatives or legislation. Any unspent funding at year end will be held in the general fund and earmarked for that purpose next year.

- Energy Efficiency Fund. Any savings generated from energy efficiency measures are to be pooled for reinvestment in additional projects which further reduce the Council's energy costs and carbon emission levels.

- Piers and Harbours Investment Fund. Additional fees and charges income generated from Piers and Harbours operations are to be pooled and used to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure.

3.4 Outwith these eight situations noted above there will be no automatic carry forward of unspent budget. Any surplus arising from unspent budget within departments/services will be pooled and transferred into the general fund reserve.

4. PROTOCOL FOR USE OF RESERVES

4.1 There are exceptional circumstances where a proposal to earmark unspent budget may be considered. There is no set timetable for this.

- The Council's level of general reserve contingency must be fully met.

APPENDIX 2

STRATEGIC FINANCE
POLICY ON END OF YEAR FLEXIBILITY

- The purpose for the earmarking must be linked to the objectives, priorities and targets as set out in the Council's Corporate Plan, Area Plans and Service Plans.

- There needs to be a business case that justifies the required expenditure.

- Consideration of the business case must take account of the future budgetary and financial outlook in order not to place undue financial pressure on the Council in the future.

4.2 Any requests to earmark unspent budget based on the criteria above must be submitted to the SMT in the first instance. SMT would assess the proposal and if it considers the proposal worthy of support would submit it to the Council with a recommendation. Proposals not supported by SMT will proceed no further.

Kirsty Flanagan
Head of Strategic Finance
31 May 2018

NEW Automatic Carry Forward Earmarkings - 2017-18 Year-end **Appendix 3**

Ref	Service	Description	New Earmarking	Reason for Carry Forward	Plans for Use	Spending profile: Amount Planned to be Spent in 2018/19	Spending profile: Amount Planned to be Spent in 2019/20	Spending profile: Amount Planned to be Spent from 2020/21 onwards
CHIEF EXECUTIVES UNIT:								
001	Community Planning	NHS Highland Contribution Towards the CPP Running Costs	10,545	Unspent Third Party Contribution	Will be deployed as required in the day-to-day running of the Community Planning Partnership's operations.	10,545	0	0
002	Community Planning	Scottish Government - Community Choices Fund	8,550	Scottish Government Initiatives	To be used to meet the remaining costs of the community grant participatory budgeting exercise, including the evaluation of the project.	8,550	0	0
003	Community Planning	Recovered unspent third sector grant funding.	14,013	Previous Council Decision - Other	To be distributed through the Supporting Communities Fund for communities based projects across Argyll and Bute.	14,013	0	0
COMMUNITY SERVICES:								
004	Education	MOD/Alcohol-Drug Partnership	46,086	Unspent Grant	Providing social and emotional support to pupils who are affected by drugs and alcohol, and those affected by deployment who may have gaps in their Education as a result of transitions.	46,086	0	0
005	Education	Gaelic Specific Grant	55,000	Unspent Grant	Delivery and promotion of Gaelic Education in line with the Education (Scotland) Act 2016.	55,000	0	0
006	Education	Psychology of Parenting	5,059	Unspent Third Party Contribution	Delivery of Parenting Support through Psychology of Parenting programme	5,059	0	0
007	Education	Adult Services - c/f Health and Wellbeing funding	10,443	Unspent Third Party Contribution	English for Speakers of Other Languages (ESOL) funding and H&WB tutor costs.	10,443	0	0
008	Education	Early Years - 1,140 Hours Funding	136,400	Scottish Government Initiatives	The funds will be utilised to implement the Argyll and Bute Early Years Delivery Plan for 1140 hours which will increase access to affordable Early Learning and Childcare across the Council area.	136,400	0	0
009	Education	Pupil Equity Fund Carry Forward	669,227	Unspent Grant	To provide targeted support for children and young people affected by poverty to achieve their full potential.	669,227	0	0
010	Education	School (DSM) Carry-Forward	566,290	DMR Schools	To be spent in accordance with DSM regulations.	566,290	0	0
CUSTOMER SERVICES:								
011	Customer and Support Services	Microsoft Licensing Costs	208,362	Previous Council Decision - Other	Microsoft licensing savings to be retained from 2017/18 to 209/20 in order to build a reserve to be used to fund upgrades to the latest versions of Microsoft software from 2020 onwards.	0	0	208,362
012	Customer and Support Services	Benefit Admin Grant	88,288	Unspent Grant	Grant monies which would have to be repaid if not utilised for intended purpose. Benefit Administration activities in the build up to the migration of Housing Benefit to Universal Credit – migration to full service now deferred till September 2018. These monies are committed to cover ongoing Benefit Administration Activities in 18/19 and beyond in the build up to the migration of Housing Benefit to Universal Credit Full Service and in dealing with the expected problems arising from the transfer of the caseload.	88,288	0	0
013	Customer and Support Services	Scottish Welfare Fund	15,522	Unspent Grant	Scottish Government requires the Council to ring fence and carry forward any underspend on this grant to the following year.	15,522	0	0

Ref	Service	Description	New Earmarking	Reason for Carry Forward	Plans for Use	Spending profile Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
014	Customer and Support Services	Discretionary Housing Payments	19,021	Previous Council Decision - Other	Underspend of funding from the Scottish Government for Discretionary Housing Payments for 2017-18. This underspend should be carried forward to supplement monies available for DHPs in 2018-19 to offset the reduction in the level of funding for non-bedroom tax cases and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 24 May 2018 and recommended that the remaining balance be carried forward into 2018-19.	19,021	0	0
015	Governance and Law	CCTV Maintenance	30,000	Unspent Grant	Maintenance of CCTV systems. Funds transferred from external bodies to maintain systems for future years.	30,000	0	0
DEVELOPMENT AND INFRASTRUCTURE SERVICES:								
016	Roads and Amenity Services	Temporary Wardens	104,574	Previous Council Decision - Other	Four temporary Environmental Wardens were recruited in August 2017 on 12 month contracts to cover each of the Area Committee areas. The Environmental Wardens have a specific focus on enforcement and education around litter and dog fouling to provide a boost to resources to tackle these issues. The objectives are to increase enforcement, increase public awareness and improve compliance and cleaning.	104,574	0	0
017	Roads and Amenity Services	Piers and Harbours	107,041	Piers and Harbours Investment Fund	Funding generated through increased harbour fees and charges in order to generate funds to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure.	107,041	0	0
018	Economic Development	CHORD	23,620	CHORD	Delivery of CHORD Programme	23,620	0	0
019	Economic Development	CHORD - Rothesay Pavilion	69,766	CHORD	Delivery of CHORD Programme	69,766	0	0
INTEGRATION SERVICES:								
020	Adult Services	See Hear Funding	5,000	Scottish Government Initiatives	Funding has been received specifically from the Scottish Government to support activity around implementation of the See Hear recommendations and the identified priorities of individual Sensory Partnerships.	0	0	5,000
OTHER:								
021	Strategic Housing Fund	Strategic Housing Fund	1,912,509	Strategic Housing Fund	Strategic Housing Fund. Council tax collected during 2017-18 from the second homes discount on properties. Requires to be earmarked as part of the Strategic Housing Fund balance.	no specific spending plan	0	1,912,509
			4,105,316			**1,979,445**	**0**	**2,125,871**

Unspent Budget/Non Automatic Carry Forward Earmarkings
Previously Agreed Amounts

Appendix 4

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds Unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Plans for Use	Spending profile: Amount Planned to be Spent in 2018/19	Spending profile: Amount Planned to be Spent in 2019/20	Spending profile: Amount Planned to be Spent from 2020/21 onwards
	ALL		Completed projects during 2017/18	944,251	944,251	0	0	0	Unspent Budget		0	0	0
	ALL		Completed projects during 2017/18	218,510	218,510	0	0	0	Previous Council Decision		0	0	0
CHIEF EXECUTIVES UNIT:													
001	Chief Executive Unit	Strategic Finance	CIPFA and AAT student fees, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	75,500	20,581	0	0	54,919	Unspent Budget	CIPFA Training - To fund the professional training costs for three staff undertaking the CIPFA professional accountancy qualification. AAT Programme - This is part of the Strategic Finance medium to long term plan to "Grow your own" to plan for sucession and ensure the quality of service provided. Converting to Digital Records project - This project has been created to covert 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 within the finance team.	40,253	14,666	0
COMMUNITY SERVICES:													
002	Community Services	Education	Youth Employment Opportunities Fund	65,118	34,848	0	0	30,270	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	30,270	0	0
003	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	159,982	116,860	0	0	43,122	Previous Council Decision	Additional revenue costs associated with development of new schools. Draw down as Schools project progresses and project costs are incurred.	43,122	0	0
004	Community Services	Formerly Community and Culture	Queen's Hall Soft Play	75,000	0	0	0	75,000	Unspent Budget	To fund the provision of a soft play area required as part of the CHORD redevelopment of the Queen's Hall.	75,000	0	0
CUSTOMER SERVICES:													
005	Customer Services	Customer and Support Services	WSUS Servers	50,000	40,552	0	0	9,448	Unspent Budget	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.	9,448	0	0
006	Customer Services	Customer and Support Services	Pathfinder North - Scottish Wide Area Network Implementation	100,000	0	100,000	0	0	Unspent Budget	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. Implementation was due to complete 21 September 2016 but is now expected to complete July 2017.	0	0	0
007	Customer Services	Customer and Support Services	Discretionary Housing Payments	19,918	0	0	0	19,918	Previous Council Decision	Residual funding from the Scottish Government allocation for Discretionary Housing Payments (DHPs) in 2014-15 not previously utilised on DHPs in 2017-18 as planned. This underspend should be carried forward to supplement monies available for DHPs in 2018-19 to offset the reduction in the level of funding for non-bedroom tax cases and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 24 May 2018 and recommended that the remaining balance be carried forward into 2018-19.	19,918	0	0
008	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	52,809	34,214	0	0	18,595	Previous Council Decision	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2017.	18,595	0	0

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds Unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Plans for Use	Spending profile		
											Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
009	Customer Services	Customer and Support Services	Digital Transformation	172,000	52,130	0	0	119,870	Previous Council Decision	To fund the development of 11 digital transformation options and to support the work of the Transformation Board. Options were approved by the Administration on 3rd December for a series of spend to save activities.	119,870	0	0
010	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	150,000	35,000	0	0	115,000	Unspent Budget	To meet the cost of appealing NDR revaluations which will be imposed from 1st April 2017.	115,000	0	0
011	Customer Services	Customer Services	New Schools Project - Additional Monitoring	250,000	80,000	0	0	170,000	Unspent Budget	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.	85,000	85,000	0
012	Customer Services	Facility Services	Management of Asbestos	270,000	33,039	0	0	236,961	Unspent Budget	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	146,961	90,000	0
013	Customer Services	Facility Services	Campbeltown Office Rationalisation	4,500	0	4,500	0	0	Previous Council Decision	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.	0	0	0
014	Customer Services	Governance & Law	Local Government Elections	273,429	234,214	39,215	0	0	Unspent Budget	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.	0	0	0
015	Customer Services	Improvement and HR	Training Centre Improvements	16,700	0	0	0	16,700	Unspent Budget	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
016	Customer Services	Improvement and HR	Resourcelink Review	79,284	38,457	0	0	40,827	Unspent Budget	Fund the Resourcelink Project, which is improving efficiency and functionality in the Council's HR and payroll database. The RL5 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.	40,827	0	0
017	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	31,183	24,829	0	0	6,354	Unspent Budget	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.	6,354	0	0
018	Customer Services	Improvement and HR	Learning and Development	91,638	47,491	0	0	44,147	Unspent Budget	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period.	44,147	0	0
019	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	203,819	45,952	0	0	157,867	Unspent Budget	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. Includes funding for a tempoary Growing Our Own development officer, who has been in post since September 2016 to co-ordinate the programme.	157,867	0	0
020	Customer Services	Improvement and HR	Leadership Development	32,282	0	0	0	32,282	Unspent Budget	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.	32,282	0	0

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds Unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Plans for Use	Spending profile: Amount Planned to be Spent in 2018/19	Spending profile: Amount Planned to be Spent in 2019/20	Spending profile: Amount Planned to be Spent from 2020/21 onwards
021	Customer Services	Improvement and HR	Service Choices HR Team	55,380	22,756	0	0	32,624	Previous Council Decision	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.	32,624	0	0
DEVELOPMENT AND INFRASTRUCTURE SERVICES:													
022	Development & Infrastructure Services	Development & Infrastructure Services	Hermitage Park Pavilion	100,000	0	0	0	100,000	Unspent Budget	Funding to meet the unexpected additional cost associated with the construction of a new pavilion at Hermitage Park in Helensburgh.	100,000	0	0
023	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen	100,000	0	0	0	100,000	Unspent Budget	Essential maintenance work to be required out on the Arches in Inveraray.	100,000	0	0
024	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40,000	0	0	0	40,000	Previous Council Decision	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014.	40,000	0	0
025	Development & Infrastructure Services	Economic Development	Hermitage Park HLF	245,000	200,000	0	0	45,000	Previous Council Decision	The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities This will be achieved through the following : 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls, 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors, 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park, 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.	45,000	0	0
026	Development & Infrastructure Services	Economic Development	Rothesay Pavilion Essential repairs	306,400	0	0	0	306,400	Previous Council Decision	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
027	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	1,218,487	213,316	0	0	1,005,171	Previous Council Decision	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	1,005,171	0	0
028	Development & Infrastructure Services	Economic Development	Amberg-Sulzbach	10,000	4,336	5,664	0	0	Previous Council Decision	One off funding to be set aside for the celebration of the 50th anniversary of the twinning arrangement between Argyll and Bute and Amberg-Salzbach	0	0	0

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds Unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Plans for Use	Spending profile: Amount Planned to be Spent in 2018/19	Spending profile: Amount Planned to be Spent in 2019/20	Spending profile: Amount Planned to be Spent from 2020/21 onwards
029	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	19,910	0	0	0	19,910	Unspent Budget	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.	19,910	0	0
030	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	132,000	30,844	0	0	101,156	Unspent Budget	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date.	89,156	12,000	0
031	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	115,500	34,483	0	0	81,017	Unspent Budget	To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. 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 results	81,017	0	0
032	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	130,000	0	0	0	130,000	Unspent Budget	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.	130,000	0	0
033	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	750,000	301,321	0	0	448,679	Unspent Budget	Maintenance of 3G Pitches across Argyll & Bute.	397,000	51,679	0
034	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	64,361	0	0	0	64,361	Unspent Budget	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
HQ NON DEPARTMENT:													
035	HQ Non Dept	n/a	Community Resilience Fund	88,327	6,071	0	0	82,256	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	Contingency balance - no spending plan for earmarked balance.	0	82,256
INTEGRATION SERVICES:													
036	Integration Services	Adult Care	Autism Strategy	9,930	1,862	0	0	8,068	Unspent Budget	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2017-18 on planned training.	8,068	0	0
OTHER:													
037	Other	Other	Underwriting development of Rothesay Pavilion	1,000,000	0	0	0	1,000,000	Unspent Budget	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000,000	0
				7,721,218	**2,815,917**	**149,379**	**0**	**4,755,922**			**3,420,321**	**1,253,345**	**82,256**

Other Earmarked Balances
Previously Agreed Amounts

Appendix 5

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
	ALL		Completed projects during 2017/18	140,634	140,634	0	0	0	Unspent Grant		
	ALL		Completed projects during 2017/18	78,664	78,664	0	0	0	Third Party Contribution		
	ALL		Completed projects during 2017/18	28,275	28,275	0	0	0	Previous Council Decision		
	ALL		Completed projects during 2017/18	38,165	38,165	0	0	0	Scottish Government Initiatives		
	ALL		Completed projects during 2017/18	2,805,000	2,805,000	0	0	0	NPDO		
COMMUNITY SERVICES:											
001	Community Services	Education	GLAIF 2017/18 - GIFT	64,000	54,371	0	0	9,629	Third Party Contribution		Gaelic Immersion course For Teachers (GIFT) 2 Candidates.
002	Community Services	Education	Scottish Attainment Challenge Innovation Fund	31,230	25,630	0	0	5,600	Unspent Grant		Better Movers and Thinkers Raise the Bar in Argyll and Bute - Across Seven Schools / Clusters.
003	Community Services	Education	School (DSM) Carry-Forward	1,033,909	847,938	0	0	185,971	DMR Schools		To be spent in accordance with DSM regulations.
004	Community Services	Education	GIRFEC	148,000	0	0	0	148,000	Scottish Government Initiatives		To support Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation.
005	Community Services	Education	Languages 1 + 2	75,008	0	0	0	75,008	Scottish Government Initiatives		Languages 1+2: Grant provided for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.
006	Community Services	Education	National Improvement Framework (NIF)	120,000	91,445	0	0	28,555	Scottish Government Initiatives		The new National Improvement Framework was launched by the First Minister on 6 January 2015. This new framework is to be core in driving forward the raising attainment and closing the gap agenda. It is proposed that the Education service in 2017-18 continues to utilise funding to allow the continuation of the Literacy Development Officer and Numeracy Development Officer posts for a 12 month period - August 2017 to June 2018.

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
007	Community Services	Education	Scottish Government Initiatives: Developing the Young Workforce GIRFEC Languages 1+2	292,903	128,647	0	0	164,256	Scottish Government Initiatives		Developing the Young Workforce:Developing an Argyll & Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people. Grant received from the Scottish Government for this purpose. GIRFEC: This grant funding is for the specific purpose of supporting Argyll and Bute's contribution to implementing GIRFEC and the Children and Young Person (Scotland) Act to ensure compliance with legislation. Activity in Argyll and Bute will include developing specific resources, staff training and development, protocols and procedures in line with the GIRFEC practice model and national guidelines. Languages 1+2: Grant provided for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.
CUSTOMER SERVICES:											
008	Customer Services	Customer and Support Services	Benefit Admin Grant	70,520	57,948	0	0	12,572	Unspent Grant	DWP Grant	Grant monies which would have to be repaid if not utilised for intended purpose. Relates to the introduction of Universal Credit flexibilities and involvement in plans for new Scottish Social Security Administration. These monies are committed to cover costs in 17/18 for temporary staff for administration of Discretionary Housing Payments for under occupancy cases which should have ceased but is now continuing for at least a further year.
009	Customer Services	Customer and Support Services	Council Tax Reduction Scheme	34,000	0	0	0	34,000	Unspent Grant	Scottish Government	To fund the administration costs of Council Tax Reduction Scheme Administration in 2017/18 received late in March 2017. Cost of staff to carry out the benefits administration and increase take up of CTRS.
010	Customer Services	Customer and Support Services	Benefit Admin Grant	93,523	0	0	0	93,523	Unspent Grant	DWP Grant	Grant monies which would have to be repaid if not utilised for intended purpose. Benefit Administration activities in the build up to the migration of Housing Benefit to Universal Credit – migration to full service now deferred till May 2018. These monies are committed to cover ongoing Benefit Administration Activities in 17/18 and 18/19 in the build up to the migration of Housing Benefit to Universal Credit.
011	Customer Services	Customer and Support Services	Council Tax Reduction Scheme	122,000	0	0	0	122,000	Unspent Grant	Scottish Government	Additional funding from Scottish Government to meet additional costs of implementation. Funds are required for 2017-18 to part fund system replacement with improved online facilities and digital claim form. A business case has shown that this should provide significant future savings.
012	Customer Services	Facility Services	Contingent Liability - Capital Project	750,000	0	0	0	750,000	Existing Legal Commitments		There is a contingent liability in respect of the capital plan. The earmarked amount is an estimate and any unrequired amount would be released back into the general fund. It was the intention that any amount would be accomodated from within the favourable Customer Services 2015-16 outturn position.

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
013	Customer Services	Governance & Law	Community Safety Partnership	21,538	0	0	0	21,538	Existing Legal Commitments		Corporate Initiative with specific funding to deliver a project. To fund reconfiguration of Dunoon CCTV Scheme.
014	Customer Services	Governance & Law	CCTV Maintenance	14,885	0	0	0	14,885	Unspent Third Party Contribution	Funds tranferred from external bodies to maintain systems for future years.	Council Decision of 20 Sept 2007.
015	Customer Services	Governance & Law	CCTV Maintenance	60,000	18,996	0	0	41,004	Unspent Grant	Funds tranferred from external bodies to maintain systems for future years.	Maintenance of CCTV systems. Funds transferred from external bodies to maintain systems for future years.
016	Customer Services	Improvement and HR	Bord na Gaidhlig	60,860	2,298	0	0	58,562	Unspent Grant	Bord na Gaidhlig	Grant funding from Bord na Gaidhlig.
DEVELOPMENT AND INFRASTRUCTURE SERVICES:											
017	Development & Infrastructure Services	Director of Development & Infrastructure Services	WW1 Commemorations on Islay	0	0	0	15,000	15,000	Previous Council Decision - Other		Funding to meet the costs of supporting and facilitating the WW1 Commemorations on Islay, including access to the commemoration sites.
018	Development & Infrastructure Services	Economic Development	CHORD	143,799	0	0	0	143,799	CHORD		Delivery of CHORD Programme
019	Development & Infrastructure Services	Economic Development	CHORD	96,105	0	0	0	96,105	CHORD		Delivery of CHORD Programme
020	Development & Infrastructure Services	Economic Development	Employability	321,538	-103,335	424,873	0	0	Previous Council Decision - Other		The Councils Employability Team requested additional funding to complete the contractual obligation to deliver a Welfare to Work programme. The additional funding was agreed at the Council meeting on 29 October 2015.
021	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	43,000	0	0	0	43,000	Unspent Grant	Scottish Government	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date. The Scottish Government have made available £2 million to local authorities to enable councils to explore energy efficiency investment in street lighting assets, Argyll and Bute share of this is £43k.
022	Development & Infrastructure Services	Roads and Amenity Services	Mercury Abatement - Crematorium	94,150	0	0	0	94,150	Unspent Third Party Contribution	Mercury Abatement Fund	Part fund replacement cremator.
023	Development & Infrastructure Services	Roads and Amenity Services	Christmas Lights	208,000	106,000	0	0	102,000	Previous Council Decision - Other		Funding for Christmas Lights over a period of 3 years was agreed at the Council meeting on 11 February 2016.
024	Development & Infrastructure Services	Roads and Amenity Services	Contingent Liability	148,326	0	0	0	148,326	Existing Legal Commitments		There is a contingent liability in respect of a legal case. The earmarked amount is an estimate and any unrequired amount would be released back into the general fund. Due to the favourable year-end variance within D&I this provision can be accommodated from within 2015-16 budget.
025	Development & Infrastructure Services	Roads and Amenity Services	Kintyre Recycling	0	0	0	18,000	18,000	Previous Council Decision - Other		One-off additional funding to support the continued operation of Kintyre Recycling.

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
026	Development & Infrastructure Services	Planning, Housing and Regulatory Services	Argyll and Bute Citizens Advice Centre	0	35,000	0	35,000	0	Previous Council Decision - Other		Additional funding provided for a one-off payment to Argyll and Bute Citizens Advice Bureau.
027	Development & Infrastructure Services	Planning, Housing and Regulatory Services	Bute Advice Centre	0	0	0	22,000	22,000	Previous Council Decision - Other		Additional funding provided for a one-off payment to Bute Advice Centre.
028	Development & Infrastructure Services	Economic Development	Dunoon Business Improvement District	0	0	0	100,700	100,700	Previous Council Decision - Other		Contribution from the Council towards the five year business plan for the Dunoon Business Improvement District.
HQ NON DEPARTMENT:											
029	HQ Non Dept	n/a	Investment in Affordable Housing	5,000,000	0	0	0	5,000,000	Investment in Affordable Housing		Agreed at Council Meeting 11 February 2016. This was reduced from £6.5m to £5m.
030	HQ Non Dept	Strategic Housing Fund	Strategic Housing Fund	6,175,247	2,189,893	0	0	3,985,354	Strategic Housing Fund		Strategic Housing Fund. Council tax collected from second homes discount on properties, requires to be earmarked as part of the Strategic Housing Fund balance.
INTEGRATION SERVICES:											
031	Integration Services	Adult Care	Sensory Impairment	10,000	1,342	0	0	8,658	Unspent Grant	Scottish Government	Funding has been received specifically from the Scottish Government to support activity around implementation of the See Hear recommendations and the identified priorities of individual Sensory Partnerships.
032	Integration Services	Children and Families	Criminal Justice Transformation Funding	39,890	0	0	0	39,890	Unspent Third Party Contribution	Scottish Government	Additional funding from SG to fund redesign work within Criminal Justice. Funds to be pooled with equivalent additional funding received by our CJ Partnership Partners to fund a transformation and development project across the three partner areas.
NON DEPARTMENTAL:											
033	Non Departmental	Non Departmental	Innovation Fund	83,273	0	0	0	83,273	Transformation		Agreed at Council Meeting October 2015. Fund has been set up to provide support to internal ideas to generate income or reduce costs through efficiencies/redesign.
034	Non Departmental	Non Departmental	Investment in HubCo	491,791	0	0	0	491,791	Asset Management Investment		It was agreed at the Council meeting February 2016 that the investment in HubCo be supported. The earmarking has been updated to show the actual investment costs.
035	Non Departmental	Non Departmental	Service Choice Redundancy provision	2,321,475	1,083,258	0	0	1,238,217	Severance		Agreed at Council Meeting 11 February 2016. It was agreed that the costs of Redundancies due to Service Choice savings would be covered by reserves.
036	Non Departmental	Non Departmental	Helensburgh Waterfront Development	5,579,000	0	0	0	5,579,000	Helensburgh Waterfront		Agreed underwriting at the Council Meeting on 11 February 2016.
037	Non Departmental	Non Departmental	Regeneration and Economic sustainability in Lochgilphead & Tarbet.	3,000,000	4,714	0	0	2,995,286	Lochgilphead and Tarbert Regeneration		Agreed at Council Meeting 11 February 2016.
038	Non Departmental	Non Departmental	Inward investment Fund	960,000	0	0	0	960,000	Inward Investment Fund		Agreed at Council Meeting 11 February 2016. This fund has been set up to generate economic and population growth within Argyll & Bute. The aim is to encourage business and people to set up and live in Argyll & Bute.
039	Non Departmental	Non Departmental	Asset Management Fund	2,000,000	-15,302	0	0	2,015,302	Asset Management Investment		Agreed at Council Meeting 11 February 2016. This fund has been set up to allow the Council to invest monies where relevant to generate a return that will be reinvested within Argyll & Bute.

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
040	Non Departmental	Non Departmental	Flood Coastal Protection	200,000	0	0	0	200,000	Previous Council Decision - Other		Agreed at Council Meeting 11 February 2016.
041	Non Departmental	Non Departmental	Tarbert Sports Pitches	170,000	2,223	0	0	167,777	Previous Council Decision - Other		Agreed at Council Meeting 11 February 2016. £103k of capital expenditure incurred during 2016/17 but not drawn down as at 31 March 2018. Will be drawn down in 2018/19.
042	Non Departmental	Non Departmental	Rural Resettlement Fund	492,800	164,518	0	0	328,282	Rural Resettlement Fund		Agreed at Council Meeting 11 February 2016. This fund has been set up to develop ways in which the Council can encourage families to move into Argyll & Bute. This is aimed at slowing the population decline and attracting skilled workforces.
043	Non Departmental	Non Departmental	MACPool	0	0	0	25,000	25,000	Previous Council Decision - Other		Funding to support delivery of expanded services through MACPool's proposed development project.
044	Non Departmental	Non Departmental	Allocated to Capital Plan	0	0	0	8,240,000	8,240,000	Previous Council Decision - Other		Allocated to capital plan.
045	Non Departmental	Non Departmental	Acquisition of Land at Clyde Street, Helensburgh	0	0	0	132,000	132,000	Previous Council Decision - Other		Funds provided to acquire a plot of land at 1 West Clyde Street, Helensburgh.
OTHER:											
046	Other	Energy Efficiency Fund	Energy Efficiency Fund	93,353	0	0	0	93,353	Energy Efficiency Fund		The Central Energy Efficiency Fund (CEEF) was launched by the Scottish Governement in 2004 to support the delivery of energy efficiency and renewable energy measures to reduce carbon emissions in the Scottish Public Sector. The original Council allocation of funding was £286k and there were terms and conditions attached to the funding which included formally reporting to the SG on energy efficient measures implemented from the fund. Part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in order that there was a revolving fund to continually reinvest in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future carbon reducing projects. Maintaining this fund also assists the Council to make progress towards reducing carbon emissions and therefore not only to secure savings in energy costs but also in the cost of Carbon Reduction Scheme Allowances.

Ref	Department	Service	Description	Amount Eamarked at 31 March 2017	Actual Spend 2017/18	Funds unearmarked	New Earmarking Agreed by Council During 2017/18	Closing Balance	Reason for Carry Forward	Awarding Body if Grant or Contribution	Plans for Use
047	Other	Other	Energy Efficiency Fund	43,364	0	0	0	43,364	Energy Efficiency Fund		The Central Energy Efficiency Fund (CEEF) was launched by the Scottish Governement in 2004 to support the delivery of energy efficiency and renewable energy measures to reduce carbon emissions in the Scottish Public Sector. The original Council allocation of funding was £286k and there were terms and conditions attached to the funding which included formally reporting to the SG on energy efficient measures implemented from the fund. Part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in order that there was a revolving fund to continually reinvest in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future carbon reducing projects. Maintaining this fund also assists the Council to make progress towards reducing carbon emissions and therefore not only to secure savings in energy costs but also in the cost of Carbon Reduction Scheme Allowances.
				33,798,225	**7,786,322**	**424,873**	**8,587,700**	**34,174,730**			

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 June 2018**

CAPITAL BUDGET MONITORING REPORT – 31 March 2018

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 March 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:**

- **Outturn for 2017-18** – Expenditure for the full financial year is £31,094k compared to an annual budget of £38,537k giving rise to an underspend for the year of £7,443k (19.3%). The main projects contributing to this underspend are outlined below and further detail can be found in Appendix 1.

  - Block Allocation (DIS-RAMS) £513K. Scope and allocation of block allocations to be confirmed. Effects on projects to be advised.
  - Street Lighting LED Replacement £1,211K. Current project expected to end in 2018/19. Still progressing the current project which was delayed slightly due to resourcing levels. Balance not spent in 17-18 has been forecast for 18-19.
  - CHORD – Helensburgh £764K. Paper submitted to spend this surplus therefore not available for spending elsewhere.
  - CHORD – Oban £724K. Budget for this project is awaiting virement to the Transit Berthing Facility
  - Dunoon CARS £500K. Grants to be paid out in 18/19 and 19/20.

- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £219,650k compared to a total budget for all projects of £219,152k giving rise to a forecast overspend for the overall capital plan of £-498k (-0.23%). The forecast overspend is within the capital programme tolerances and requires no corrective action to be taken as the actual spend will only be determined when the projects are completed.

1.3 **Project Delivery:**

- **Asset Sustainability** – Out of 133 projects there are 118 projects (89%) on track and 15 projects (11%) off track and recoverable.
- **Service Development** - Out of 26 projects there are 18 projects (69%) on track and 8 projects (31%) off track and recoverable.
- **Strategic Change** – Out of 35 projects there are 23 projects (66%) on track and 12 projects (34%) off track and recoverable.

1.4 The Council has received capital receipts of £5,768k up to 31 March 2018 against a budget of £6,340k (91%).

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.

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 March 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:**

- **Outturn for 2017-18** – Expenditure for the full financial year is £31,094k compared to an annual budget of £38,537k giving rise to an underspend for the year of £7,443k (19.3%). The main projects contributing to this underspend are outlined below and further detail can be found in Appendix 1.

  - Block Allocation (DIS-RAMS) £513K. Scope and allocation of block allocations to be confirmed. Effects on projects to be advised.
  - Street Lighting LED Replacement £1,211K. Current project expected to end in 2018/19. Still progressing the current project which was delayed slightly due to resourcing levels. Balance not spent in 17-18 has been forecast for 18-19.
  - CHORD – Helensburgh £764K. Paper submitted to spend this surplus therefore not available for spending elsewhere.
  - CHORD – Oban £724K. Budget for this project is awaiting virement to the Transit Berthing Facility
  - Dunoon CARS £500K. Grants to be paid out in 18/19 and 19/20.

- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £219,650k compared to a total budget for all projects of £219,152k giving rise to a forecast overspend for the overall capital plan of £-498k (-0.23%). The forecast overspend is within the capital programme tolerances and requires no corrective action to be taken as the actual spend will only be determined when the projects are completed.

2.3 **Project Delivery:**

- **Asset Sustainability** – Out of 133 projects there are 118 projects (89%) on track and 15 projects (11%) off track and recoverable.
- **Service Development** - Out of 26 projects there are 18 projects (69%) on track and 8 projects (31%) off track and recoverable.
- **Strategic Change** – Out of 35 projects there are 23 projects (66%) on track and 12 projects (34%) off track and recoverable.

2.4 The Council has received capital receipts of £5,768k up to 31 March 2018 against a budget of £6,340k (91%).

3 RECOMMENDATIONS

3.1 Consider the contents of this financial summary.

4 OUTTURN FINANCIAL POSITION

4.1 Overall Position

Actual expenditure for the full year is £31,094k compared to a budget for the year of £38,537k giving rise to an underspend for the year of £7,443k (19.3%).

4.2 Project/Department Position

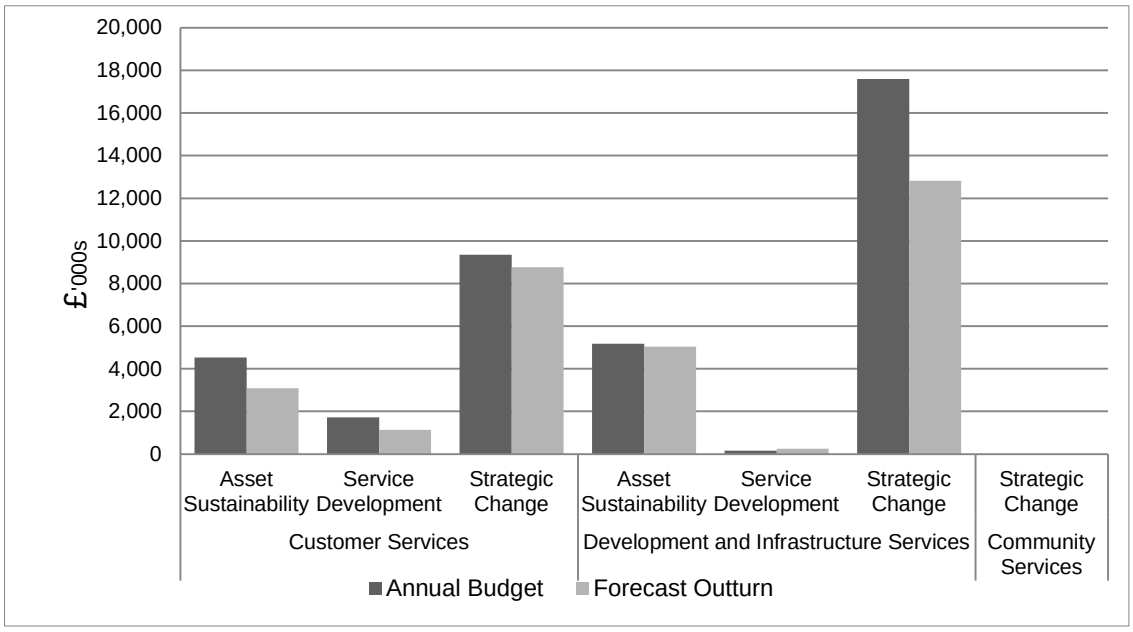
The table below shows the full year expenditure against the annual budget by project type and department:

Project Type:	**Annual Budget £'000**	**Actual Outturn £'000**	**Variance £'000**
Asset Sustainability	9,709	8,120	1,589
Service Development	1,887	1,383	504
Strategic Change	26,941	21,591	5,350
Total	**38,537**	**31,094**	**7,443**
Department:			
Customer Services	15,604	12,984	2,620
Development and Infrastructure Services	22,933	18,110	4,823
Community Services	0	0	0
Total	**38,537**	**31,094**	**7,443**

Material variances are explained in Appendix 1 and there are a number of small variances contributing to the actual outturn.

4.3 Chart of Outturn Variances

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



5 TOTAL PROJECT COSTS

5.1 Overall Position

The forecast total project cost on the total capital plan is £219,650k compared to a total budget for all projects of £219,152k giving rise to a forecast overspend for the overall capital plan of £-498k (-0.23%).

5.2 Project/Department Position

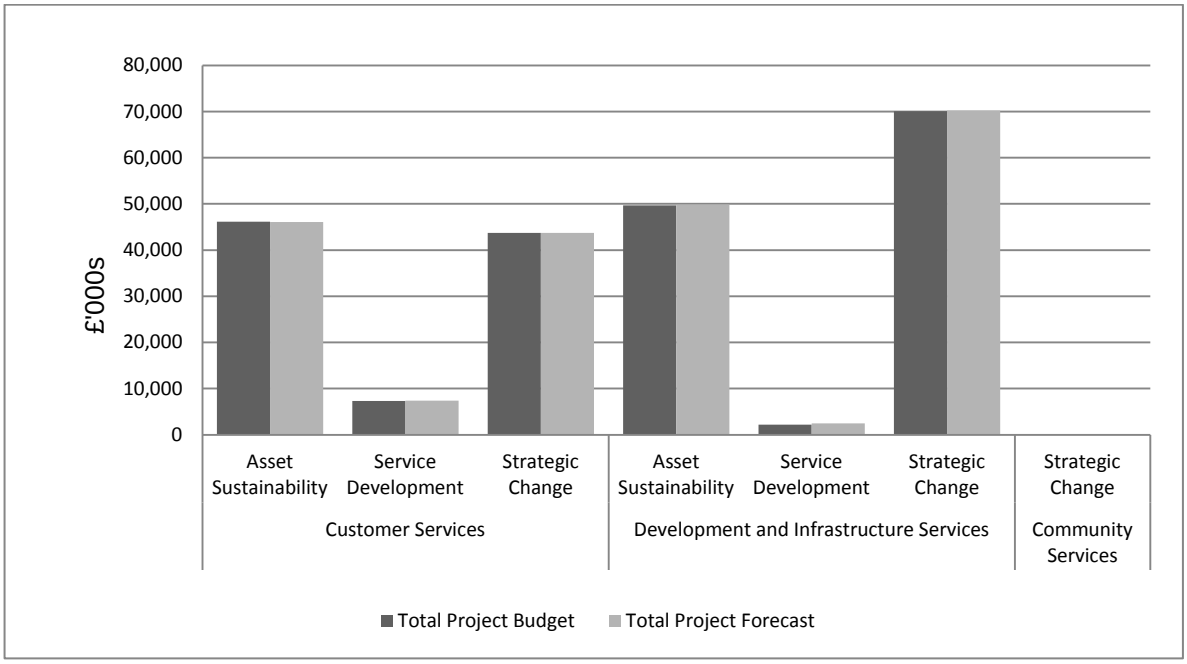
This table shows the forecast total project cost and the budget for total project costs by project type and department:

Project Type:	**Capital Plan Budget £'000**	**Forecast Project Costs £'000**	**Capital Plan Variance £'000**
Asset Sustainability	95,790	95,918	(128)
Service Development	9,531	9,833	(302)
Strategic Change	113,831	113,899	(68)
Total	**219,152**	**219,650**	**(498)**
Department:			
Customer Services	97,224	97,166	58
Development and Infrastructure Services	121,928	122,484	(556)
Community Services	0	0	0
Total	**219,152**	**219,650**	**(498)**

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

5.3 Chart of Total Project Costs

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



6 TOTAL PROJECT PERFORMANCE

6.1 Overall Position

There are 194 projects within the Capital Plan, 159 are Complete or On Target, 35 are Off Target and Recoverable.

6.2 Project Position

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

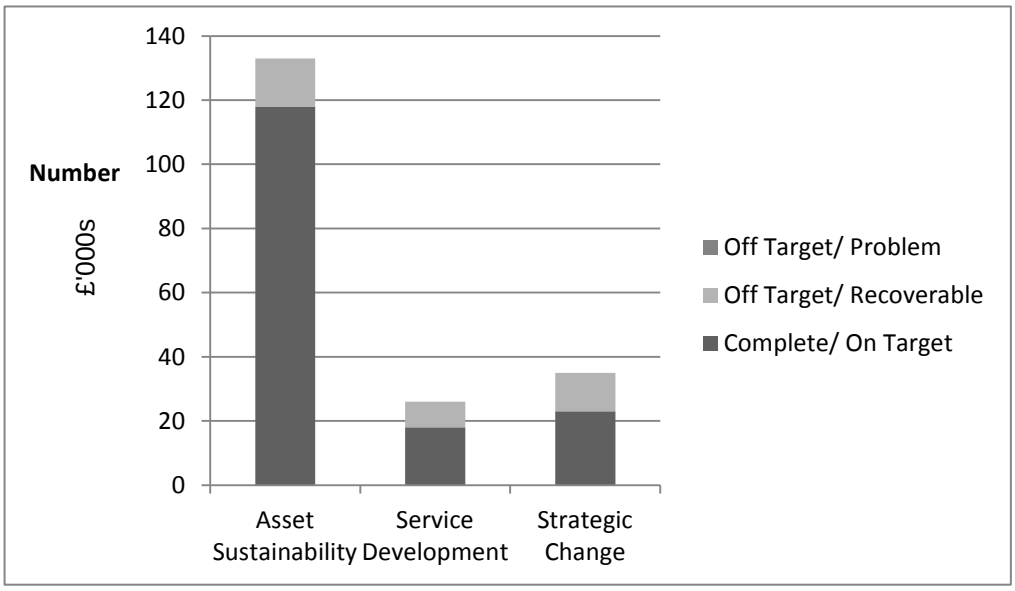
Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	118	15	0	133
Service Development	18	8	0	26
Strategic Change	23	12	0	35
Total	**159**	**35**	**0**	**194**

Department:				
Customer Services	132	20	0	152
Development and Infrastructure Services	27	15	0	42
Total	**159**	**35**	**0**	**194**

Appendices 3, 4 and 5 show the Performance Status of the projects in further detail. Appendix 7 provides further information in relation to Strategic Change Projects.

6.3 Chart of Performance Status

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



7 OFF TRACK PROJECTS

7.1 There are currently no projects recognised as off track.

8 STRATEGIC CHANGE PROJECTS

8.1 Appendix 7 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.

9 APPENDICES

- **Appendix 1 –** 2017/18 Outturn finance variance explanations
- **Appendix 2** - Total Project finance variance explanations
- **Appendix 3** - Project Performance - Asset Sustainability
- **Appendix 4** - Project Performance - Service Development
- **Appendix 5** - Project Performance - Strategic Change
- **Appendix 6** - Financial Summary – Overall
  - Financial Summary – DIS
  - Financial Summary – Customer Services
- **Appendix 7** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 8** - 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
6th June 2018

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

APPENDIX 1 - Outturn Variance Explanations

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

Project	Annual Budget £'000	Actual Outturn £'000	Variance £'000	Explanation
Clyde Cottage - 600 hour provision	400	465	(65)	Works complete - Balances and retention outstanding
Early Learning and Childcare	111	(285)	396	Balances and retentions; includes funding allocation for 1140 hours; funds will be transferred to individual lines as projects committed.
Archives - Wee Manse Brae	87	15	72	This budget is to provide for IT software and installation for archiving. Software still being developed with other councils.
Dunoon Boxing Club	100	0	100	Contribution towards upgrading boxing club. Transfer of funds to be agreed.
Carbon Management Business Cases	60	0	60	Funding to support the Carbon Management Plan 2 expenditure expected in 2018/19.
NPDO Schools Solar PV Panel Installations	150	38	112	Site works complete - all projects. Final accounts to be agreed and retentions to be paid.
Non NPDO Schools Solar PV Panel Installations	89	1	88	Site works complete - all projects. Final accounts to be agreed and retentions to be paid.
Carbon Management - Group Heating Conversion Project	464	353	111	Site works complete - all projects. Interim payments and final accounts to be agreed and retentions to be paid.
Roads Reconstruction	3,000	3,150	(150)	Overspend to be funded from future years' Block Allocations.
Lighting	25	78	(53)	Acceleration of programme for 2018/19.
Fleet	35	568	(533)	No vehicles been sold before year end. Several vehicles going to market between May/June.
Footpath Improvements	370	181	189	Helensburgh section now programmed for 18-19.
Environmental	221	47	174	Contracts have been let for delivery of projects in 2018/19.
Block Allocation (DIS - RAMS)	513	0	513	Scope and allocation of block allocations to be confirmed. Effects on projects to be advised.
Safe Streets, Walking and Cycling	8	194	(186)	Final spend to be as per grant award from Scottish Government, with funding being drawn down in 2018/19.

NVA	250	0	250	THE NVA organisation has gone into administration and the grant for the project was awarded to this organisation.
Kintyre Renewables Hub	434	51	383	Project projected to come in under budget. Still awaiting close off of contractual obligations with BAM Nuttall.
Street Lighting LED Replacement	2,700	1,489	1,211	Current project expected to end in 2018/19. Still progressing the current project which was delayed slightly due to resourcing levels. Balance not spent in 17-18 has been forecast for 18-19.
Pier Upgrades	290	0	290	Budget to be vired to Harbour Investment Programme.
CHORD - Helensburgh	865	101	764	Paper submitted to spend this surplus therefore not available for spending elsewhere.
CHORD - Dunoon	7,650	7,256	394	Budget to be moved to 18-19 to take account of the 8 week Project extension.
CHORD - Oban	2,991	2,267	724	Budget for this project is awaiting virement to the Transit Berthing Facility
CHORD - Rothesay	329	65	264	Spend slipped into 2018/19.
TIF - Lorn/Kirk Road	128	626	(498)	Overspend to be funded by grant income from the Housing Infrastructure Fund.
TIF - North Pier Extension	375	29	346	Work programme slipped into 2018/19.
TIF - Oban Airport Business Park	164	19	145	Work programme slipped into 2018/19.
Dunoon CARS	500	0	500	Grants to be paid out in 18/19 and 19/20.
Rothesay THI	200	0	200	Grants to be paid out in 18/19 and 19/20.
Other Variances			**1,642**	Total value of non-material variances less than +/- £50k.
Total			**7,443**	

APPENDIX 2 - Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Clyde Cottage - 600 hour provision	413	505	(92)	Works complete - Balances and retentions outstanding
NPDO Schools Solar PV Panel Installations	873	944	(71)	Site works complete - all projects. Final accounts to be agreed and retentions to be paid.
Roads Reconstruction	27,584	27,715	(131)	Overspend to be funded from future years' Block Allocations.
Fleet	5,869	6,342	(473)	No vehicles been sold before year end. Several vehicles going to market between May/June.
Block Allocation (DIS - RAMS)	8,317	7,804	513	Scope and allocation of block allocations to be confirmed. Effects on projects to be advised.
Safe Streets, Walking and Cycling	297	466	(169)	Final spend to be as per grant award from Scottish Government, with funding being drawn down in 2018/19.
Kintyre Renewables Hub	8,317	8,367	(50)	Project projected to come in under budget. Still awaiting close off of contractual obligations with BAM Nuttall.
Campbeltown Flood Scheme	80	184	(104)	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.
Other variances			79	Total value of non-material variances less than +/-£50k
Total			**(498)**	

APPENDIX 3 – Asset Sustainability Project Performance

There are 133 Projects recognised as Asset Sustainability Projects, 118 are Complete or On Target and 15 are Off Target and Recoverable.

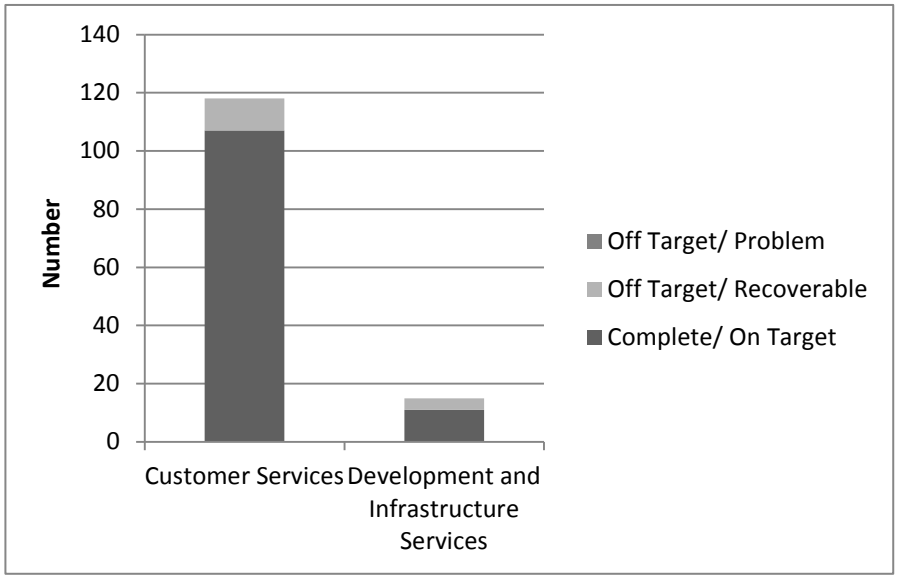
Department Position:

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	11	4	0	15
Total	**118**	**15**	**0**	**133**

Chart of Asset Sustainability Performance Status

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



APPENDIX 4 – Service Development Project Performance

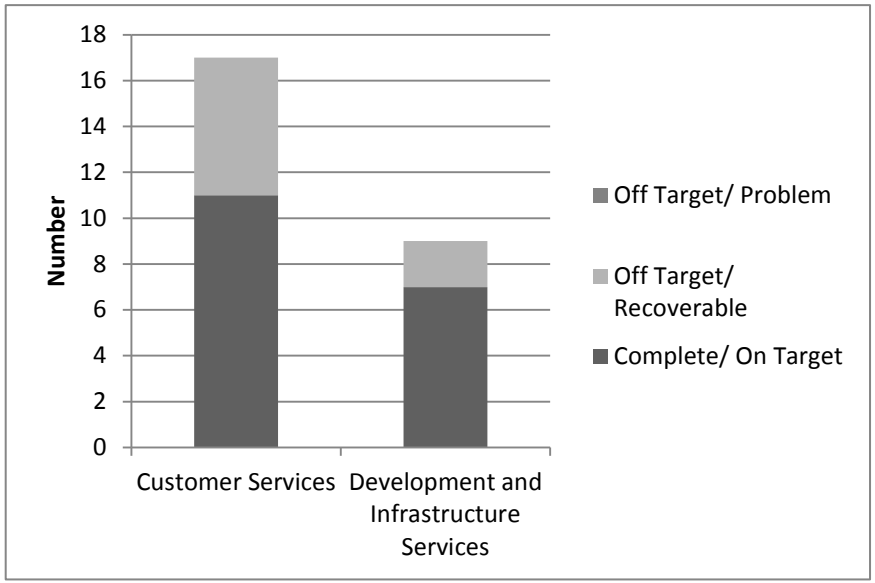
There are 26 Projects recognised as Service Development Projects, 18 are Complete or On Target and 8 are Off Target and Recoverable.

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

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	11	6	0	17
Development and Infrastructure Services	7	2	0	9
Total	**18**	**8**	**0**	**26**

Chart of Service Development Performance Status

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



APPENDIX 5 – Strategic Change Project Performance

There are 35 Projects recognised as Strategic Change Projects. 23 are Complete or On Target and 7 are Off Target and Recoverable.

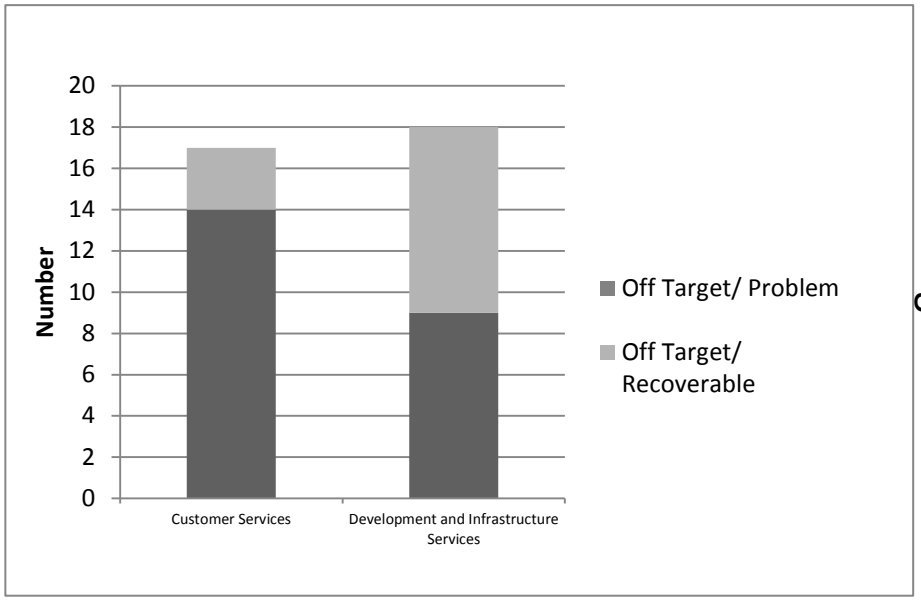
Department Position:

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	9	9	0	18
Total	**23**	**12**	**0**	**35**

Chart of Strategic Change Performance Status

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



FINANCIAL SUMMARY - NET EXPENDITURE — **31 March 2018**

	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE						
Area Committee Expenditure - Asset Sustainability	**44**	**0**	**44**	**69**	**25**	**44**
Asset Sustainability Projects						
Customer Services	4,489	3,086	1,403	46,156	46,172	(16)
Development & Infrastructure Services	5,198	5,741	(543)	50,722	51,583	(861)
Asset Sustainability Total	**9,687**	**8,827**	**860**	**96,878**	**97,755**	**(877)**
Service Development Projects						
Customer Services	2,606	2,102	504	8,555	8,698	(143)
Development & Infrastructure Services	990	672	318	6,994	6,975	19
Service Development Total	**3,596**	**2,774**	**822**	**15,549**	**15,673**	**(124)**
Strategic Change Projects						
Campbeltown Schools Redevelopment	215	233	(18)	1,825	1,843	(18)
Dunoon Primary	2,500	2,487	13	9,259	9,246	13
Replacement of Oban High	240	240	0	3,205	3,205	0
Kirn Primary School	5,525	5,480	45	10,409	10,364	45
Carbon Management - Non Education	37	1	36	50	14	36
Carbon Management Business Cases	60	0	60	261	261	0
NPDO Schools Solar PV Panel Installations	150	38	112	873	944	(71)
Non NPDO Schools Solar PV Panel Installations	89	1	88	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	20	0	20	39	39	0
Carbon Management - Group Heating Conversion Project	464	353	111	2,016	2,016	0
Kilmory Biomass Carbon Management	43	0	43	999	999	0
Oil to Gas Heating Conversions	27	0	27	209	209	0
Campbeltown Office Rationalisation	1	0	1	596	596	0
Helensburgh Office Rationalisation	68	74	(6)	11,838	11,838	0
Tiree Shared Offices	10	0	10	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0
Kintyre Renewables Hub	733	1	732	12,115	11,766	349
Campbeltown Flood Scheme	76	80	(4)	80	184	(104)
Street Lighting LED Replacement	2,700	1,489	1,211	3,900	3,900	0
Pier Upgrades	290	0	290	300	300	0
Harbour Investment Programme	319	319	0	319	319	0
CHORD - Helensburgh	865	101	764	7,230	7,230	0
CHORD - Campbeltown	0	0	0	4,786	4,786	0
CHORD - Dunoon	7,650	7,256	394	11,921	11,921	0
CHORD - Oban	3,991	3,242	749	7,957	7,932	25
CHORD - Rothesay	5,779	1,131	4,648	12,545	8,161	4,384
Helensburgh Waterfront Development	530	494	36	18,387	18,351	36
TIF - Lorn/Kirk Road	128	626	(498)	238	238	0
TIF - North Pier Extension	375	29	346	560	560	0
TIF - Oban Airport Business Park	164	19	145	590	590	0
OBC for Dunoon Pier	(4)	10	(14)	2,830	2,844	(14)
Dunoon CARS	500	0	500	500	500	0
Rothesay THI	200	0	200	200	200	0
Hermitage Park	0	0	0	53	211	(158)
Glengorm Wind Turbine	44	15	29	437	430	7
Strategic Change Total	**33,827**	**23,719**	**10,108**	**129,170**	**124,602**	**4,568**
Total Expenditure	**47,154**	**35,320**	**11,834**	**241,666**	**238,055**	**3,611**
INCOME						
Asset Sustainability						
Customer Services	0	(2)	2	(91)	(118)	27
Development & Infrastructure Services	(22)	(705)	683	(1,066)	(1,744)	678
Asset Sustainability Total	**(22)**	**(707)**	**685**	**(1,157)**	**(1,862)**	**705**
Service Development Projects						
Customer Services	(885)	(972)	87	(1,201)	(1,304)	103
Development & Infrastructure Services	(824)	(419)	(405)	(4,817)	(4,536)	(281)
Service Development Total	**-1,709**	**-1,391**	**(318)**	**-6,018**	**-5,840**	**(178)**
Strategic Change Projects						
Helensburgh Office Rationalisation	0	0	0	(349)	(349)	0
Dunoon Primary	(137)	(137)	0	(137)	(137)	0
Kintyre Renewables Hub	(299)	50	(349)	(3,798)	(3,399)	(399)
CHORD - Helensburgh	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	(120)	(135)	15
CHORD - Rothesay	(5,450)	(1,066)	(4,384)	(8,025)	(3,641)	(4,384)
CHORD - Oban	(1,000)	(975)	(25)	(1,645)	(1,620)	(25)
Hermitage Park	0	0	0	0	(158)	158
Strategic Change Total	**(6,886)**	**(2,128)**	**(4,758)**	**(15,339)**	**(10,703)**	**(4,636)**
Total Income	**(8,617)**	**(4,226)**	**(4,391)**	**(22,514)**	**(18,405)**	**(4,109)**
Net Total	**38,537**	**31,094**	**7,443**	**219,152**	**219,650**	**(498)**

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT **Appendix 6**

FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES **31 March 2018**

	Full Year This Financial Year			Total Project Costs		
	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	533	551	(18)
Bridge Strengthening	480	485	(5)	2,688	2,688	0
Castle Lodge Building Works	96	123	(27)	130	157	(27)
Traffic Management	67	65	2	368	368	0
Roads Reconstruction	3,000	3,795	(795)	27,700	28,476	(776)
Lighting	25	78	(53)	1,703	1,703	0
Furnace Coastal Protection	22	3	19	144	125	19
Fleet	35	568	(533)	6,217	6,750	(533)
Footpath Improvements	370	181	189	500	500	0
Environmental	221	47	174	811	811	0
Roads	0	0	0	0	0	0
Waste	46	46	0	200	200	0
Recreation and Sport	320	303	17	920	919	1
Crematoria and Burial Grounds	0	4	(4)	50	50	0
Pier	0	0	0	0	0	0
Grass Cutting Plant purchases - CFCR	41	41	0	41	41	0
Block Allocation	513	0	513	8,317	7,804	513
EV Quick Chargers	(40)	0	(40)	400	440	(40)
Asset Sustainability Total	**5,198**	**5,741**	**(543)**	**50,722**	**51,583**	**(861)**
Service Development Projects						
A849 Pennyghael Bridge Mull	1	0	1	131	130	1
Preliminary design for Regional Transport projects	10	11	(1)	221	221	0
Campbeltown Old Quay	1	0	1	1,424	1,424	0
Helensburgh Cycleways	126	26	100	2,622	2,588	34
Safe Streets, Walking and Cycling	127	194	(67)	521	571	(50)
SPfT	475	441	34	1,412	1,378	34
Fionnphort Village Hall Link	0	0	0	13	13	0
Kilmartin House	0	0	0	400	400	0
NVA	250	0	250	250	250	0
Service Development Total	**990**	**672**	**318**	**6,994**	**6,975**	**19**
Strategic Change Projects						
Kintyre Renewables Hub	733	1	732	12,115	11,766	349
Campbeltown Flood Scheme	76	80	(4)	80	184	(104)
Street Lighting LED Replacement	2,700	1,489	1,211	3,900	3,900	0
Pier Upgrades	290	0	290	300	300	0
Harbour Investment Programme	319	319	0	319	319	0
CHORD - Helensburgh	865	101	764	7,230	7,230	0
CHORD - Campbeltown	0	0	0	4,786	4,786	0
CHORD - Dunoon	7,650	7,256	394	11,921	11,921	0
CHORD - Oban	3,991	3,242	749	7,957	7,932	25
CHORD - Rothesay	5,779	1,131	4,648	12,545	8,161	4,384
Helensburgh Waterfront Development	530	494	36	18,387	18,351	36
TIF - Lorn/Kirk Road	128	626	(498)	238	238	0
TIF - North Pier Extension	375	29	346	560	560	0
TIF - Oban Airport Business Park	164	19	145	590	590	0
OBC For Dunoon Pier	(4)	10	(14)	2,830	2,844	(14)
Dunoon CARS	500	0	500	500	500	0
Rothesay THI	200	0	200	200	200	0
Hermitage Park	0	0	0	53	211	(158)
Glengorm Wind Turbine	44	15	29	437	430	7
Strategic Change Total	**24,340**	**14,812**	**9,528**	**84,948**	**80,423**	**4,525**
Total Expenditure	**30,528**	**21,225**	**9,303**	**142,664**	**138,981**	**3,683**
INCOME						
Asset Sustainability						
Roads Reconstruction	0	-645	645	(116)	(761)	645
Furnace Coastal Protection	(22)	0	(22)	(144)	(122)	(22)
Flood Prevention	0	0	0	(9)	(9)	0
Environmental Projects	0	0	0	(9)	(4)	(5)
Fleet	0	(60)	60	(348)	(408)	60
EV Quick Chargers	0	0	0	(440)	(440)	0
Asset Sustainability Total	(22)	(705)	683	(1,066)	(1,744)	678
Service Development Projects						
Helensburgh Cycleways	(230)	(26)	(204)	(2,774)	(2,694)	(80)
Safe Streets, Walking and Cycling	(119)	0	(119)	(224)	(105)	(119)
SPfT	(475)	(393)	(82)	(1,705)	(1,623)	(82)
Fionnphort Village Hall Link	0	0	0	(13)	(13)	0
CWSS - Footway Letter Daill	0	0	0	(101)	(101)	0
Service Development Total	**(824)**	**(419)**	**(405)**	**(4,817)**	**(4,536)**	**(281)**
Strategic Change Projects						
Kintyre Renewables Hub	(299)	50	(349)	(3,798)	(3,399)	(399)
CHORD - Helensburgh	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	(120)	(135)	15
CHORD - Rothesay	(5,450)	(1,066)	(4,384)	(8,025)	(3,641)	(4,384)
CHORD - Oban	(1,000)	(975)	(25)	(1,645)	(1,620)	(25)
Hermitage Park	0	0	0	0	(158)	158
Strategic Change Total	**(6,749)**	**(1,991)**	**(4,758)**	**(14,853)**	**(10,217)**	**(4,636)**
Total Income	**(7,595)**	**(3,115)**	**(4,480)**	**(20,736)**	**(16,497)**	**(4,239)**
Net Departmental Total	**22,933**	**18,110**	**4,823**	**121,928**	**122,484**	**(556)**

REPORT **Appendix 6**

FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES **31 March 2018**

	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
EXPENDITURE						
Area Committees - Asset Sustainability	**44**	**0**	**44**	**69**	**25**	**44**
Asset Sustainability						
Education	2,187	1,771	416	27,589	27,633	(44)
Community and Culture	421	153	268	3,212	3,216	(4)
Adult Care	354	175	179	2,237	2,212	25
Children and Families	49	11	38	595	598	(3)
Facility Services	790	198	592	4,622	4,524	98
Customer and Support Services	688	778	(90)	7,901	7,989	(88)
Asset Sustainability Total	**4,489**	**3,086**	**1,403**	**46,156**	**46,172**	**(16)**
Service Development Projects						
Graham Williamson IT Centre	0	0	0	0	0	0
Property Management System	10	6	4	93	89	4
Applications Projects	207	235	(28)	1,168	1,196	(28)
Bowmore Primary School - Pre 5 Unit	23	25	(2)	28	34	(6)
Bunessan Primary School - Pre 5 Unit	0	0	0	10	10	0
Clyde Cottage - 600 hour provision	400	465	(65)	413	505	(92)
Craignish Primary School - Pre 5 Extension	203	193	10	417	392	25
Iona Primary School - Pre 5 Unit	145	112	33	474	441	33
Islay High and Rosneath Primary School Pitches	5	1	4	700	696	4
Lochgoilhead Primary School - Pre 5 Unit	42	19	23	388	365	23
Park Primary Extension/Pre Fives Unit	5	0	5	346	341	5
Tarbert High School - Biomass enabling work	15	0	15	35	20	15
Sandbank Gaelic Pre Five Unit	361	461	(100)	361	496	(135)
Bunessan Primary School - Gaelic Medium Improvements	30	2	28	30	30	0
Early Learning and Childcare	605	209	396	1,478	1,478	0
Archives - Wee Manse Brae	87	15	72	128	128	0
Dunoon Boxing Club	100	0	100	100	100	0
Riverside Leisure Centre Refurbishment	45	72	(27)	1,086	1,113	(27)
Dunclutha Childrens Home	323	287	36	1,300	1,264	36
Service Development Total	**2,606**	**2,102**	**504**	**8,555**	**8,698**	**(143)**
Strategic Change Projects						
Campbeltown Schools Redevelopment	215	233	(18)	1,825	1,843	(18)
Dunoon Primary	2,500	2,487	13	9,259	9,246	13
Replacement of Oban High	240	240	0	3,205	3,205	0
Kirn Primary School	5,525	5,480	45	10,409	10,364	45
Carbon Management - Non Education	37	1	36	50	14	36
Carbon Management Business Cases	60	0	60	261	261	0
NPDO Schools Solar PV Panel Installations	150	38	112	873	944	(71)
Non NPDO Schools Solar PV Panel Installations	89	1	88	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	20	0	20	39	39	0
Carbon Management - Group Heating Conversion Project	464	353	111	2,016	2,016	0
Kilmory Biomass Carbon Management	43	0	43	999	999	0
Oil to Gas Heating Conversions	27	0	27	209	209	0
Campbeltown Office Rationalisation	1	0	1	596	596	0
Helensburgh Office Rationalisation	68	74	(6)	11,838	11,838	0
Tiree Shared Offices	10	0	10	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0
Strategic Change Total	**9,487**	**8,907**	**580**	**44,222**	**44,179**	**43**
Total Expenditure	**16,626**	**14,095**	**2,531**	**99,002**	**99,074**	**(72)**
INCOME						
Asset Sustainability						
Facility Services	0	1	(1)	(71)	(60)	(11)
Education	0	0	0	0	0	0
Community and Culture	0	(3)	3	(20)	(58)	38
Asset Sustainability Total	**0**	**(2)**	**2**	**(91)**	**(118)**	**27**
Service Development Projects						
Sandbank Gaelic Pre Five Unit	(361)	(448)	87	(361)	(464)	103
Bunessan Primary School - Gaelic Medium Improvements	(30)	(30)	0	(30)	(30)	0
Early Learning and Childcare	(494)	(494)	0	(494)	(494)	0
Campbeltown All Weather Pitch	0	0	0	(316)	(316)	0
Service Development Total	**(885)**	**(972)**	**87**	**(1,201)**	**(1,304)**	**103**
Strategic Change						
Helensburgh Office Rationalisation	0	0	0	(349)	(349)	0
Dunoon Primary School	(137)	(137)	0	(137)	(137)	0
Strategic Change Total	**(137)**	**(137)**	**0**	**(486)**	**(486)**	**0**
Total Income	**(1,022)**	**(1,111)**	**89**	**(1,778)**	**(1,908)**	**130**
Net Departmental Total	**15,604**	**12,984**	**2,620**	**97,224**	**97,166**	**58**

Strategic Change Projects - Cumulative Spend, Start/Finish Dates and Project Risks

APPENDIX 7

	Capital Expenditure					Dates		Risks	
Strategic Change Projects	**Prior Years Spend £'000**	**Current Year Actual £'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	233	220	1,843	1,825	16/02/2012	30/11/2018	Green	
Dunoon Primary	688	2,487	6,071	9,246	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	5,480	500	10,364	10,409	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	13	1	0	14	50	01/04/2015	31/03/2017	Green	
Carbon Management Business Cases	201	0	60	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	723	38	183	944	873	26/06/2014	TBC	Green	
Non NPDO Schools Solar PV Panel Installations	399	1	88	488	488	20/03/2014	31/03/2017	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Amber	All projects finalised and paid out. Overall project delivered under budget. £38k saving achieved.
Carbon Management Capital Property Works 2016/17	19	0	20	39	39	01/02/2016	31/03/2017	Green	
Carbon Management - Group Heating Conversion Project	1,538	353	125	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	0	43	999	999	20/09/2012	19/10/2016	Green	
Oil to Gas Heating Conversions	182	0	27	209	209	01/02/2012	31/03/2017	Green	
Campbeltown Office Rationalisation	595	0	1	596	596	01/02/2015	31/03/2017	Green	
Helensburgh Office Rationalisation	11,364	74	400	11,838	11,838	25/04/2013	03/07/2016	Amber	expense claim received March 2017 and being considered. Final costs still to be established - Final expenditure now anticipated 18/19.
Tiree Shared Offices	0	0	10	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. 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.
Campbeltown Flood Scheme	4	80	100	184	80	01/08/2016	31/03/2023	Amber	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.
Street Lighting LED Replacement	1,012	1,489	1,399	3,900	3,900	01/08/2016	16/12/2016	Amber	Funded by Prudential Borrowing. Current project expected to end in 2018/19. Still progressing the current project which was delayed slightly due to resourcing levels. Balance not spent in 17-18 has been forecast for 18-19.
Pier Upgrades	0	0	300	300	300	01/12/2016	31/03/2017	Green	
CHORD - Helensburgh	6,364	101	765	7,230	7,229	29/09/2011	30/04/2015	Green	
CHORD - Campbeltown	3,460	0	1,326	4,786	4,801	25/06/2014	10/11/2015	Green	
CHORD - Dunoon	2,248	7,256	2,417	11,921	11,921	03/02/2012	09/03/2018	Amber	The revised forecasts (FY17/18 P9 - P12) take account of what works have actually completed on site and the consequential reprogramming of the remaining works to project completion and the cash flow profile of those works. FY18/19 forecast therfore increased as it takes account of the 8-week Programme Extension and associated cash flow reprofiling, and FY19/20 forecast takes account of the impact of the programme extension on the Forecasted Final Account and therefore the value of Retentions.
CHORD - Oban	3,740	3,242	950	7,932	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	1,131	5,144	8,161	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	494	17,613	18,351	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	626	-498	238	238	22/01/2015	TBC	Amber	Overspend to be funded by grant income from the Housing Infrastructure Fund.
TIF - North Pier Extension	185	29	346	560	560	06/12/2017	06/12/2018	Amber	
TIF - Oban Airport Business Park	426	19	145	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	0	500	500	500	01/04/2017	31/03/2022	Green	
Rothesay THI	0	0	200	200	200	2017/18	TBC	Green	
Hermitage Park	211	0	0	211	53	2016/17	TBC	Green	
Glengorm Wind Turbine	393	15	22	430	437	28/04/2016	30/11/2016	Green	
Strategic Change Total	**59,100**	**23,400**	**41,783**	**124,283**	**136,969**				

CAPITAL PLAN 2017-18 **APPENDIX 8**
SUMMARY

Department	Head of Service	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000's
Health and Social Care Partnership	Adult Care	1,693	344	200	0	0	2,237
	Children and Families	1,106	368	421	0	0	1,895
Health and Social Care Partnership Total		**2,799**	**712**	**621**	**0**	**0**	**4,132**
Community Services	Community and Culture	0	121	0	0	0	121
	Education	31,857	12,431	9,662	3,017	0	56,967
Community Services Total		**31,857**	**12,552**	**9,662**	**3,017**	**0**	**57,088**
Customer Services	Customer and Support Services	6,796	905	499	962	0	9,162
	Facility Services	17,720	1,804	3,691	950	0	24,165
Customer Services Total		**24,516**	**2,709**	**4,190**	**1,912**	**0**	**33,327**
Development and Infrastructure	Economic Development	22,046	21,074	8,684	4,142	14,884	70,830
	Roads and Amenity Services	51,634	9,665	4,649	5,886	0	71,834
Development and Infrastructure Total		**73,680**	**30,739**	**13,333**	**10,028**	**14,884**	**142,664**
Live Argyll	Live Argyll	3,105	544	806	0	0	4,455
Live Argyll Total		**3,105**	**544**	**806**	**0**	**0**	**4,455**
Grand Total		**135,957**	**47,256**	**28,612**	**14,957**	**14,884**	**241,666**

CAPITAL PLAN 2017-18
Health and Social Care Partnership

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Adult Care	Asset Sustainability	Aids and Adaptations	100	25	0	0	0	125
		Ardfenaig	0	20	0	0	0	20
		Eadar Glinn	246	0	70	0	0	316
		Health and Safety	1,033	72	0	0	0	1,105
		Legionella Control Works	15	5	0	0	0	20
		Lochgilphead Resource Centre	69	145	10	0	0	224
		Lorn Resource Centre	76	9	0	0	0	85
		Struan Lodge Boiler	25	0	15	0	0	40
		Thomson Home Rothesay	129	68	105	0	0	302
	Asset Sustainability Total		**1,693**	**344**	**200**	**0**	**0**	**2,237**
Adult Care Total			**1,693**	**344**	**200**	**0**	**0**	**2,237**
Children and Families	Asset Sustainability	Capital Property Works	0	0	305	0	0	305
		Glencruitten Hostel	108	25	58	0	0	191
		Health and Safety	23	20	0	0	0	43
		Shellach View	23	0	33	0	0	56
	Asset Sustainability Total		**154**	**45**	**396**	**0**	**0**	**595**
	Service Development	Dunclutha Childrens Home	952	323	25	0	0	1,300
	Service Development Total		**952**	**323**	**25**	**0**	**0**	**1,300**
Children and Families Total			**1,106**	**368**	**421**	**0**	**0**	**1,895**
Overall Total			**2,799**	**712**	**621**	**0**	**0**	**4,132**

CAPITAL PLAN 2017-18
Community Services

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £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**

CAPITAL PLAN 2017-18
Community Services

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £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	8	40	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	20	40	0	0	352
		Campbeltown Grammar	3,657	2	0	0	0	3,659
		Capital Property Works	834	0	0	0	0	834
		Cardross Primary School	788	8	15	0	0	811
		Carradale Primary School	64	100	150	0	0	314
		Castlehill Primary School	482	10	165	0	0	657
		Clachan Primary	176	6	40	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	54	200	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	25	74	0	0	412
		Glenbarr Primary School	73	160	5	0	0	238
		Hermitage Primary School	174	15	30	0	0	219
		Homeless Houses - Housing Quality Standard	12	0	38	0	0	50
		Internal Refurbishment Budget	0	200	0	0	0	200
		Islay High School	4,089	0	176	0	0	4,265
		John Logie Baird Primary School	517	258	85	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	10	109	0	0	613
		Kilmartin Primary School	17	33	70	0	0	120
		Kilmodan Primary School	198	38	0	0	0	236
		Kirn Primary School	54	0	0	0	0	54
		Legionella Control Works	78	32	0	0	0	110
		Lismore Primary School	61	20	0	0	0	81

CAPITAL PLAN 2017-18
Community Services

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Education	Asset Sustainability	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	43	26	0	0	201
		Rosneath Primary School	631	52	2	0	0	685
		School Houses - Housing Quality Standard	325	100	53	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	4	47	1	0	135
		Ulva Primary School	0	90	25	0	0	115
	Asset Sustainability Total		**21,292**	**2,162**	**2,407**	**1,728**	**0**	**27,589**
	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	15	20	0	0	35
	Service Development Total		**2,061**	**1,789**	**830**	**0**	**0**	**4,680**
	Strategic Change	Campbeltown Schools Redevelopment	1,390	215	220	0	0	1,825
		Dunoon Primary School	688	2,500	4,782	1,289	0	9,259
		Kirn Primary School	4,384	5,525	500	0	0	10,409
		Replacement of Oban High School	2,042	240	923	0	0	3,205
	Strategic Change Total		**8,504**	**8,480**	**6,425**	**1,289**	**0**	**24,698**
Education Total			**31,857**	**12,431**	**9,662**	**3,017**	**0**	**56,967**
Overall Total			**31,857**	**12,552**	**9,662**	**3,017**	**0**	**57,088**

CAPITAL PLAN 2017-18
Customer and Support Services

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Customer and Support Services	Asset Sustainability	Block Allocation	0	0	457	945	0	1,402
		Computer Network Security	642	10	0	0	0	652
		Corporate GIS Portal Rollout	125	8	7	17	0	157
		MS Exchange & Doc Sharing	364	0	35	0	0	399
		PC Replacement	2,740	394	0	0	0	3,134
		Server Sustainability	233	61	0	0	0	294
		Telecomms Network	907	215	0	0	0	1,122
		Unified Communications and Video Conferencing	741	0	0	0	0	741
	Asset Sustainability Total		**5,752**	**688**	**499**	**962**	**0**	**7,901**
	Service Development	Applications Projects	961	207	0	0	0	1,168
		Property Management System	83	10	0	0	0	93
	Service Development Total		**1,044**	**217**	**0**	**0**	**0**	**1,261**
Customer and Support Services Total			**6,796**	**905**	**499**	**962**	**0**	**9,162**

CAPITAL PLAN 2017-18
Customer and Support Services

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Facility Services	Asset Sustainability	Aqualibrium	28	0	0	0	0	28
		Argyll House, Dunoon	48	40	168	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	0	227	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	0	33	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	75	80	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	150	425	425	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	10	28	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**	**790**	**1,271**	**950**	**0**	**4,622**
	Strategic Change	Asset Management Fund	0	0	2,000	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	68	406	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	150	0	0	0	873
		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**	**970**	**2,420**	**0**	**0**	**19,474**
	Area Committee	Area Committee	25	44	0	0	0	69
	Area Committee Total		**25**	**44**	**0**	**0**	**0**	**69**
Facility Services Total			**17,720**	**1,804**	**3,691**	**950**	**0**	**24,165**
Overall Total			**24,516**	**2,709**	**4,190**	**1,912**	**0**	**33,327**

CAPITAL PLAN 2017-18
Development and Infrastructure

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £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	0	1,326	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**	**20,222**	**8,676**	**3,933**	**14,684**	**68,234**
Economic Development Total			**22,046**	**21,074**	**8,684**	**4,142**	**14,884**	**70,830**

CAPITAL PLAN 2017-18
Development and Infrastructure

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Roads and Amenity Services	Asset Sustainability	Astro Pitch Repairs	15	315	20	400	0	750
		Block Allocation	0	513	2,804	5,000	0	8,317
		Bridge Strengthening	1,799	691	-52	250	0	2,688
		Castle Lodge Building Works	34	96	0	0	0	130
		Cemetery Houses	32	0	18	0	0	50
		Environmental Projects	358	221	166	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	2	171	38	0	533
		Footpath Improvements	0	370	130	0	0	500
		Furnace Coastal Protection	122	22	0	0	0	144
		Glengorm - Capping	48	46	106	0	0	200
		Grass Cutting Plant Purchases - CFCR	0	41	0	0	0	41
		Lighting	1,318	25	360	0	0	1,703
		Public Convenience Upgrades	0	0	66	0	0	66
		Roads Reconstruction	24,200	3,000	500	0	0	27,700
		Tarbert All Weather Sports Pitch	103	5	62	0	0	170
		Traffic Management	301	67	0	0	0	368
	Asset Sustainability Total		**35,274**	**5,409**	**4,351**	**5,688**	**0**	**50,722**
	Service Development	A849 Pennyghael Bridge Mull	127	1	3	0	0	131
		Campbeltown Old Quay	1,376	1	47	0	0	1,424
		Cycleways - H&L (FSPT)	2,267	126	229	0	0	2,622
		Preliminary design for Regional Transport projects (tif)	192	10	19	0	0	221
	Service Development Total		**3,962**	**138**	**298**	**0**	**0**	**4,398**
	Strategic Change	Campbeltown Flood Scheme	4	76	0	0	0	80
		Harbour Investment Programme	0	319	0	0	0	319
		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**	**4,118**	**0**	**198**	**0**	**16,714**
Roads and Amenity Services Total			**51,634**	**9,665**	**4,649**	**5,886**	**0**	**71,834**
Overall Total			**73,680**	**30,739**	**13,333**	**10,028**	**14,884**	**142,664**

CAPITAL PLAN 2017-18
Live Argyll

APPENDIX 8

Head of Service	Category	Project	Previous Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Future Years £'000s	Total £000s
Live Argyll	Asset Sustainability	Aqualibrium	168	102	100	0	0	370
		Bute Community Education Centre	9	41	110	0	0	160
		Campbeltown Museum - Burnet Bldg	79	3	24	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	-2	202	0	0	231
		Moat Centre	0	12	88	0	0	100
		Oban Library (Leased Property)	0	60	0	0	0	60
		Rothesay Swimming Pool	118	43	184	0	0	345
		Victoria Hall, Campbeltown	589	47	4	0	0	640
		Victoria Halls, Helensburgh	225	13	44	0	0	282
	Asset Sustainability Total		**2,010**	**375**	**806**	**0**	**0**	**3,191**
	Service Development	Archives - Wee Manse Brae	41	87	0	0	0	128
		Riverside Leisure Centre Refurbishment	1,041	45	0	0	0	1,086
	Service Development Total		**1,082**	**132**	**0**	**0**	**0**	**1,214**
	Strategic Change	Carbon Management	13	37	0	0	0	50
	Strategic Change Total		**13**	**37**	**0**	**0**	**0**	**50**
Live Argyll Total			**3,105**	**544**	**806**	**0**	**0**	**4,455**
Overall Total			**3,105**	**544**	**806**	**0**	**0**	**4,455**

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

ANNUAL TREASURY REPORT 2017-18

1. EXECUTIVE SUMMARY

1.1 This report outlines the Council's Treasury Management position for 2017-18.

1.2 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual review of treasury management activities and the actual prudential and treasury indicators and submit this to Council. The report at Appendix 1 meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.3 The economic and interest rate commentaries included within the Annual Treasury Report are provided by the Council's Treasury Advisors, Link Asset Services, to assist in the consideration of the Council's treasury performance.

1.4 The key points to note from the annual report are:

- Reporting requirements under the Code were met during 2017-18.
- During 2017-18 the Council's External Borrowing Increased by £8m from £170.5m at 31 March 2017 to £178.5m at 31 March 2018. The increase was due to new borrowing from the Public Works Loans Board (PWLB) of £20.0m at historically low interest rates. This was offset by repayments of £8.9m to the PWLB and a reduction in temporary borrowing of £3.1m.
- Investments at 31 March 2018 were £70m at an average rate of 0.670% compared to £64m at an average rate of 0.660% for 31 March 2017.
- The average investment rate for 2017-18 was 0.554% compared to the average 7 day LIBID rate of 0.214%.The investments generated £0.425m of income.
- The Asset Management Fund was invested in an enhanced Money Market Fund during 2017-18 to increase the rate of return while future long term investment of the fund is being assessed. The return on the fund was £15,302 a rate of return of 0.756%.

1.5 In addition to the points noted above, the annual report provides information on the capital financing requirement in Section 3. The Capital Financing Requirement (excluding NPDO commitments) was £177.802m as at 31 March 2018 and this is £0.685m lower that the Council's external debt, resulting in the Council being in an over borrowed position at the end of the financial year. The reason for being in an over-borrowed position is that there was unexpected slippage in the Council's capital plan at the year end and borrowing had already been taken out during the year, at very advantageous rates, predicated based on the budgeted capital expenditure. The over-borrowing will correct itself once the expenditure which slipped is spent during

2018-19.

1.6 Management of the debt portfolio resulted in a decrease in the average interest rate of 0.3% due to an increase in long term borrowing which generated a saving in loans charges. Over the last 2-3 years there have been savings within loans charges due to a number of reasons and it was agreed as part of the budget to make special repayments of principal in order to reduce the Council's loans charges in the future. Due to the level of unallocated General Fund balance and the risks associated with the financial position of the Health and Social, £0.500m of special repayments have been deferred and this underspend will be transferred to the General Fund balance.

2. RECOMMENDATIONS

2.1 Council are asked to approve the Annual Treasury Management Report.

3. IMPLICATIONS

3.1 Policy – None

3.2 Legal – None

3.3 Human Resources – None

3.4 Financial – None

3.5 Equal Opportunities – None

3.6 Risk – None

3.7 Customer Service – None

Kirsty Flanagan, Head of Strategic Finance
Gary Mulvaney Policy Lead for Strategic Finance

For further information please contact Peter Cupples, Finance Manager – Corporate Support 01546-604183

Appendix 1 – Annual Treasury Report 2017-18

Appendix 1

ANNUAL TREASURY REPORT

2017-2018

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017-18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2017-18 the minimum reporting requirements were that the full Council or the Policy and Resources Committee should receive the following reports:

- an annual treasury strategy in advance of the year (Council 23 February 2017)
- a mid-year (minimum) treasury update report (Policy and Resources Committee 8 December 2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, the Policy and Resources Committee has received treasury management update reports on 17 August 2017, 19 October 2017 and 15 February 2018.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Policy and Resources Committee.

2. The Economy and Interest Rates

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

3. Overall Treasury Position as at 31 March 2018

At the beginning and the end of 2017-18 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	31 March 2017 Principal	Rate/ Return	Average Life yrs	31 March 2018 Principal	Rate/ Return	Average Life yrs
Total debt	***£171m***	***5.0%***	***33.7***	***£178m***	***4.7%***	***35.1***
CFR	***£180m***			***£177m***		
Over / (under) borrowing	***(£9m)***			***£1m***		
Total investments	***£64m***	***0.7%***		***£70m***	***0.7%***	
Net debt	**£107m**			**£108m**		

The Council was over borrowed at the 31 March 2018 as a result of slippage of expenditure in the capital programme during 2017-18 resulting in borrowing exceeding the CFR by £0.685m.

4. The Strategy for 2017-18

The expectation for interest rates within the treasury management strategy for 2017-18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31 March 2020. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017-18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017-18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

5. The Borrowing Requirement and Debt

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

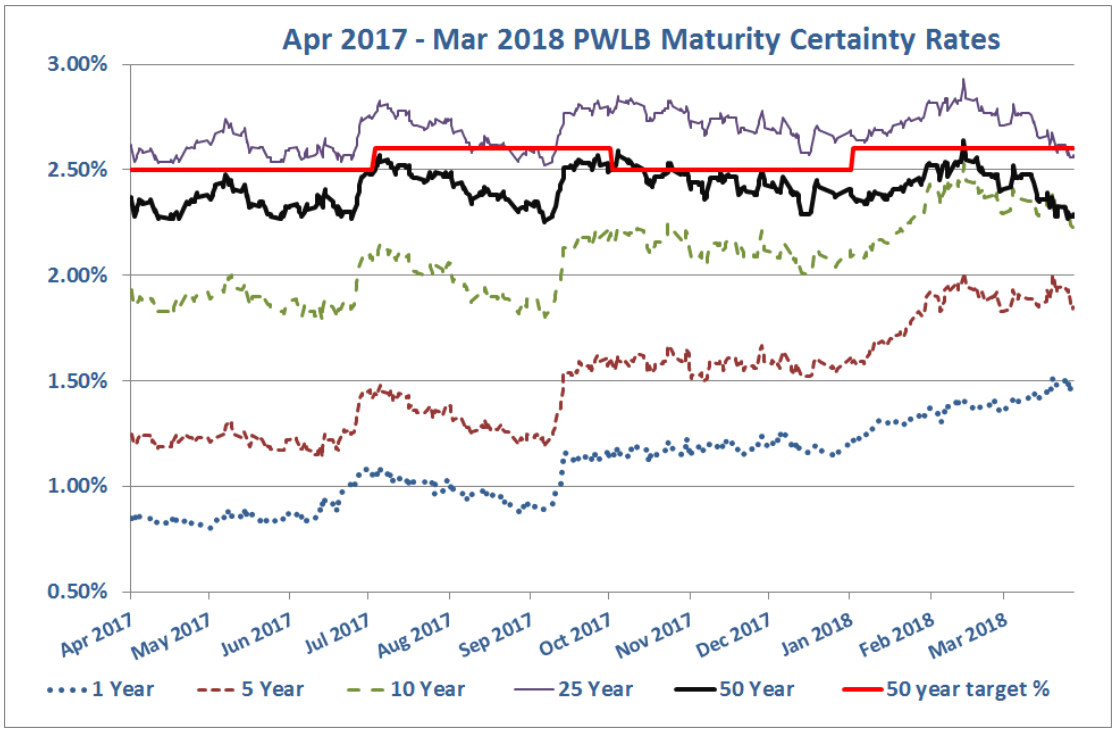
	31st March 2017 Actuals £M	**31st March 2018 Budget £M**	**31st March 2018 Actuals £M**
CFR - General Fund	254	304	306
Less NPDO	74	124	128
Net CFR	180	180	178

6. Borrowing Rates in 2017-18

Public Works Loans Board (PWLB) certainty maturity borrowing rates
As depicted in the graph below PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graphs for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2017-18

Borrowing – the following long term loans were taken during the year: -

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£10m	Fixed Interest Rate	2.38%	50 years
PWLB	£10m	Fixed Interest Rate	2.40%	50 years

Rescheduling
No rescheduling was carried out during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

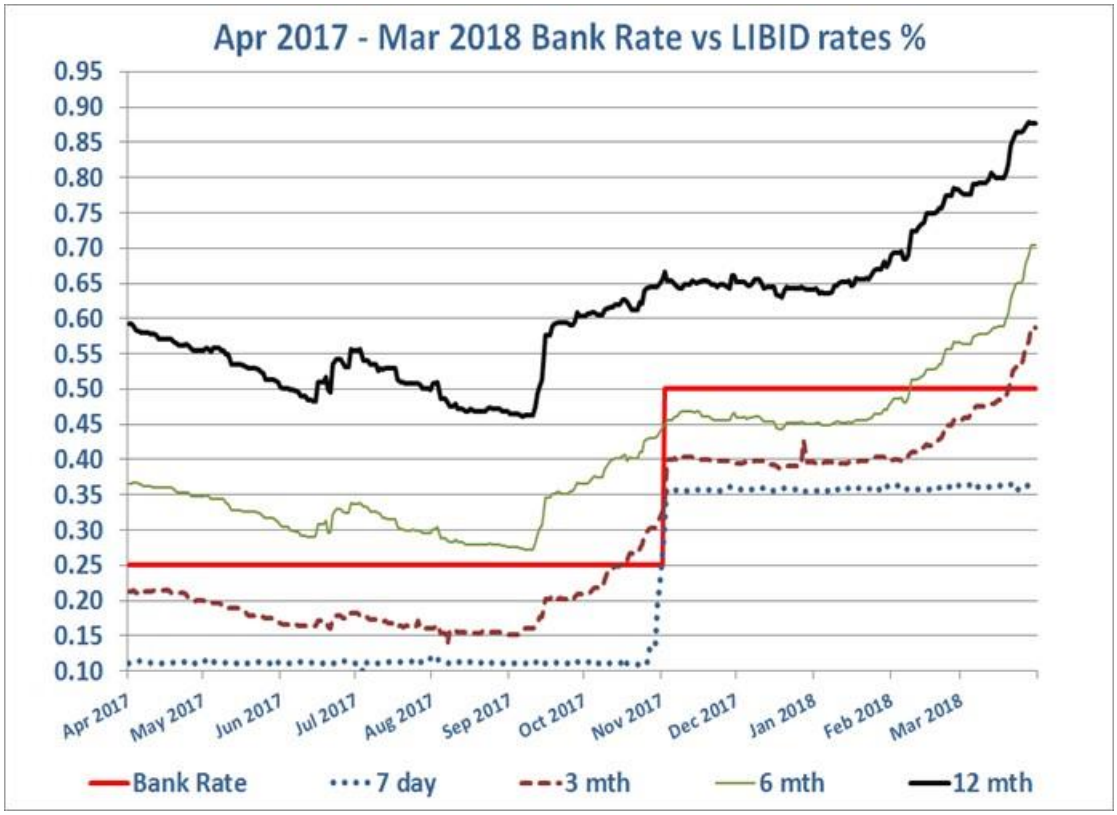
Repayments
The Council repaid the following long term loans during the year using investment balances.

Lender	Principal	Type	Interest Rate
PWLB	£0.33 m	Fixed Interest Rate	9.88%
PWLB	£0.63m	Fixed Interest Rate	10.25%
PWLB	£0.81m	Fixed Interest Rate	10.50%
PWLB	£2.41m	Fixed Interest Rate	9.50%
PWLB	£0.87m	Fixed Interest Rate	9.75%
PWLB	£0.87m	Fixed Interest Rate	9.88%
PWLB	£3.00m	Fixed Interest Rate	3.84%

Summary of debt transactions
Management of the debt portfolio resulted in a decrease in the average interest rate of 0.3% due to an increase in long term borrowing and this has contributed to savings in loans charges in 2017-18. Savings of £0.500m have been reported and transferred to the General Fund and the remaining underspend has be used to make special repayments of principal thereby reducing the budget required in future years, as agreed at budget setting time.

8. Investment Rates in 2017-18

Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2 November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017-18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28 February 2018.



9. Investment Outturn 2017-18

Investment Policy – the Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 23 February 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council - the Council maintained an average daily balance of £76.6m of internally managed funds. The internally managed funds earned an average rate of return of 0.554%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.215%. This generated £0.425m of interest in 2017-18.

Asset Management Fund – the Council invested the £2m Asset Management Fund in an enhanced Money Market Fund during 2017-18 to increase the rate of return while future long term investment of the fund is being assessed. The return on the fund was £15,302 a rate of return of 0.765%.

10. Prudential and Treasury Indicators

During 2017-18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2016-17 Actual £000	2017-18 Original £000	2017-18 Actual £000
Capital expenditure	25,861	57,710	65,353
Capital Financing Requirement	253,910	304,627	306,433
Gross borrowing	244,562	277,549	307,118
External debt	170,550	153,490	178,487
Investments	63,722	53,000	69,915
Net borrowing	106,828	100,490	108,572

All investments were for less than one year, in line with the investment strategy.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015-16) plus the estimates of any additional capital financing requirement for the current (2016-17) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2017-18.

The authorised limit – this Council has kept within its authorised external borrowing limit as shown by the table above.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2017-18
Authorised limit	£341m
Maximum gross borrowing position	£246m
Operational boundary	£333m
Average gross borrowing position	£240m
Financing costs as a proportion of net revenue stream	7.4%

The maturity structure of the debt portfolio was as follows:

	31st March 2017 Actual	**2017/18 Original Limits**	**31st March 2018 Actual**
Under 12 months	£12.6m	£53.5m	£6.0m
12 months and within 24 months	£5.5m	£53.5m	£6.4m
24 months and within 5 years	£11.9m	£53.5m	£11.4m
5 years and within 10 years	£5.9m	£71.4m	£0.0m
10 years and within 20 years	£7.0m	£142.8m	£7,09m
20 years and within 30 years	£5.8m	£142.8m	£5.8m
30 years and within 40 years	£33.8m	£142.8m	£33.8m
40 years and within 50 years	£57m	£142.8m	£77.0m
50 years +	£31m	£142.8m	£31.0m
Total	£170.5m	£946.0m	£178.49m

The Council's exposure to fixed and variable interest rates in respect of borrowing was as follows which demonstrates that at the year-end the proportion of fixed and variable borrowing was within the agreed limits:

	31 March 2017 Actual	2017-18 Original Limits	31 March 2018 Actual
Fixed rate (principal or interest) based on net debt	119%	190%	118%
Variable rate (principal or interest) based on net debt	42%	60%	47%

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

ANNUAL EFFICIENCY STATEMENT 2017-18

1. EXECUTIVE SUMMARY

1.1 The main purpose of this report is to present the Council's Annual Efficiency Statement to Council for noting.

1.2 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year, along with summary detail on some of the main ways the Council is delivering efficiency savings.

1.3 The Council must submit their 2017-18 Annual Efficiency Statement to COSLA by 17 August 2018.

1.4 The Council has achieved £6.475m in efficiency savings for 2017-18 which exceeds the target requirement of £4.687m.

ARGYLL AND BUTE COUNCIL	**COUNCIL**
STRATEGIC FINANCE	**28 JUNE 2018**

ANNUAL EFFICIENCY STATEMENT 2017-18

2. INTRODUCTION

2.1 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year. The Annual Efficiency Statement for 2017-18 is attached as an appendix to this report for noting.

3. RECOMMENDATIONS

3.1 Council to consider the contents of the Annual Efficiency Statement for 2017-18

4. DETAIL

4.1 For 2017-18, the Scottish Government expects every public body to deliver efficiency savings of at least 3% and to report publicly on the actions undertaken and the results achieved. Council's must publish an Annual Efficiency Statement each year. The Annual Efficiency Statement is attached as an appendix to this report and has been prepared in accordance with the guidance issued by COSLA.

4.2 The 3% efficiency savings are calculated based on departmental expenditure limit (DEL). Income from Non-Domestic Rates (NDR) is annually managed expenditure so falls outwith DEL. The Scottish Government funding for the Council for 2017-18 was £192.413m. The NDR element of the funding amounted to £29.615m giving funding excluding NDR of £162.798m. This gives rise to a 3.00% efficiency savings target of £4.884m. The total efficiency saving achieved for 2017-18 was £6.475m (4.14%) as outlined in the attached statement and this exceeds the target saving.

4.3 Arrangements continue to be in place to monitor and report on progress with efficiency savings through the Performance Improvement Framework (PIF) and Performance Scorecards.

5. CONCLUSION

5.1 The Council achieved its efficiency savings target for 2017-18.

6. IMPLICATIONS

6.1	Policy –	None.
6.2	Financial -	The Council has achieved its efficiency target for 2017-18.
6.3	Legal -	None.
6.4	HR -	Individual efficiency savings may have had human resource implications and these would have been discussed with the Trade Unions.
6.5	Equalities -	Individual efficiency savings may have had equality implications and equality impact assessments would have been carried out where required.
6.6	Risk -	None.
6.7	Customer Service -	Individual efficiency savings may have had customer service implications.

Kirsty Flanagan
Head of Strategic Finance
30 May 2018

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

APPENDICES
Appendix 1 – Annual Efficiency Statement 2017-18

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2017-18

1	**Local Authority Name**	Argyll and Bute Council
2	**Total cash efficiency achieved for 2017-18**	£6.475m (4.14%)
3	**Summary of efficiency activity** The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas. The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year. Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved.	<u>Service Choices Programme</u> The Council agreed a range of savings options in 2017-18 as part of a programme of change and improvement and this included a number of efficiency savings. There were 25 efficiency related management savings totalling £1.478m and 34 efficiency related Service Review Policy savings totalling £0.907m, producing an overall efficiency related budget savings total of £2.385m. Savings included: • Replacing street lighting units to LED which will also reduce future maintenance and energy cost. • Creation of a Charitable Lesiure Trust • Reduced administration costs due to improving processes and systems and use of more digital technology including more automation. • Corporate approach to monitoring and managing utility costs. <u>Channel Shift</u> The council has tracked performance of its digital channels since 2010 and the extent to which they encourage external customers to shift to more efficient, lower cost digital self-service channels. The potential savings in 2017-18 amount to £498,326 generated from transactional digital services using the methodology previously agreed by the Senior Management Team and SOCITM channel cost benchmark approach. These savings are not directly recouped from Services, but are an enabler for helping to deal with wider related funding reductions and increased demand. They are not included in the total efficiency savings figure noted above. <u>Transformation Board</u> The Transformation Board was established by the Senior Management Team to provide clear focus and governance for taking forward all elements of the Council's Transformational activities. It supports the Council in delivering the transformational approach required of local authorities by the Accounts Commission to deal with the forecast significant reductions in budget allocations. The Scottish Government and the Commission have expressed a clear

		direction of travel for Councils to move away from the historical “salami slicing” method of achieving savings to a more strategic change in character and form. <u>Fleet Management</u> Review work is being undertaken of current practices including an overview of existing management controls and systems, the cost of providing the service, vehicle acquisition and funding policy, internal charging mechanisms and service levels provided to users. Fleet utilisation will be analysed and a policy prepared in relation to purchasing, whole life costing and disposal processes. Consideration is also being given to industry standard budgeting methods and more pro-active reviews of management information. <u>One Council Property Approach</u> The Council at its meeting on 22 February 2018 agreed to provide resource to take forward a new initiative entitled “Once Council Approach to Property”. This initiative is a change in the approach to the management of the Council’s land and buildings from a static or reactive position (where properties are considered to be held or owned by individual services) to a proactive property development service. This would mean that that all heritable property owned by the Council would be held corporately and not by individual “holding” departments, as has been the case to date, to enable the Council to take a more consistent and strategic corporate view across all heritable property it owns. Efficiency savings should be achieved in future years from this initiative. <u>Procurement</u> The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. The procurement and commissioning team through their work with the Transformation Board are benchmarking with other local authorities as to the level of centralisation of their procurement function and the financial cost savings benefits as a result of this centralisation. The benchmarking exercise will allow us to review what we are currently delivering via procurement support and savings and what could further be achieved by redesigning our systems, processes,

		procedures and methods of purchasing and contract management across council services. <u>Performance Improvement Framework (PIF)</u> A new Performance and Improvement Framework (PIF) was introduced and approved by Council in April 2017. The change in name to Performance and Improvement Framework retains the essential nature of ensuring we are accountable and report strategic performance, but also that our focus is on improvement and supporting effective scrutiny. Early implementation of the first stage of simplifying the planning process has already been put in place to simplify the service outcomes, reduce their number and create a smaller number of business outcomes. This approach was applied to the service planning process for 2017-20 and approved by Council at the budget meeting in February 2017. The duration of plans will extend beyond the previous single year horizon to 3 year plans to provide consistency and improve the opportunity to deliver on key council outcomes and priorities. The PIF approach will lead to updated scorecards, which will enable elected Members to focus on high level and strategic outcomes rather than low level activity measures. Officers will continue to monitor actions and measures and will continue to review operational performance and ensure that performance delivers on the priority outcomes. The most important part of the PIF will be to identify outcome indicators that clearly show that the actions we take are making a difference and actively contributing to our strategic aims.
4	**Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000** (only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.	Procurement = £4.090m The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. Heads of Service and Procurement Action Managers are working together to achieve targets and ensure as much spend as possible is put through systems to obtain better spend information in the future.
		Shared Services = £0 additional savings in current year. There are a number of joint

		working arrangements which have previously given rise to efficiency savings and which continue to add value.
		Asset Management = £0.146m additional savings as part of the Service review process, the largest of the savings in relation to replacing lighting units to LED which will also reduce future maintenance and energy costs.
5	**Evidence**: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	A high level approach to verifying performance has been taken using the business outcomes on the performace scorecards. The business outcomes are measured using the key success measures for ongoing service delivery in important areas of the Councils business. On this basis they can be assumed to represent quality and delivery in key service areas. The business outcomes are classified as red or green where green represents on target and red is off target. There is also an amber classification which indicates that more than half of the actions within the business outcome are on track. If the business outcomes are predominately classed as green or amber then this indicates the standards for service quality and delivery are being achieved. As at March 2018, out of 41 business outcomes, all 41 were either green or amber. This indicates that service quality is at the standards specified in the service plan and on this basis the efficiency savings have not had a negative impact on service delivery.

Signed

Cleland Sneddon, Chief Executive

Signed

Aileen Morton, Council Leader

Date:

This page is intentionally left blank

Agenda Item 7h

ARGYLL AND BUTE COUNCIL **COUNCIL**

STRATEGIC FINANCE **28 JUNE 2018**

STRATEGIC HOUSING FUND ANNUAL REPORT 2017-18

1.0 EXECUTIVE SUMMARY

1.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund;
- An Empty Homes Strategy, and
- To promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

In line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

1.2 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2017-18, the current balance on the SHF as at 31 March 2018 and all future commitments against this balance.

1.3 The closing balance as at 31 March 2018 on the SHF is outlined in the table below:

	Opening Balance at 1 April 2017 £m	**Income 2017-18 £m**	**Expenditure 2017-18 £m**	**Closing Balance at 31 March 2018 £m**
Earmarked Balance in General Fund	6.176	1.989	(2.190)	5.975
Useable Capital Receipts Reserve	2.783	0.005	0	2.788
TOTAL	**8.959**	**1.994**	**(2.190)**	**8.763**

1.4 There are a number of outstanding commitments against the SHF balance, as at 31 March 2018, and these total £2.008m.

1.5 The uncommitted SHF balance as at 1 April 2018 is £6.755m. There are plans to fully utilise this uncommitted balance over 3 years (2018-21) to support the

affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in September 2017.

The Scottish Government have allocated £51.57m in Resource Planning Assumption (RPA) to Argyll and Bute to deliver affordable housing until 2021. This will deliver over 700 affordable housing units. In order for Argyll and Bute Council to support this ambitious programme with the current SHF agreed funding level of £12,000 per affordable housing unit delivered, the SHF will be required to contribute £8.4 million over the period to 2021.

The expected future income to the SHF of £1.9 million per annum will ensure that there will be sufficient money in the fund to contribute to the delivery of the SHIP and enable the RSLs to make full use of the RPA allocated by the Scottish Government up to 2021.

ARGYLL AND BUTE COUNCIL	**COUNCIL**
STRATEGIC FINANCE	**28 JUNE 2018**

STRATEGIC HOUSING FUND ANNUAL REPORT 2017-18

2.0 INTRODUCTION

2.1 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2017-18, the current balance on the SHF as at 31 March 2018 and all future commitments against this balance.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Council:

(a) Note the report on income and expenditure for 2017-18 and the balance on the SHF as at 31 March 2018.

(b) Note the estimated future income for SHF for 2018-19.

4.0 DETAIL

4.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund;
- An Empty Homes Strategy, and
- To promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

Subsequently, in line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

4.2 In September 2007, a further report went to Council to formally agree the arrangements for the operation of the SHF. The following items of expenditure were deemed appropriate and agreed:

- Expenditure incurred in relation to assets formally held on the Housing Revenue Account;
- Expenditure relating to the acquisition of land for the landbank;
- Expenditure related to the purchase of homes under the empty homes initiative;
- Payments to enhance infrastructure where this is restricting the development of affordable housing, and
- Payments to registered social landlords (RSLs) to partially fund proposed projects to deliver houses in accordance with the local housing strategy.

4.3 The introduction of the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 provided enabling powers for further regulations to modify council tax discounts. The new legislation defined new categories of unoccupied properties which differed from the previous categories, and provided new discretions for charging council tax on these new categories. The new regulations allowed the council to determine that, instead of a reduced discount of a minimum of 10%, no discount, or an increase in council tax of up to 100% may apply.

4.4 In 2016 The Scottish Government announced its intention to introduce legislation to allow councils to end the Council Tax discount for second homes from April 2017 in "A Plan for Scotland: The Government's Programme for Scotland 2016-17". Legislation brought this into effect from 1 April 2017 and the Policy & Resources Committee at its meeting on 27 October 2016 agreed that the Council should exercise its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 to vary the council tax charge on second homes such that no discount applies across the whole of the council area with effect from 1 April 2017. There has been no significant change on the Strategic Housing Fund as a result of this.

4.5 The Council also exercised their discretion to increase the council tax charge on empty properties, where the dwelling has been unoccupied for over 12 months, by 100% across the whole council area with effect 1 April 2014 and this additional income is not ring-fenced to the SHF.

4.6 There are currently two elements to the SHF balance:

Earmarked Balance in General Fund Reserve

Income collected from council tax on second homes which can only be used for investment in affordable, sufficient and suitable housing. The current balance in this reserve represents income from council tax collections from previous financial years. Each year the actual income collected is transferred into this earmarked balance and is, on average, c. £1.9m.

Useable Capital Receipts Reserve

This relates to the accumulated unspent capital receipts from the sale of council houses prior to the transfer of the housing stock. Any sale of residual HRA property or land is transferred to this reserve when the capital receipts are received.

4.7 The closing balance as at 31 March 2018 on the Strategic Housing Fund is outlined in the table below:

	Opening Balance at 1 April 2017 £m	**Income 2017-18 £m**	**Expenditure 2017-18 £m**	**Closing Balance at 31 March 2018 £m**
Earmarked Balance in General Fund	6.176	1.989	(2.190)	5.975
Useable Capital Receipts Reserve	2.783	0.005	0	2.788
TOTAL	**8.959**	**1.994**	**(2.190)**	**8.763**

4.8 Further detail of the income and expenditure for 2017-18 is included as Appendix 1.

4.9 There are a number of outstanding commitments against the Strategic Housing Fund. There is usually a delay between grants being approved and the monies being released. Included as Appendix 2 is a list of these outstanding commitments, these funds were not released prior to 31 March 2018.

The Scottish Government have allocated £51.57m in Resource Planning Assumption (RPA) to Argyll and Bute to deliver affordable housing until 2021. This will deliver over 700 affordable housing units. In order for Argyll and Bute Council to support this ambitious programme with the current SHF agreed funding level of £12,000 per affordable housing unit delivered, the SHF will be required to contribute £8.4 million over the period to 2021.

The expected future income to the SHF of £1.9 million per annum will ensure that there will be sufficient money in the fund to contribute to the delivery of the SHIP and enable the RSL's to make full use of the RPA allocated by the Scottish Government up to 2021.

4.10 The table below sets out the uncommitted balance on the fund as at 31 March 2018.

	£m
Balance at 31/03/18	8.763
Commitments re Appendix 2	2.008
Uncommitted Balance	**6.755**

4.11 There are plans to fully utilise this uncommitted balance over 3 years (2018-21) to support the affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in September 2017. In 2016, Council set a target of 110 affordable housing completions per annum, based on the need evidenced through the Housing Need and Demand Assessment (HNDA) process.

4.12 The estimated income from council tax on second homes for 2018-19 is £1.9m.

4.13 In addition to the above, the council has used reserves to advance loans to RSL's in line with the approach agreed in August 2013. Details of the loans advanced and balances outstanding at 31 March 2018 are set out below:

RSL	Scheme Name	Amount Committed £m	Amount Advanced £m	Rate of Interest %	Repayment Period (years)	Amount o/s 31/03/18 £m
FYNE	Courthouse	1.900	1.900	1.93	9	0.450
ACHA	Glenshellach	2.305	2.305	4.45	25	2.085
ACHA	Bonawe	0.123	0.123	4.43	25	0.113
ACHA	Hood Court	0.603	0.603	4.43	25	0.557
FYNE	St Cuthbert's	0.201	0.201	3.14	25	0.192
WHHA	Port Ellen	0.955	0.955	2.85	25	0.948
The Port Ellen Station	Port Ellen Police Station	0.080	0.080	2.12	10	0.080
Total		**6.167**	**6.167**			**4.425**

5.0 CONCLUSION

5.1 The Strategic Housing Fund makes a significant contribution to the new affordable housing development programme in Argyll and Bute. The closing balance on the fund at 31 March 2018 was £8.763m with future outstanding commitments of £2.088m, leaving an uncommitted balance of £6.755m to further support the affordable housing development programme as set out in the Strategic Housing Improvement Plan (SHIP) agreed by Council in September 2017.

6.0 IMPLICATIONS

6.1 Policy: None

6.2 Financial: None, Strategic Housing Fund will continue to be administered in line with approved policy.

6.3 Legal: None

6.4 HR: None

6.5 Equalities: None

6.6 Risk: None

6.7 Customer Service: None

Kirsty Flanagan, Head of Strategic Finance
Councillor Gary Mulvaney – Policy Lead Strategic Finance and Capital Regeneration Projects
Councillor Robin Currie – Policy Lead Communities, Housing, Islands and Gaelic
30 May 2018

APPENDICES

Appendix 1: SHF Income and Expenditure 2017-18

Appendix 2: Outstanding SHF Commitments

APPENDIX 1

SHF Opening Balance 2017-18 6,175,196

2017-18 INCOME

Income from Council Tax on Second Homes 1,989,213

2017-18 EXPENDITURE

RSL	**Scheme**		
ACHA	St Oran's Place, Connel	250,000	
ACHA	Glenshellach, Oban	96,000	
ACHA	St Oran's Place, Connel & Heatherbank, Cairnbann	36,000	
ACHA	Travelling Person Sites	41,228	
Total ACHA			423,228
FYNE HOMES	Lochgilphead Phase 4	192,000	
FYNE HOMES	Minard	72,000	
FYNE HOMES	Spence Ct, Dunoon	192,000	
Total FYNE HOMES			456,000
DHA	Succoth, Greener Standard	941272	
Total DHA			941272
WHHA			
	Benderloch Phase 2	144000	
Total WHHA			144000

1,964,500

Other Spend

Empty Homes Grants	80,349	
ABC Strategic Housing Staff	145,044	225,393

SHF Closing Balance 2017-18 5,974,516

APPENDIX 1.1

Strategic Housing Fund (SHF) 2017-18

Usable Capital Receipts (UCR)

	£	£
UCR Opening Balance 2017-18		**2,782,740**
2017-18 INCOME		
HRA Revenue Interest on UCR Reserve	5,587	**5,587**
UCR Closing Balance 2017-18		**2,788,327**

APPENDIX 2

Outstanding Strategic Housing Fund Committments

RSL	Scheme	Grant Approved	Total Drawn Down as at 31/03/17	Commitment Remaining
		£	£	
ABC	Council Serviced Tenancies (SHQS)	572,000	57,623	514,377
ABC	Furnace Coastal Protection	69,000	57,784	11,216
ACHA	Off the Shelf - St Oran's Place, Connel & Heatherbank, Cairnbann	60,000	48,000	12,000
ACHA	Carnan Rd, Coll	24,000		24,000
ACHA	Glenshellach, Oban Phase 11 & 12	504,000		504,000
ACHA	Jutland Ct, Helensburgh	384,000		384,000
ACHA	Benmore View, North Connel	12,000		12,000
ACHA	Barran, Kilmore	72,000		72,000
ACHA	Sealladh Na Mara, Bowmore (Phase 3	240,000		240,000
Pagan (93b)	Empty Homes	20,000	19,968	32
Port Ellen Station	Empty Homes Loan	80,000		80,000
Strapp	Empty Homes	7,500	4,650	2,850
	Staff Costs	145,044	145,044	151,668
TOTAL		**2,189,544**	**333,069**	**2,008,143**

Agenda Item 8

ARGYLL AND BUTE COUNCIL	**COUNCIL**
CUSTOMER SERVICES	**28 JUNE 2018**

WW100 Commemorative Event Islay 4th May 2018

1.0 EXECUTIVE SUMMARY

This report provides an update to Council on the national World War 1 centennial (WW100) commemoration on Islay on 4th May.

In 2015 The Council committed to supporting this national commemorative event and made a contribution of £25k to the local Group WW100 Islay. These funds supported an inspirational and ambitious programme of local events which included actively engaging young people in the act of remembrance and will provide a lasting legacy for the community on the Island. The outcome is of great credit to the local people and the organising group and in particular to the Chair, Jenni Minto.

The Council is invited to record its appreciation to the main organisers of the Commemorative event.

Recommendations

The Council is invited to:

a) record its appreciation to the local group, coordinated and represented by Jenni Minto, Museum of Islay Life, and the wider community on the achievement of this significant commemorative event, their commitment to ensuring a lasting legacy and the spirit of community, compassion and resilience which made the event an inspiring and unique tribute.

b) recognise the personal contribution from the Lord Lieutenant in leading on the organisation of the commemorative event and his support for the request to the Princess Royal to attend the event on Islay on 4th May.

c) to formally record their gratitude and appreciation of the decision of the WW100 Commemorations Panel to hold a national commemorative event on Islay and in particular to record its thanks for the personal and continuing commitment shown by Professor Drummond and his team and to those colleagues in the Scottish government, led by Mrs Marion Morris, on the planning and delivery of the event.

d) to formally recognise the contribution made by Council staff to ensuring a successful event which included staff from across Governance & Law, Roads and Amenity, Planning & Regulatory and Education Services, and to thank all those employees involved for their efforts.

ARGYLL AND BUTE COUNCIL	**COUNCIL**
CUSTOMER SERVICES	**28 JUNE 2018**

WW100 Commemorative Event Islay 4th May 2018

2.0 INTRODUCTION

This report provides an update to Council on the national World War 1 centennial (WW100) commemoration on Islay on 4th May.

In 2015 The Council committed to supporting this national commemorative event and made a contribution of £25k to the local Group WW100 Islay. These funds supported an inspirational and ambitious programme of local events which included actively engaging young people in the act of remembrance and will provide a lasting legacy for the community on the Island. The outcome is of great credit to the local people and the organising group and in particular to the Chair, Jenni Minto.

The Council is invited to record its appreciation to the main organisers of the Commemorative event.

3.0 RECOMMENDATIONS

3.1 The Council is invited to:

a) record its appreciation to the local group, coordinated and represented by Jenni Minto, Museum of Islay Life, and the wider community on the achievement of this significant commemorative event, their commitment to ensuring a lasting legacy and the spirit of community, compassion and resilience which made the event an inspiring and unique tribute.

b) recognise the personal contribution from the Lord Lieutenant in leading on the organisation of the commemorative event and his support for the request to the Princess Royal to attend the event on Islay on 4th May.

c) to formally record their gratitude and appreciation of the decision of the WW100 Commemorations Panel to hold a national commemorative event on Islay and in particular to record its thanks for the personal and continuing commitment shown by Professor Drummond and his team and to those colleagues in the Scottish government, led by Mrs Marion Morris, on the planning and delivery of the event.

d) to formally recognise the contribution made by Council staff to ensuring a successful event which included staff from across Governance & Law, Roads and Amenity, Planning & Regulatory and Education Services, and to thank all those employees involved for their efforts.

4.0 DETAIL

4.1 The Islay WW100 Event formed part of a series of First World War Commemorative Events being run by the Scottish Government from November 2014 until the 1 Jan 2019, recognising key aspects of that War which are particularly relevant to Scotland. The Islay event was headed by Professor Norman Drummond in his role as Chair of the WW100 Commemorations with support from the Lord-Lieutenant of Argyll and Bute, Patrick Stewart, Argyll and Bute Council and with considerable involvement from the people of Islay, coordinated and represented by Jenni Minto, Museum of Islay Life.

4.2 Islay and Jura lost over 200 of their own men on the battlefields and seas of WW1 and in 1918 the war arrived directly on the shores of Islay with the torpedoing of the troopship SS Tuscania and the collision of HMS Otranto with another vessel in her convoy which resulted in the deaths of over 500, mainly American, servicemen. The sinking of the SS Tuscania on 5 Feb 1918 was the first major loss of US troops as they transshipped to the UK and then onward to France to join the fledgling but rapidly expanding American Expeditionary Force under General John Pershing. Up to the sinking of the SS Tuscania, the effects of WW1 had not been physically visible to Islay residents (although many men had already died in France and elsewhere). The sinking of the SS Tuscania and the second tragedy of the loss of the HMS Otranto, so close to the end of WW1 and not due to enemy action, the human aftermath and the reaction of the islanders in aiding US and UK servicemen has remained a powerful inspiration on Islay to the present day.

4.3 The aim of the events on 4th May was therefore to conduct Remembrance and commemorate activity to honour the sacrifice and bravery of the American Troops, British Crews of the SS Tuscania and HMS Otranto and the Islay people involved in the response to the sinkings. Remembrance of Islay's wider losses in WW1 was also integral to the event as remembrance and commemoration is but one element and it was considered equally important to reflect on the events 100 years ago to consider what we might learn from these events and this was considered especially true for those under the age of 24yrs.

4.4 It is worth noting that the key 100th anniversaries of the sinking of the SS Tuscania (5 Feb 2018) and HMS Otranto (6 Oct 2018) fell outside of the 4 May 2018, this date was chosen as it coincided with the culmination of the major NATO maritime training event Exercise JOINT WARRIOR, and consequently enabled significant US, UK and German naval contributions to the event.

4.5 The commemorative event on 4th May commenced with a small Service for the Rededication of the American Monument at the Mull of Oa, a memorial service at sea involving British, American, French and German naval ships, a

larger public service at the Port Ellen War Memorial and a beating of the Retreat by the Royal Naval band as well as a number of tributes organised by the local communities. The event received extensive press and television coverage including coverage of the return of the American Flag to Islay, which was created by islanders in 1918 to ensure those lost at sea could be buried with respect and full military honours, and is now owned by the Smithsonian Museum in Washington DC.

4.6 HRH the Princess Royal and her husband Sir Tim Laurence undertook a number of tributes as part of the event which was also attended by a wide range of senior representatives from the UK, the USA, France and Germany as well as members of a wide range of communities across Islay and descendants of those people involved in the tragedy at the time. In addition to the memorial services these tributes included visits to the Commonwealth graves and the planting of new woods undertaken in conjunction with the Woodlands Trust at Dunlossit.

4.7 The event was the largest of the WW100 commemorations in Argyll and Bute and comes towards the end of a very fitting and respectful series of commemoration events commencing in 2014 and concluding later this year. The Council facilitates a steering group to assist the commemorations made up of Councillors, officers and representatives from the community. The group is Chaired by the Lord-Lieutenant of Argyll and Bute, whose involvement has been pivotal in securing support from across the community and throughout the whole Council area. The Council is invited to recognise that personal contribution from the Lord Lieutenant and his support for the request to the Princess Royal to attend the event on Islay on 4th May.

4.8 The WW100 Scottish Commemorations Panel was established by the Scottish Government under the chairmanship of Professor Norman Drummond to recommend a programme of events to commemorate the centenary of World War One. The Panel gave their consent and support for this event to take place in Argyll and Bute and the Council is invited to formally record their gratitude and appreciation for that decision and in particular to record its thanks for the personal and continuing commitment shown by Professor Drummond and his team and to those colleagues in the Scottish government, led by Mrs Marion Morris, on the planning and delivery of the event. There was also substantial support from an enormous range of other agencies and organisations including the, the Royal Navy, the British Legion, Police Scotland, Commonwealth War Graves Commission, the Woodlands Trust and the RSPB.

4.9 The Council will be gratified to receive the attached correspondence from Professor Drummond, and the Lord-Lieutenant commending Council staff for their efforts in supporting the successful delivery of the event on Islay. The range of Council staff who were involved across all departments was extensive and involved ongoing work over the last few years with a very intensive period of support leading up to the 4th of May. All services of the Council contributed to this support and in that respect it was truly a one Council approach to making this event such a memorable and fitting tribute to the soldiers and sailors who lost their lives, the people of Islay who responded so magnificently 100 years ago and finally to remember those

from Islay who lost their lives in World War One. ***Appendix 1&2.***

4.10 The Council WW1 Steering Group has sought to ensure that all of our communities have had an opportunity to pay their respects to those who gave their lives from across all of our communities and it is planned to draw all of the activity together and to report to Council at a future date on all that has been achieved.

4.11 The Provost approved a civic reception to recognise the contribution of those on Islay who had helped make the commemoration event a success and guests from the partners who helped deliver the service were warmly received in 1 Charlotte Street on the evening of 4th May. Schoolchildren from Islay High School provided music for the guests and the Council ensured that local suppliers from across the Island were contracted to provide the buffet based on local produce and the Council efforts were supplemented by gifts from local companies and distilleries. The feedback from those attending was that it was a truly fitting end to a memorable and uplifting day.

4.12 The event received massive media coverage, local national and international which has promoted Islay and the wider Argyll and Bute area in a most positive way. The feedback from Council staff who were involved on Islay was very positive indeed with the common response being that it was a privilege to be involved with such a special event. The lasting message from the event is that any visitor to the island will receive a welcome that is in keeping with that Islay tradition that was put to the test in 1918 and which was so suitably commemorated 100 years later on the 4th of May 2018.

The legacy as identified by the islanders to the WW1 Steering Group is as follows:

1. American Monument now scheduled by Historic Environment Scotland
2. All war Memorials cleaned and lettering redone
3. New railings for the Port Ellen Memorial
4. Schools engaged
   - All primary schools visited museum
   - Used WW1 as the hooks for different learnings
   - Endeavour project - p4/5 PE play
   - Poetry with Ryan Van Winkle
   - Music
   - Opportunity for children to perform in major commemoration.
5. Other island charities involved: Community Garden, Islay Arts, Islay Visual Arts, Feis Ile, Islay Quilters, both Islay Pipe bands, all Gaelic choirs, St Johns Caterers, South Islay Development, Ella's Highland Dancers
6. Islay businesses involved: all Distilleries, Kilchoman especially, Islay Ales, Guest Houses, Hotels, shops, Woollen Mill, Mundells, Anvil Arts,
7. Two WW100 woodlands - there will be 12,000 trees planted on Islay - 4 for every member of the population - Bruichladdich and Storakaig, Dunlossit

8. The flag is here - massive publicity
9. WW100 Trail being worked on - bronze plaques being inserted into local stone - 35 locations on Islay and Jura
10. Increased visitors and profile for the Museum - the same number of visitors in the first week of May as visited in the entire month of May last year! Increased income - increased opening times - increase in economy
11. Connections made with America
12. Connections in Argyll - education work through Kathleen Johnstone, Campbeltown pottery, hotels
13. Amazing coverage on TV, Radio and print media - increased visitors
14. Souvenir brochures …

5.0 CONCLUSION

5.1 The Commemorative Event on Islay to mark 100th anniversaries of the sinking of the SS Tuscania (5 Feb 2018) and HMS Otranto (6 Oct 2018) and the respectful and compassionate response of the islanders to these events, at a time when many of their own community were absent through war, was significant in honouring the sacrifice of servicemen and women, reflecting on the global impact of WWI and on the domestic impact of the war during 1914-18. The commemorations achieved a balance of remembrance as well as encouraging a spirit of research and inquiry in educational and genealogical terms, thus leaving a lasting legacy and the opportunity to showcase the resilience, compassion and kindness of a small island community which still has resonance today.

The outcome of the event is of great credit to the local people and the organising group and in particular to the Chair, Jenni Minto and the Council is invited to record its appreciation to the main organisers of the Commemorative event and to note the contribution made by Council staff to ensuring a successful event which included staff from across Governance & Law, Roads and Amenity, Planning & Regulatory and Education Services.

6.0 IMPLICATIONS

6.1 Policy: none
6.2 Financial: The Council had previously made funding provision for the event
6.3 and “in kind” support was also provided.
6.4 Legal: None
6.5 HR: None
6.6 Equalities: None
6.7 Risk: None
Customer Service: None

Douglas Hendry
Executive Director of Customer Services
21 May 2018

Policy Lead Councillor Rory Colville

For further information contact: Patricia O’Neill, Central Governance Manager P**hone**

01546 604384

Appendix 1 Letter from Professor Norman Drummond
Appendix 2 Letter from Lord-Lieutenant, Patrick Stewart

This page is intentionally left blank

WW100 SCOTLAND WW100 ALBA

WHAT DO WE LEARN FROM ALL THIS? DÈ DH'IONNSAICH SINN?

Scottish Commemorations Panel

Chair: Professor Norman Drummond CBE FRSE

Provost Len Scoullar
Argyll & Bute Council
Tangmeer
45 Craigmore Road
Rothesay
ISLE OF BUTE
PA20 9ES

7 May 2018

Dear Provost Len.,

I am writing on behalf of WW100 Scotland to thank you and the Leader and Members of Argyll & Bute Council for the inestimable hard work on various fronts which went into the preparation for and the successful undertaking of the national commemoration of the losses of SS Tuscania and HMS Otranto on Islay last Friday.

At each and every twist and turn Charles Reppke represented the Council with both aplomb and efficiency, to the extent that not only was the War Memorial in Port Ellen and its surroundings renovated but also all the various infrastructure arrangements blended in beautifully with the WW100 Scotland team members and their experienced requirements.

It has been a real pleasure for us all to work with Charles and his Council colleagues as indeed it was to be able to welcome you as Provost of Argyll & Bute Council and your Leader Aileen Morton and your Chief Executive Cleland Sneddon and members of your official party to the Reception in the Ramsay Hall after the Service at Port Ellen War Memorial and I am only sorry that my hosting duties and responsibilities prevented me from spending longer with you.

Victoria Quay, Edinburgh, EH6 6QQ
E-mail: ScottishCommemorationsPanel@gov.scot
Website: www.WW100Scotland.com

Please will you kindly convey to the Council and to all those most intimately and intricately involved, and not least Charles Reppke, our gratitude and high regard along with the sense of partnership which WW100 Scotland feels with Argyll & Bute council in what the Americans would term "a good job very well done".

Thank you again and very best wishes to you and all yours.

Yours Sincerely,
Norman

Victoria Quay, Edinburgh, EH6 6QQ
E-mail: ScottishCommemorationsPanel@gov.scot
Website: www.WW100Scotland.com

Patrick LM Stewart MBE WS

ARGYLL & BUTE

Craigadam, Low Askomil,
Campbeltown, Argyll PA28 6EP
01586 552161

8 May, 2018

Len Scoullar Esq,
Provost of Argyll & Bute,
Kilmory Castle,
LOCHGILPHEAD
Argyll PA31 8RT

Dear Len,

Royal Visit Islay 4 May 2018
Commemoration of the Losses of SS Tuscania and HMS Otranto 1918

May I thank you, very much indeed, not only for your personal support in attending, with Beverley, the events in Port Ellen last Friday, but also through you for the extensive and generous support of the Council for the event.

Without that support, which took many forms, from health and safety, to traffic management, to service provision, then through the use of Ramsay Hall, to victuals and, last but not least, the Civic Reception at 1 Charlotte Street, the event would have foundered without trace. (I hope that metaphor is not inappropriate in the circumstances!)

I am writing to Charles Reppke separately. He was outstanding in providing support almost constantly, himself and galvanising his colleagues, across the Council, to efforts which had my admiration.

If you get an opportunity to pass on my thanks to Councillors and staff for their moral and material support, I would be most grateful.

With kind regards,
Patrick

Office: 2 Castlehill, Campbeltown, Argyll PA28 6AW 01586 551717
E-mail: patrick@llab.org.uk

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL	**COUNCIL**
CUSTOMER SERVICES	**28 JUNE 2018**

COMMUNITY COUNCIL ELECTIONS

1.0 EXECUTIVE SUMMARY

This report provides information on the recent Community Council Election on 26 April and the By-Election on 26 June 2018.

Recommendation

The Council agrees to arrange a further round of by elections for the un-constituted community councils given recent informal contact as set out in section 5 and to delegate the arrangements for those to the Returning Officer.

ARGYLL AND BUTE COUNCIL	**COUNCIL**
CUSTOMER SERVICES	**28 JUNE 2018**

COMMUNITY COUNCIL ELECTIONS

2.0 INTRODUCTION

2.1 This report provides information on the recent Community Council Election on 26 April and the By-Election on 26 June 2018.

3.0 RECOMMENDATIONS

3.1 The Council agrees to, arrange a further round of by elections for the un-constituted community councils given recent informal contact as set out in section 5, and to delegate the arrangements for those to the Returning Officer.

4.0 DETAIL

4.1 A review of the Scheme for Community Councils in Argyll and Bute was undertaken in 2017 and was implemented in February 2018. Elections for all 56 Community Councils were held on 26 April 2018 where 44 of the Community Councils were constituted.

A participation campaign was run starting in February when all existing community councils were written to advising of the forthcoming elections and were provided with publicity leaflets to distribute and advertise. Customer service points, libraries, post offices and supermarkets were also provided with the leaflets. Press releases were published by the communications team and the elections webpage provided full information including the nomination packs. Local members were also asked to stimulate interest in their areas.

There were two contests for Jura and Kilninver & Kilmelford and 12 councils remained unconstituted. These were:-

Gigha	Dunbeg	Bute
Ardrishaig	Lismore	Cove & Kilcreggan
Oban	Ardentinny	Roseneath & Clynder
Seil & Easdale	Sandbank	Cardross

4.2 Further by-elections were run on 26 June 2018 to fill the remaining vacancies and after the close of nominations on 24 May 2018, 3 still remain unconstituted. These are:-

Ardentinny Lismore
Sandbank

4.3 The following courses of action are now open to the Council:-

1. The council may, without disestablishing it, leave the community council dormant and take no further action to hold an election until the council is satisfied that sufficient local interest is in place to support a sustainable community council,

2. the council may, following discussions within the community and with neighbouring community councils, disestablish the community council for which a follow up election has been held, adjust community council boundaries, and hold such fresh elections as may be necessary to ensure the area of the disestablished community council is adequately represented on the community council(s) covering the amalgamated area(s).

5.0 CONCLUSION

5.1 The Council will be running a further by-election as soon as convenient for these 3 unconstituted community councils as there has been some local interest recently. Thereafter the Council will not hold any further by-elections until the interim by-elections in 2020 (2 years) as per the new Scheme. Any remaining unconstituted community councils will remain dormant until that time. This is the process which has been adopted in the past for other unconstituted community councils and which allows the community time to reflect on whether there is support locally to establish a community council.

6.0 IMPLICATIONS

6.1 Policy - None
6.2 Financial - None
6.3 Legal - None
6.4 HR - None
6.5 Equalities – None
6.6 Risk - None
6.7 Customer Service - None

Executive Director of Customer Services – Douglas Hendry
Policy Lead's - Councillors Rory Colville and Robin Currie
21 May 2018

For further information contact: Charles Reppke, Head of Governance and Law
Phone 01546 60 4192

This page is intentionally left blank

ARGYLL & BUTE COUNCIL **COUNCIL**

CUSTOMER SERVICES **28 June 2018**

EXTRACT OF MINUTE OF PLANNING, PROTECTIVE SERVICES AND LICENSING COMMITTEE 20 JUNE 2018

* **15. CARAVAN SITES AND CONTROL OF DEVELOPMENT ACT 1960 - NEW LICENSING SYSTEM FOR MOBILE HOME SITES WITH PERMANENT RESIDENTS**

Consideration was given to a report outlining the Council's arrangements for a new licensing regime applicable to residential caravan sites and seeking approval for the setting of fees for First Time or Renewal of a licence. The new licensing remit is a statutory duty on the Council under the Caravan Sites and Control of Development Act 1960 as amended by Part 5 of the Housing (Scotland) Act 2014 and invoked by the Licencing of Relevant Permanent Sites (Scotland) Regulations 2016, and is in addition to the existing licensing regime relating to caravan sites regulated by Regulatory Services.

Decision

The Committee agreed:-

1. that the licensing regime continues to be regulated by Regulatory Services, and more specifically environmental health, given their current involvement with caravan site licensing;

2. to endorse the use of Model Standards as revised for use within the Council's licensing regime; and

3. to recommend to the Council the fee structure as detailed at section 7.7 of the Executive Director's report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 6 June 2018, submitted)

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL	**Planning, Protective Services and Licensing Committee**
Development & Infrastructure	**20th June 2018**

CARAVAN SITES AND CONTROL OF DEVELOPMENT ACT 1960
NEW LICENSING SYSTEM FOR MOBILE HOME SITES WITH PERMANENT RESIDENTS

1.0 EXECUTIVE SUMMARY

1.1 This report outlines the Councils' arrangements for a new licensing regime applicable to residential caravan sites (also known as park homes or mobile homes) and seeks Committee approval for the setting of fees for First Time or Renewal of a licence.

The new licensing remit is a statutory duty on the Council under the Caravan Sites and Control of Development Act 1960 as amended by Part 5 of the Housing (Scotland) Act 2014 and invoked by the Licencing of Relevant Permanent Sites (Scotland) Regulations 2016, and is in addition to the existing licensing regime relating to caravan sites regulated by Regulatory Services.

1.2 The Regulations were introduced to modernise the licensing regime where the enforcement provisions were outdated and there was few powers to deal with sites which failed to meet site conditions. The new regime gives local authorities a range of powers in relation to the granting, management and revocation of licences relating to residential caravan sites,

1.3 The licence conditions which the Committee is asked to approve have been updated and derived from the Model Standards of Circular 17/1990 issued by the Scottish Government for Caravan Site Licensing.

1.4 The intention, through the charging regime, is that the license scheme will be self-financing from the income generated from the 5 yearly period for licensing renewal.

1.5 **Recommendations**

Members are asked to consider this report and agree the following recommendations:

a) That the licensing regime continues to be regulated by Regulatory Services, and more specifically environmental health, given their current involvement with caravan site licensing.
b) To endorse the use of Model Standards as revised for use within the Councils licensing regime
c) To agree the fee structure detailed in section 7.7 and make the appropriate recommendation to Council.

ARGYLL AND BUTE COUNCIL	**Planning, Protective Services and Licensing**
Development & Infrastructure	**20TH June 2018**

CARAVAN SITES AND CONTROL OF DEVELOPMENT ACT 1960
NEW LICENSING SYSTEM FOR MOBILE HOME SITES WITH PERMANENT RESIDENTS

2.0 INTRODUCTION

2.1 On 1 May 2017 a new licensing system came into force for mobile home sites licensed to have permanent residents. The new system puts in place a new, robust, licensing system. The key measures of the new licensing system are:

- It gives local authorities a range of powers, and appropriate discretion in deciding how to use them, in relation to the granting, management, and revocation of licences,
- It introduces a 5 year licence period;
- It introduces a requirement that a site licence holder (and anyone directly managing a site) is a fit and proper person;
- It provides an effective process for site owners and site licence applicants to appeal against decisions by the local authority.

2.2 The framework for the new system was considered and passed by the Scottish Parliament as Part 5 of the Housing (Scotland) Act 2014. The new system was developed over several years, and followed two public consultations, and research in 2013 by Consumer Focus Scotland. This research found residents had experienced problems with maintenance, security or safety standards on sites; and issues around intimidation, abusive behaviour, vandalism, violence, or damage to property.

2.3 Regulations have been enacted to support the operation of the new licensing regime, these are cited as The Licensing of Relevant Permanent Sites (Scotland) Regulations 2016.

3 RECOMMENDATIONS

Members are asked to consider this report and agree the following recommendations:

a) That the licensing regime continues to be regulated by Regulatory Services, and more specifically environmental health, given their current involvement with caravan site licensing.
b) To endorse the use of Model Standards as revised for use within the Councils licensing regime
c) To agree the fee structure detailed in section 7.7 and make the appropriate recommendation to Council.

4.0 CURRENT ARRANGEMENTS FOR CARAVAN SITES

4.1 All caravan sites, subject to a few exemptions, require to be licensed under Part 1 of the Caravan Sites and Control of Development Act 1960. This applies to residential sites, and holiday and touring sites. Model Standards have been issued by the Scottish Government under section 5(6) of the 1960 Act to aid Local Authorities to issue a Licence with suitable conditions. The model standards are found in Circular 17/1990 and continue to be applicable. These site licences were granted in perpetuity.

5.0 WHO IS COVERED BY THE NEW LICENSING REGIME?

5.1 The new licensing regime only applies to sites which are used as relevant permanent sites. A relevant permanent site includes mobile home sites exclusively used for residential purposes, mixed holiday and residential sites, and private sites for travelling persons and/or gypsies. It does not apply to staff accommodation used to manage a holiday site or show people sites.

5.2 The new regime came into force 1 May 2017 for those applying for a site licence for the first time (interpreted as being a change of use of land to become a relevant permanent site) or a change of owner of an existing residential site that will now require licensing as relevant permanent site. Existing sites who already have a licence under Part 1 of the Caravan Sites and Control of Development Act 1960 have until 1 May 2019 to begin the 'First Site Licence' application process for a relevant permanent site.

5.3 For existing mixed residential and holiday sites that currently hold one licence based on the Caravan Sites and Control of Development Act 1960 then successful completion of the First Site application process for the part of the site that has residential caravans will result in the issue of ***two*** separate licences, one covering the holiday part of the site and one for the relevant permanent residential part of the site.

6.0 SPECIFIC IMPACT AND CONDITIONS

6.1 Argyll and Bute Council has 14 sites that have residential site licences or a mixture of residential and holiday usage. A new licence will not be required for residential units designated as site staff accommodation for employees on the site itself. The currently licensed sites which have residential status and would require to be licensed under the new regime are listed in Appendix A

6.2 Licences are issued with conditions attached and are not significantly different from the current standards which the Council have in place. . These conditions are based on the model standards set out in Scottish Government Circular 17/1990 which are due to be updated. Where appropriate, model conditions have been amended to reflect modern standards and practice. These are listed in Appendix B.

7.0 OVERVIEW OF THE NEW SYSTEM

7.1. The Caravan Sites and Control of Development Act 1960 has been amended by Part 5, Housing (Scotland) Act 2014. It inserts a new Part 1A into the 1960 Act creating a new licensing system for caravan sites that require a licence to have permanent residents.

7.2. Part 1A sets out new processes and measures for:

- issuing a new site licence;
- renewing a site licence;
- transferring a site licence;
- enforcing the new licensing system;
- revoking a site licence.

7.3. In general terms, the impact of the new regime on existing site operators of residential sites who are operating their site in compliance with the current license conditions will be will be minimal, other than having to pay for the licence. In summary:-

a) Applications for a new site licence, a renewal or transfer of a licence follow the same process.
b) There are no changes to the process for transferring of a site licence, which is appropriate when a site licence holder dies, and the site is inherited.
c) There is a new 'fit and proper' person test which will be applied to the applicant or person controlling the company/partnership and/or manager of a site. The test is applied to new applicants, renewals and for transfer of a licence and the legislation provides examples of the types of offences which can be included in this assessment (e.g. convictions relating to fraud, violence, antisocial behaviour, housing etc).
d) There is a new charging regime unless the application is for transfer or transmission within any current 5 year licence period.
e) There are response standards introduced to local authorities to determine, within 3 months from date of receipt of a valid application and fee, applications and to inform them of any decision.
f) There are new enforcement powers to local authorities and also new appeal provisions for licenses

7.4 Fee Structure: Under the 2014 Act a fee can be charged for a first site licence application, and for a licence renewal. There is no fee for transferring a site licence, or for a licence transmission.

7.5. The fee cannot be more than it costs to process and decide on a site licence application or renewal. That is not calculated for each individual licence, but is an estimate of what it will generally cost to process and decide on a licence application.

7.6. Different fees can be set for first site licence applications, and for licence renewals. It is possible to charge less than it would cost, or charge different fees for different types of sites for example, based on pitch numbers. Early renewal applications made prior to the expiry date of the current licence will be incentivized by a reduced renewal fee. Applications to renew made after the expiry date of an existing licence will be charged at 'First Application' rate to reflect the additional work involved pursuing licence holders. The service will issue timeous reminders to facilitate the renewal process.

7.7 The 2016 Regulations detail the matters that can be taken into account when fixing a fee and the level should be that which is reasonably expected to be incurred. These are represented in Appendix I.

The following charges are proposed;

First/New Application for Relevant permanent site licence	£620
Renewal of relevant permanent site licence – if renewal submitted before expiry of existing licence,	£500
Renewal of relevant permanent site licence – if renewal submitted after expiry of existing licence,	£620
Revision/re-issue of non-residential caravan site licence for mixed usage site	No charge
Cost recovery for expenses incurred in enforcement action	Costs will be calculated using a similar methodology to that detailed in Appendix I for calculating the cost for the licensing regime

8.0 ENFORCEMENT

8.1 The new licence regime introduces a range of enforcement powers to assist in compliance with site licence conditions. The Scottish Government Guidance promotes a graduated approach to enforcement and would expect site owners to be advised informally of any improvements required before using formal powers unless there are serious or urgent concerns to be addressed. The following powers are only applicable to relevant permanent sites; or the relevant licensed parts of mixed sites.

Improvement Notices	To be used where licence conditions are not being met.. It will specify the steps needed and a period within which the licence holder has to take those steps, and also give the rights of appeal. Failure to comply is a criminal offence and would be subject to the Council's Enforcement Policy. The Council can undertake the works or instruct an outside contractor to undertake the works to comply and recover all costs.

Penalty Notices	This notice can be served if a site is being used without a site licence or following a failure to comply with an Improvement Notice. The Penalty Notice prevents site fees, rent or commission from sales from being paid to the site owner during the period it is in force
Revocation of a Licence	The Local Authority can revoke a Licence if the site owner and/or managers are considered no longer fit and proper persons.
Interim Manager	On revocation of a Licence the Local Authority can apply to the sheriff court for an interim manager to be appointed for the site. The interim manager is paid directly from the income off the site.
Emergency Action Notice	A Local Authority can carry out urgent works on a site if there is imminent risk of serious harm to the health or safety of any persons who may be on the land following service of an Emergency Action Notice. There is a right of appeal on the grounds that there was no imminent risk of serious harm.

8.2 There are new offences introduced for non-compliance with the licensing regime. These include;

i. provision of false or misleading information regarding transfer of a licence;
ii. provision of false or misleading information on a licence application
iii. failure to notify changes of circumstances e.g. manager
iv. operating a site without a licence
v. failing to comply with a site licence condition
vi. failing to comply with an Improvement Notice
vii. failing to provide assistance to, or obstructing an interim manager.

8.3 The new licensing regime will enable the Local Authority to recover expenses incurred in enforcement action from the person specified in the action. Recovery is at the discretion of the local authority and includes the costs of issuing notices, undertaking works in default, and obtaining expert advice. It is proposed that Committee agree to recover costs on a cost recovery basis.

9.0 IMPLICATIONS

9.1	Policy	Supports the Council's outcomes of people living in a safe environment
9.2	Financial	The new scheme will be self-financing
9.3	Legal	Statutory duty to licence residential caravan sites under the Caravan Sites and Control of Development Act 1960 as amended by the Housing (Scotland) Act 2014
9.4	HR	None
9.5	Equalities	Impact are greater on businesses which are non-compliant
9.6	Risk	Risk to Council is from not introducing the proposals
9.7	Customer	New regime will be consistently applied across Argyll and

Service Bute and will be publicised to current and new operators.

Executive Director of Development and Infrastructure

Policy Lead: Councillor David Kinniburgh

6th June 2018

For further information contact: Jo rains, Environmental Health Manager (East)/ Alan Morrison, Regulatory Services Manager

APPENDICES

Appendix A Caravan Site Register – residential sites

Appendix B Site licence conditions for residential units updated version

Appendix C Evaluation of licence fees

APPENDIX A – Caravan sites within Argyll and Bute area that have residential status.

Site Name	Location	Licence Type	No of residential pitches
Argyll Caravan Park	Inveraray	Residential/Static/Touring	3
Bellochantuy Caravan Park	Bellochantuy Campbeltown	Static/Residential	1
Carradale Bay Caravan Site	Carradale Campbeltown	Residential/Static/Touring	1
Castle Sween Caravan Park	Achnamara Lochgilphead	Residential/Holiday	1
Duncholgan Caravan Site	Lochgilphead	Residential	28
Torlochan Site	High Road Sandbank Dunoon	Residential	8 – site currently closed
Meadows Farm Caravan Site	Tomaig Campbeltown	Residential	9
Rosneath Castle Caravan Park	Rosneath Helensburgh	Static Holiday/Touring/Residential	58
Port Ban Caravan Site	Kilberry Tarbert	Residential/Holiday/Touring	1
Manor Park	Hunter's Quay Dunoon	Residential	14
Auchengower Caravan Park	Shore Road Cove Helensburgh	Holiday & Residential	30
Faslane Peace Camp	Shandon Helensburgh	Residential	
Ledaig Travellers Site	Oban	residential	8

APPENDIX B

Caravan Sites and Control of Development Act, 1960

Licence Conditions for

Address of site…….

Layout of the Site

1. The area to be occupied by caravans, the drainage, fire points, recreation space, roads and car parking facilities shall conform to the details shown on the plan accompanying the application for a Licence.
2. No deviations from the plan shall be made without the previous consent of the Licensing Authority.
3. Applications for alterations or addition to the existing site layout shall be made to the Council's Regulatory Services (Environmental Health) accompanied by a map to a scale of not less than 1/500 showing the proposals.
4. The boundaries of the site shall be clearly discernible on the ground by reference to, e.g. fencing; or otherwise defined to the satisfaction of the licensing authority.

Density and Spacing for Residential Caravans

5. Subject to the variations in paragraph 6, the distance between any two caravans shall be not less than 6 metres. The distance from any part of a caravan to any part of a road within the site shall be not less than 2 metres.

6. The point of measurement for the following variations of the spacings given in Paragraph 5 is the exterior cladding of the caravan, excluding the drawbar. All measurements are between the closest points of the structures concerned.

   (a) Porches may protrude 1 metre into the 6 metres and shall be of the open type.

   (b) If awnings are used, the distance between any part of the awning and an adjoining caravan shall not be less than 3 metres. They shall not be of the type which incorporates sleeping accommodation and they shall not face each other or touch.

   (c) Eaves, drainpipes and bay windows may extend into the 6 metres space provided the total distance between the extremities of the two adjacent units is not less than 5.25 metres.

   (d) If there are ramps for the disabled, verandas or stairs extending from the unit, there shall be 4.5 metres clear space between them and two such items shall not face each other in any space. If they are enclosed, they shall normally be considered as part of the unit and, as such, shall <u>not</u> intrude at all into the 6 metres space.

   (e) Decking may protrude 1 metre into the 6 metre space. The installation of the decking, if wooden, must be treated with suitable intumescent (fire resistant) paint. The frequency of repainting will depend upon the manufacturer's instructions.

(f) A garage, shed or a covered storage space shall be permitted between units only if it is of non-combustible construction (including a non-combustible roof) and enough space is maintained around each unit as not to prejudice means of escape in case of fire. Windows in such structures shall not face towards the units on either side. Car ports and covered walkways shall in no circumstances be allowed within the 6 metres space.

7. The distance between any caravan and the site boundary shall be a minimum of 3 metres. Distances from boundaries shall have regard to the character of the adjoining land. Often a distance of more than 3 metres will be called for in the interests of residents or others, or of the general amenity of the site.

8. The gross density shall not exceed 50 caravans per hectare, calculated on the basis of the usable area (that is, excluding lakes, road, common service areas and other areas unsuitable for the siting of caravans) rather than the total site area.

Density and Spacing – General

9. The distance between any caravan and the site boundary shall be a minimum of 3 metres. Distances from boundaries shall have regard to the character of the adjoining land.

Hard Standings for Residential Caravans

10. Every caravan shall stand on a hard standing of a suitable material, such as concrete, (approx 150 mm thick) which shall extend over the whole area occupied by the caravan and shall project at least 0.9 metres outwards from the entrance or entrances of the caravan.

Roads, Gateways and Footpaths

11. Roads to be adequately surfaced and suitable to carry the vehicles for which they are intended. (Emergency vehicle routes within the site shall be kept clear of obstruction at all times).

12. Whenever reasonable and practicable no caravan standing shall be more than 45 metres from a road, and shall be connected to a road by a footpath at least 0.75 metres wide with a hard surface.

13. Roads shall not be less than 3.7 metres wide, with provision for passing places if the width of the road is less than 5.5 metres and it is subject to two-way traffic. There shall be adequate turning space at the end of the cul-de-sac.

14. Gateways shall be a minimum of 3.1 metres wide and have a minimum height clearance of 3.7 metres.

15. Roads shall have no overhead cable less than 4.5 metres above the ground. Roads and footpaths shall be suitably lit.

16. The surface and gradient shall take account of the requirements of disabled people.

17. Access to and from public road for both vehicles and pedestrians shall conform to the standard laid down by the local planning authority following consultations with the appropriate roads authority.

Snow and Ice

18. Since the site operates between 1st November and 31st March, steps should be taken as far as is practicably possible to keep carriageways and footpaths clear of snow and ice. Six salt and grit bins will be provided and suitably located.

Car Parking

19. Only one car may be parked between adjoining caravans provided that the doors to the caravan are not obstructed. Suitably surfaced parking spaces shall be provided where necessary to meet the additional requirements of the occupants and their visitors. Plastic or wooden boats or jet skis should not be kept between units.

20. No car parking area which provided for more than 10 cars shall be nearer than 18 metres from any part of any caravan. If car parks provide for 10 cars or fewer, this minimum distance shall be reduced to 10 metres.

21. No boat compound shall be nearer than 18 metres from any part of any caravan.

Water Supply

22. The site shall be provided with a water supply complying with British Standard 6700:1997 and with The Water Supply (Water Quality) (Scotland) Regulations 1990.

23. Each residential caravan standing shall be provided with a piped water supply in accordance with the appropriate water bye laws.

Drainage, Sanitation and Washing Facilities

24. The site and every hard standing shall be provided with a drainage system complying with the Building Standards (Scotland) Regulations in force at the time of installation, for the complete and hygienic disposal of foul, rain and surface water from the site, buildings, caravans, roads and footpaths.

25. Each residential caravan shall have its own water supply and water closet. Each residential caravan standing shall be provided with a connection to the foul drainage system. The connection shall be capable of being sealed when not in use.

26. For holiday caravans having their own plumbing systems connected to the site water supply, each caravan standing shall be provided with a piped water supply and with a connection to the foul drainage system. The connection shall be capable of being sealed when not in use.

Buildings

27. New buildings on the site and buildings undergoing a change of use or being altered or adapted shall comply with the Building Standards (Scotland) Regulations and any subsequent modifications.

Litter and Refuse Disposal

28. Every static caravan standing shall have an approved refuse receptacle, conforming to Argyll & Bute Amenity Services requirements, made of non-absorbent material and with a close-fitting lid.

29. A central refuse disposal and collection point will be sited at the south west corner at the entrance to the site.

Fire Safety – General

30. The site owner shall make available the latest version of the fire risk assessment carried out under the Fire Safety (Scotland) Regulations 2006 for inspection by residents and when demanded, a copy of the fire risk assessment shall be made available to the local authority.

    Where a fire risk assessment has not been carried out or the fire risk assessment has been deemed inadequate then conditions 31 to 39 must be complied with.

Fire Points

31. Fire points shall be established so that no caravan or site building is more than 30 metres from a fire point. If additional fire points are required due to the layout of the site on landscaping, they shall be provided. The fire points shall be housed in a weather proof structure, easily accessible and clearly and conspicuously marked "FIRE POINT". The advice of the Scotland Fire & Rescue Service should always be sought.

32. X Fire points will be provided. The Fire Point shall be provided with water extinguishers (2 x 9 litres) and serviced annually.

33. It is recommended that Smoke alarms will be provided in each caravan. If self contained battery operated units are selected, provision should be made for replacement batteries in accordance with the manufacturers recommendations.

Fire Warning

34. A means of raising the alarm in the event of a fire shall be provided at each fire point. This is the manually operated sounder at the Fire Point.

Maintenance of Fire-Fighting and Alarm Equipment

35. All alarm and fire-fighting equipment shall be installed, tested and maintained in working order by a competent person and available for inspection by, or on behalf of the licensing authority. A record shall be kept of all tests and any remedial action. This may take the form of a log book.

36. All equipment susceptible to damage by frost shall be suitably protected.

Fire Notices

37. A clearly written and conspicuous Notice shall be provided and maintained at each fire point to indicate the action to be taken in case of fire and the location of the nearest telephone. This notice shall include the following:

    "On discovering a Fire

    1. Ensure that the caravan or site building involved is evacuated;
    2. Raise the alarm;
    3. Call the fire brigade;

4. Attack the fire using the fire-fighting equipment provided, if it is safe to do so."

   It is in the interest of all occupiers of this site to be familiar with this routine and the method of operating the fire alarm and the fire-fighting equipment."

38. Appropriate measures shall be in place for members of the public to be able to contact the Emergency Service. Information should be provided on the Site on the procedure for calling the police, fire brigade, ambulance or other service in an emergency and the full address of the site should be displayed with this information.

Fire Hazards

39. Grass and other vegetation shall be cut at frequent and regular intervals to prevent them from becoming a fire hazard. Any such cuttings shall be removed from the vicinity of caravans. The space beneath and between caravans shall not be used for the storage of readily combustible materials.

Storage of Liquefied Petroleum Gas (LPG)

40. Any LPG installations on the site shall conform to British Standard 5482 – 1:2005, if LPG storage is to be used on the site, its storage and use in cylinders or similar containers and fixed bulk containers shall be in conformity with the relevant Codes of Practice issued or approved by the Health and Safety Executive.

41. Where there are metered supplies from a common LPG storage tank, then LPGA code of practice 25 "The Storage and Use of LPG at Metered Estates" provides further guidance. In this case and where a British Gas mains supply is available, then the Gas Safety (Installation and Use) Regulations 1998 and the Pipelines Act 1962 may also be applicable.

42. Exposed gas bottles or cylinders shall not be within 6 metres of any adjoining unit.

43. If the site owner supplies gas to caravans on the site, he may need an authorisation to do so from OFGAS under the Gas Act 1986.

44. Where the LPG is the responsibility of the caravan owners, gas inspections reports and certificates are required to be provided to the licensee.

Storage Space for Residential Caravans

45. At least 2.75 square metres of covered storage area shall be provided for each caravan standing. The structures shall be separate from the caravan they service and not less than 5 metres from any other caravan. They shall be capable of being locked.

46. Even if an acceptable standard is approved by the site Licensing Authority, the amenity of the site may be ruined by the haphazard multiplication of such structures. Ideally, storage structures shall be designed as groups and their precise layout and design approved by the site Licensing Authority.

Recreational Open Space

47. Reasonable space shall be available on the site for recreational purposes. It shall be located so as to minimise nuisance to caravanners and to adjacent residents.

48. Any playground equipment shall comply with British Standard BS.5696: 1986.

Electrical Installations

49. The site shall be provided with an electricity supply sufficient in all respects to meet all reasonable demands of the caravans situated there. An approved electrical outlet should be provided to each standing, all common buildings must have adequate internal lighting and in addition sufficient external lighting shall be provided to allow residents on the site to find their way about the site adequately at night and in particular to find their way easily to the common buildings. If caravans are provided with mains electricity by means of cable from a central supply point, the cables shall be laid in such a way as to minimise the risk of people tripping or having similar accidents.

50. The electrical installation on the site shall be installed, tested and maintained in accordance with the requirements of the Institution of Electrical Engineers Regulations for the Electrical Equipment of Buildings (IEE Wiring Regulations) for the time being in force.

51. The installation shall be inspected not less than once in every 12 months (or in every three years for underground installations) or in such longer period as may be recommended by a person who shall be one of the following:-

    A professionally qualified electrical engineer;

    A member of the Electrical Contractor's Association;

    A member of the Electrical Contractor's Association of Scotland;

    A certificate holder of the National Inspection Council for Electrical Installation contracting; or

    A qualified person acting on behalf of one of these (when it shall be stated for whom he is acting).

    Within one month of such an inspection the person carrying it out shall issue an inspection certificate in the form prescribed in the IEE Wiring Regulations. The certificate shall be obtained by the site operator and displayed with the site licence. The cost of the inspection and report shall be met by the operator.

52. If an inspection reveals that an installation no longer complies with the regulations extant at the time it was first installed, any deficiencies should be rectified. Any major alterations and extensions to an installation and all parts of the existing installation affected by them should comply with the latest version of the IEE Wiring Regulations.

53. If there are overhead electric lines on the site, suitable warning notices should be displayed at the entrance to the site and on supports for the line. Where appropriate, particular attention should be drawn to the danger of masts of yachts or dinghies contacting the line.

Maintenance

54. The site, roadways and all facilities on it are to be maintained in good condition.

Notices

55. A suitable sign shall be displayed at the entrance indicating the name of the site and the name and telephone number of the site licence holder or his accredited representative.

56. A copy of the site licence with its conditions shall be displayed prominently on the site in a manner that adequately protects it from the weather.

57. A Notice shall be displayed on the site indicating the action to be taken in the event of an emergency. It shall show where the police, fire brigade, ambulance, and local doctors can be contacted, and the location of the nearest public telephone.

General

58. The site licence permits the operation of the residential site from **1st January to 31st December in any year.**

59. The permitted number of caravans is xx

60. The site shall comply with the Health and Safety at Work etc Act 1974 and appropriate Regulations made thereunder.

61. At all times that the site is in use the site and all its facilities shall be maintained in good condition.

Signed:…… Date:…….

Regulatory Services Manager, Argyll and Bute Council

APPENDIX C – Evaluation of Licensing Fees

1. Charges for new licence applications

	Tasks	**Indicative Time** (days Full Time Equivalent)	**Indicative Salary** (including National Insurance and other contributions)	**Cost per day**	**Cost**	**Total Cost**
A	***Statutory minimum application criteria***					
1	Receiving, logging, and storing information relating to the application	0.5	£35,000	£95.89	£47.95	
2	Checking and authorising	0.5	£45,000	£123.29	£61.64	**£109.59**
B	***Fit and Proper Person Test***					
1	Compiling information, reviewing records	1	£45,000	£123.29	£123.29	**£123.29**
C	***Visiting site***					
1	Transport costs (distance)	N/A			£80.00	
2	Visit x 1 official	1	£35,000	£95.89	£95.89	
3	Reporting	0.5	£35,000	£95.89	£47.95	
4	Draft, revise site licence	1	£35,000	£95.89	£95.89	
5	Informing site owner	0.5	£45,000	£123.29	£61.64	**£381.37**
	TOTAL COST	**£614.25**				
	Statutory minimum application criteria	£109.59				
	Fit and Proper Person Test	£123.29				
	Visiting site	£381.37				

2. Charges for renewals

	Tasks	**Indicative Time** (days Full Time Equivalent)	**Indicative Salary** (including National Insurance and other contributions)	**Cost per day**	**Cost**	**Total Cost**
A	***Statutory minimum application criteria***					
1	Review of database and sending out of reminder letter and application	0.1	£35,000	£95.89	£9.59	

2	Receiving, logging, and storing information relating to the application	0.5	£35,000	£95.89	£47.95	
3	Checking and authorising	0.5	£45,000	£123.29	£61.64	**£119.18**
B	***Fit and Proper Person Test***					
1	Compiling information, reviewing records	1	£45,000	£123.29	£123.29	**£123.29**
C	***Visiting site***					
1	Transport costs (distance)	N/A			£80.00	**£254.68**
2	Visit x 1 official	0.5	£35,000	£95.89	£47.95	
3	Reporting	0.5	£35,000	£95.89	£47.95	
4	Draft, revise site licence	0.5	£35,000	£95.89	£47.95	
5	Informing site owner	0.25	£45,000	£123.29	£30.83	
	TOTAL COST	**£497.15**				
	Statutory minimum application criteria	£119.18				
	Fit and Proper Person Test	£123.29				
	Visiting site	£254.68				

3. Charges for a late renewal application

	Tasks	**Indicative Time** (days Full Time Equivalent)	**Indicative Salary** (including National Insurance and other contributions)	**Cost per day**	**Cost**	**Total Cost**
A	***Statutory minimum application criteria(1)***					
1	Review of database and sending out of reminder letter and application	0.1	£35,000	£95.89	£9.59	**£28.77**
2	Further reminder letters x2	0.2	£35,000	£95.89	£19.18	
B	***Visiting site to determine occupation status***					
1	Transport costs (distance)	N/A			£80.00	
2	Visit x 1 official	0.5	£35,000	£95.89	£47.95	**£127.95**
C	***Statutory minimum application criteria(2)***					
1	Receiving, logging, and storing information relating to the	0.5	£35,000	£95.89	£47.95	

	application					
2	Checking and authorising	0.5	£45,000	£123.29	£61.64	**£109.59**
D	***Visiting site***					
1	Transport costs (distance)	N/A			£80.00	
2	Visit x 1 official	0.5	£35,000	£95.89	£47.95	
3	Reporting	0.5	£35,000	£95.89	£47.95	
4	Draft, revise site licence	0.5	£35,000	£95.89	£47.95	
5	Informing site owner	0.25	£45,000	£123.29	£30.83	**£254.68**
	TOTAL COST	**£644.28**				
	Statutory minimum application criteria (1)	£28.77				
	Visit to determine occupancy	£127.95				
	Fit and Proper Person Test	£123.29				
	Statutory minimum application criteria (2)	£109.59				
	Visiting site	£254.68				

ARGYLL & BUTE COUNCIL **COUNCIL**

CUSTOMER SERVICES **28 June 2018**

EXTRACT OF MINUTE OF PLANNING, PROTECTIVE SERVICES AND LICENSING COMMITTEE 20 JUNE 2018

* **16. ANIMAL DEALER LICENSING REGIME**

Consideration was given to report outlining the Council's arrangements for the licensing of animal dealers including puppy farms and seeking approval for the revised standards conditions. The licensing remit is a statutory duty on the Council under the Licensing of Animal Dealers (Young Cats and Young Dogs) (Scotland) Regulations 2009, and is consistent with the other animal related licensing regimes regulated by Regulatory Services.

Decision

The Committee agreed:-

1. that the licensing regime continues to be regulated by Regulatory Services and more specifically environmental health, given their current involvement in other animal related licensing regimes;

2. to endorse the use of the mandatory and standards conditions for use within the Council's licensing regime; and

3. to recommend to Council the fee structure detailed in section 4.2 of the Executive Director's report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 4 May 2018, submitted)

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL	**Planning, Protective Services and Licensing**
Development and Infrastructure	**20th June 2018**

ANIMAL DEALER LICENCING REGIME

1.0 EXECUTIVE SUMMARY

1.1 This report outlines the Councils' arrangements for the licensing of animal dealers including puppy farms and seeks Committee approval for the revised standards conditions. The licensing remit is a statutory duty on the Council under the Licensing of Animal Dealers (Young Cats and Young Dogs)(Scotland) Regulations 2009, and is consistent with the other animal related licensing regimes regulated by Regulatory Services.

1.2 The Regulations were introduced to help improve animal health and welfare in pet vending businesses that are not controlled by existing licence regimes and in response to rising incidences of illegal 'puppy farms' and importation of pet animals.

1.3 The mandatory and standard conditions which the Committee is asked to approve have been developed internally and are drawn from the legislation and relevant national guidance entitled Model Conditions for Pet Vending Licensing 2013 published by the Chartered Institute of Environmental Health. From a regulatory perspective, and to support businesses operating across local authority boundaries, there are benefits in applying national conditions, with the ability for local conditions where there are specific premise related issues.

1.4 The intention, through the charging regime, is that the license scheme will be self-financing from the income generated form the annual licensing regime.

1.5 **Recommendations**

Members are asked to consider this report and agree the following recommendations:

a) That the licensing regime continues to be regulated by Regulatory Services, and more specifically environmental health, given their current involvement in other animal related licensing regimes.
b) To endorse the use of the mandatory and standards conditions for use within the Councils licensing regime
c) To agree the fee structure detailed in section 4.2 of this report and make the appropriate recommendation to Council.

ARGYLL AND BUTE COUNCIL	**Planning, Protective Services and Licensing**
Development and Infrastructure	**20 June 2018**

ANIMAL DEALER LICENCING REGIME

2.0 INTRODUCTION

2.1 The Licensing of Animal Dealers (Young Cats and Young Dogs)(Scotland) Regulations 2009 S.I 2009/141 (thereafter referred to as 'the Regulations') came in to force 30th March 2009. The Regulations have been introduced to help improve animal health and welfare in pet vending businesses that are not controlled by existing licensing regimes and in response to rising incidences of illegal 'puppy farms' and importation of pet animals.

3.0 RECOMMENDATIONS

3.1 Members are asked to consider this report and agree the following recommendations:

a) That the licensing regime continues to be regulated by Regulatory Services, and more specifically environmental health, given their current involvement in other animal related licensing regimes.
b) To endorse the use of the mandatory and standards conditions for use within the Councils licensing regime
c) To agree the fee structure detailed in section 4.2 of this report and make the appropriate recommendation to Council.

4.0 DETAIL

4.1 The Regulations make provision for the licensing of animal dealers who are persons who acquire and sell young cats and young dogs and are, therefore, engaged in animal dealing. Regulation 3 makes provision for those persons who are required to hold an animal dealing licence.

The definition of an "animal dealer" is someone who is responsible for a young cat or young dog with for the purpose of sale or who acquires and keeps a young cat or young dog with a view to sale and who is not already licenced as a dog breeder or pet shop. A young cat or young dog is less than 84 days old. No licence is required for animal sanctuaries or re-homing centres or for persons selling no more than 2 animals per year or a litter from their own pet. This licence would be required by a business that imports young cats or young dogs for the purpose of sale.

4.2 Provisions as to application for an annual licence and the charging of fees are set out in regulations 4 and 5, respectively. There is no guidance provided for the setting of a fee other than it must be reasonable and equivalent to the amount of costs and expenses incurred in processing an application or a renewal. It is therefore recommended that the fee is set at £323 (similar to the fees for an establishment that breeds dogs) plus any additional veterinary fees

should a veterinary visit be required. This amount is of a similar order to other animal welfare license fees. The application form is reproduced as Appendix 1.

	Proposed costs/annum	Additional cost	
New application	£323	Recover full costs of veterinary inspections	
Renewal	£323	Recover full costs of veterinary inspections	

4.3 Regulations 6 to 9 make provision as to the consideration of applications, their grant and renewal, conditions, and revocation, suspension and variation of licences. For Argyll and Bute Council this duty should be exercised by competent officers of Regulatory Services appointed as Inspectors under these regulations. It is proposed that the consultees for applications received for this type of licence would include the Planning Service, Police-Scotland, and Scottish Fire and Rescue.

4.4 There are mandatory conditions which are required to be attached to each licence (Appendix 2) and a proposal to attach further local conditions, these being contained in Appendix 3 to the report.

4.4 Regulation 10 provides for the licence to continue temporarily when a licence holder dies.

4.5 Regulation 11 provides for a local authority to appoint inspectors to exercise the powers conferred on them by these regulations. For Argyll and Bute Council this will be competent officers of Regulatory Services appointed as Inspectors under these regulations or a veterinary surgeon.

4.6 Provision for the local authority to keep a register of licence holders is contained in regulation 12.

4.7 Regulation 13 provides for the local authority to review its decisions at the request of an applicant or licence holder. This will be undertaken when necessary by the Regulatory Services Manager. Regulation 14 makes provision as to appeals.

4.8 Regulation 15 requires young cats and young dogs to be kept separate from other animals for a period of not less than 10 days. Regulation 16 provides that a young cat or young dog must be transported directly to its purchaser.

4.9 Regulation 17 provides for the powers of inspectors and regulation 18 provides the penalty for obstructing an inspector. Regulation 19 makes provision as to the offence of making a false statement. Regulation 20 provides for offences by bodies corporate and regulation 21 makes provision in relation to disqualifications. Regulation 22 provides for termination or variation of disqualification.

4.10 Enforcement by the local authority is provided for in regulation 23.

4.11 The Schedule sets out the information to be completed by an animal dealer to create the written record which accompanies a young cat or young dog when it is sold to a purchaser. Appendix 4

5.0 SPECIFIC IMPACT AND CONDITIONS

5.1 Mandatory and standard conditions are specified either in the Regulations or have been included from the Model Conditions for Pet Vending Licensing 2013 published by the Chartered Institute of Environmental Health to support this and similar licensing regimes. Having revised these, it is recommended that these be endorsed by the Committee and incorporated within the Councils licensing regime for animal dealers

5.2 From our knowledge there are no large animal dealers or puppy farms in our area, although there has been an enquiry from one small scale importer of working dogs.

6.0 CONCLUSION

6.1 The licencing of Animal Dealers who trade in young cats and young dogs is a statutory duty for the Council that is best executed by Regulatory Services because they already have similar licencing duties.

6.2 Endorsement of the recommendations in this report will enable the Council to respond and deal with situations where illegal puppy/kitten farming is suspected.

7.0 IMPLICATIONS

7.1 Policy : None

7.2 Financial : Fees recovered will allow scheme to be self-financing

7.3 Legal : Statutory duty receive, determine and regulate such licences.

7.4 HR : None

6.5 Equalities: None

6.6 Risk : None

6.7 Customer Service: Built into processes

Executive Director of Development and Infrastructure
Policy Lead Councillor David Kinniburgh

4th May 2018 (7615)
For further information contact: Jo Rains, Environmental Health Manager (East)/Alan Morrison, Regulatory Services Manager

APPENDICES

Appendix 1 – Licence Application/Renewal Form

Appendix 2 – Standard Licence Conditions

Appendix 3 – Written record to accompany sale of young dog or young cat

Appendix 1 – Licence Application/Renewal Form

The Licensing of Animal Dealers (Young Cats and Young Dogs) (Scotland) Regulations 2009
APPLICATION FOR LICENCE

I hereby make application in terms of the above-mentioned Regulations for the Licence of the premises, of which the details are as shown below, for the purposes of an Animal Dealing Licence, commencing on:

[a] the day of issue ☐
[b] 1st January ☐

Name of Applicant	Name (block capitals): …… Home Address: …… … …… Post Code: …… ……			
Address where animals kept if different from above	Address: …… …… Post Code: ……			
Contact Details of Applicant	Contact Telephone Number …… Mobile Telephone Number …… Email address ……			
Type [cats/dogs] and maximum number of animals to be kept		**Type**	**At any one time**	**Per calendar year**
	Dogs			
	Cats			

Please return this form and fee to:

Regulatory Services, Development and Infrastructure
Argyll and Bute Council
Kilmory, Lochgilphead, Argyll PA31 8RT
Tel: 01546 605519

Application received		Receipt issued	
Cheque/fee received		Licence issued	

FURTHER INFORMATION IN SUPPORT OF APPLICATION
Type of accommodation provided for the animal (Indoors/outdoors, size, construction)
Detail the isolation facilities provided
What provision will be made for the storage of food, drink, bedding.
What are your provisions for heating, lighting and ventilation
How will the animals be transported to and from the premises.
What is the name address and telephone number of your vet.
What is the name, address and telephone number of the breeder(s) of the young cat or young dog (including details of dog breeding licence registration number and local authority location.
Provide details of where the animals are advertised for sale.
Please give details of any qualifications/experience and knowledge in support of your application. (Please note you will be assessed as to your suitability to hold a licence at the time of the veterinary inspection).
Enclosures – written policies should be included with your application in relation to the following matters; • Infection Control • Fire Prevention and Evacuation

- Animal Exercise and Socialisation
- Emergency Veterinary Care
- Waste Disposal
- Worming and Vaccination
- Copy of Type 1 or Type 2 Transport Authorisation

I also enclose a letter from my Veterinary Surgeon stating that I have made suitable arrangements with them for the care of the young animals I am responsible for as detailed in my Licence.

DECLARATION

I declare that all animals for which I hold a licence will only be kept in my care or a named competent person(s) acting under my supervision. Any named competent person will be conversant with the licence conditions.

I understand that my licence relates to the premises detailed in this application and that I do not have a licence to operate any other premises.

I declare that I am not disqualified by reason of an order under one or more of the following:

- Section 5(3) of the Pet Animals Act 1951
- Section 1(1) of the Protection of Animals (Amendment) Act 1954
- Section 3(3) of the Animal Boarding Establishments Act 1963
- Section 3(3) (b) or (c) of the Breeding of Dogs Act 1973
- Section 28F(1) and (2) of the Animal Health Act 1981
- Section 34 (1) and (2) , (3) or (4) of the Animal Welfare Act 2006
- Section 40 (1) and (2) of the Animal Health and Welfare (Scotland) Act 2006
- Regulation 21(2) The Licensing of Animal Dealers (Young Cats and Young Dogs) (Scotland) Regulations 2009

Signed……..

Date……..

Information gathered on this form will be held by Argyll and Bute Council on electronic computer records to manage your licence application. Your information may be shared with our legal representatives or with other bodies who may be involved with the processing of your application; for example the Scottish Government.

All collection, use and storage of personal information will be in accordance with the Data Protection Act 1998.

Data matching involves comparing computer records held by Argyll and Bute Council against other computer records held by the Council or other body. This is usually personal information. Argyll and Bute Council may share the information that you have provided on this form with other bodies for the purpose of prevention and detection of fraud.

Further information is available on the website www.argyll-bute.gov.uk

Appendix 2 – Standard Licence Conditions

STANDARD LICENCE CONDITIONS
Animal Dealers

The Licensing of Animal Dealers
(Young Cats and Young Dogs)
(Scotland) Regulations 2009

30th April 2018

A - ANIMAL DEALER - MANDATORY LICENCE CONDITIONS

1.0 Licence

1.1 The licence holder must provide the number of the animal dealing licence which that person holds and the name and telephone number of the licensing authority in any advertisement or information issued by or on behalf of the licence holder; and

1.2 The licence holder must, prior to delivery of a young cat or young dog to a purchaser, exhibit the animal dealing licence (or a copy) to the purchaser.

1.3 This licence or a copy of this licence must be displayed in a prominent position on the premises.

2.0 Permitted Animals

2.1 The licence holder must not keep more than the maximum permitted number of animals.

2.2 The licence holder shall keep no more than **(*number*)** young dogs or/and **(*number*)** young cats at any time.

2.3 The licence holder shall keep no more than **(*number*)** young dogs or/and **(*number*)** young cats in any calendar year Jan/Dec.

2.4 The licence holder must not, without reasonable excuse keep a cat or dog which is less than 8 weeks of age at any time unless that cat or dog is accompanied by its mother.

3.0 Accomodation

3.1 The licence holder who acquires a young cat or young dog which is to be sold must keep the animal separately from any other animal kept by him or her for a period of not less than 10 days from the date of acquisition of the young cat or young dog.

3.2 A young cat or young dog acquired at the same time from the same source as another such animal may be kept with that animal during the period referred to in 3.7 above.

4.0 Welfare

4.1 The licence holder must ensure that all young cats and young dogs acquired by the licence holder

(i) Receive a physical examination by a veterinary surgeon in the 24hr period immediately after they are acquired by the holder.

(ii) Have a unique number assigned to each of them to aid identification and be microchipped.

(iii) Are accompanied by a written record containing information as to the matters contained in the schedule

4.2 The licence holder must ensure that any disease or parasitic infection of a young cat or young dog is treated within 24 hrs of identification, whether after the physical examination by a veterinary surgeon or otherwise.

4.3 All young dogs and young cats received or consigned shall be transported by person(s) holding a valid **Type 1 or Type 2 Transporter Authorisation** as laid down by Council Regulation No (EC) 1/2005, implemented by the Welfare of Animals (Transport) (Scotland) Regulations 2006. (Further information can be found at www.defra.gov.uk/ahvla-en/)

5.0 **Records/Inspection**

5.1 The licence holder must retain for no less than 3 years from the date of sale of a young cat or young dog a copy of the written record referred to at 4.1(iii).

5.2 The licence holder must ensure that the licensing authority is permitted to inspect at any reasonable time any place or equipment used in, or in connection with, the acquisition, sale, transport or keeping of animals to which the licence relates and any documents held by or on behalf of the licence holder relating to such animals.

5.3 Authorised Officers of Argyll and Bute Council may make unannounced visits to licensed premises to assess compliance with the legislation or as a result of any complaint received.

5.4 The licence holder must accede to any reasonable request for information from the licensing authority relating to the undertaking by the licence holder of any activities referred to at 4.1.

B ANIMAL DEALER - LOCAL LICENCE CONDITIONS

6.0 Permitted animals

6.1 The licence holder must acquire any young dog from person(s) holding a dog breeding licence or relevant registration granted by the competent authority in which they reside and a copy of this document must accompany the young dogs.

6.2 Full details of the source(s) of all young dogs or young cats must be provided to the Local Authority including a copy of any licence registration held to enable relevant checks to be undertaken. Any changes in said source(s) must be notified to the Local Authority prior to any young dog or young cat being received to enable relevant checks to be undertaken.

6.3 All young animals must remain at the licensed premises for a minimum of three days before sale.

6.4 Any young dog or young cat acquired and kept by the licence holder with a view to sale should only be accommodated within the premises for which the licence has been issued.

7.0 Accommodation

7.1 The minimum kennel size for young dogs must be:

(i) For a batch of small breed puppies – max 6 pups – 1.5m^2 for sleeping, plus 2m^2 for exercise
(ii) For a batch of medium breed puppies – max 4 pups – 2m^2 for sleeping, plus 2m^2 for exercise
(iii) For a batch of large breed puppies – max 2 pups – 2m^2 for sleeping, plus 2m^2 for exercise

These are minimum requirements, for larger batches the size of the pens should be adjusted pro-rata accordingly. Ideally the puppies should have free access to the exercise area at all times.

The minimum pen floor area for a batch of up to 4 kittens, up to 12 weeks of age, must be 1m^2, with a minimum height of 0.6m. No dimension must be less than 0.6m. Any shelving or platforms must be in addition to the minimum floor area. Each additional kitten must have 0.25m^2 additional floor space.

Any covered pens should have a minimum height of 1.8m or removable covers to allow adequate access by staff for cleaning.

7.2 Extreme temperatures must be avoided. Temperatures should not normally go below 12 degrees centigrade (for puppies), below 15 degrees centigrade (for kittens)or exceed 26 degrees centigrade (both). Appropriate heating and ventilation must be provided to ensure the temperature range is complied with.

7.3 All young animals must have access to natural daylight.

7.4 General bedding must include an adequate amount of absorbent material. Any soiled material must be removed at least four times a day or as required to ensure the young animal does not have to lie in a soiled area.

7.5 In isolation accommodation there shall be a means of maintaining the temperature at a level suitable for the conditions of the young cat or young dog dependent on veterinary advice.

7.6 All reasonable precautions shall be taken to prevent and control the spread of infections or contagious diseases amongst young dogs or young cats and a written policy must be submitted with the licence application.

8.0 Welfare

8.1 A young dog or young cat shall be fed at least four times daily at appropriate intervals.

8.2 To ensure proper socialisation with people any young dog or young cat must have frequent, quality contact time with the licence holder. It is recommended that this should be a minimum of four times per day with twenty minutes of interaction per group. A written

policy on socialisation must be provided with the licence application.

8.3 Adequate steps shall be taken to protect a young dog or young cat in the case of fire or other emergency. A written evacuation and fire prevention policy must be provided with the licence application and fire extinguishers/blankets must be on site.

8.4 All young animals must be adequately exercised and a written policy must be submitted with the licence application on how this will be achieved.

8.5 A written policy on worming, vaccination and emergency veterinary care must be submitted with the licence application.

8.6 A written policy on waste disposal must be provided with the application.

9.0 Records/Inspection

9.1 All written policies required to be submitted with the licence application must be reviewed and updated as necessary by the licence holder. Reviews should be undertaken at least annually and at any time when a change to the activities the policy covers occurs.

10.0 General

10.1 The transfer of the young animals once sold must take place on either the licensed premises or the premises of the purchaser. No transfer of young animals shall take place for example in Supermarket car parks or motorway service stations.

10.2 The telephone number used for the sale of young animals must be a landline registered for use at the licenced premises address.

10.3 Any young dog or cat imported to the UK must meet the conditions laid down by the Rabies (Importation of Dogs, Cats and other Mammals) Order 1974 (as amended). (Further information can be found at www.defra.gov.uk)

10.4 The licence holder must comply with all other legislation relevant to their business

10.5 The Licensee must ensure that the establishment is covered by suitable public liability insurance and, where necessary employers liability insurance

Information to be completed by licence holder for each animal					
1	Name of Licence Holder				
2	Address of licence holder				
3	Address of premises where the young animal has been kept if different from 2 above				
4	Sex of the animal	Male		Female	
5	Breed of animal				
6	Date of Birth of the animal				
7	Identification number assigned to the animal				
8	Date animal acquired by licence holder				
9	Name and address of veterinary surgeon who conducted a physical examination of the animal in accordance with licence condition 3	Name: Address:			
10	Date of veterinary examination				
11	Details and dates of all medicines/treatments administered to the animal prior to date of sale by, or on behalf of the licence holder				
12	Date of sale of the animal by the licence holder				
13	Date of physical transfer of the animal from the licence holder to the purchaser (if different from 12 above				
14	Name, address and contact details of the person to whom the animal is sold by the licence holder	Name: Address: Contact number:			
15	**DECLARATION:** I hereby certify that the young animal sold has been kept separated from any other animals (apart from those of the same litter from the same source) for a period of not less than 10 days prior to the date of sale. Signed_____; date_____				
16	**A copy of this record shall be retained by the licence holder for a period no less than 3 years.**				

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL **COUNCIL**

DEVELOPMENT AND INFRASTRUCTURE SERVICES **28 JUNE 2018**

DUNOON AMATEUR BOXING CLUB (DABC) – FUNDING REQUEST

1. EXECUTIVE SUMMARY

1.1 Dunoon Amateur Boxing Club (DABC) has been operating as the sole affiliated boxing club in Argyll and Bute for over 40 years. DABC have been developing proposals over a number of years for a new build Community Sport Facility which would provide them with a permanent base from which to operate.

1.2 The Council agreed to make provision in the Capital Plan for a grant of £100,000 to DABC towards the capital cost of the new facility. Having secured all other funding, including the recently approved £40,000 funding from the Robertson Trust (see funding table below), DABC are now formally seeking the release of the Councils £100,000.

Funding Avenue	%	Funding £
DABC Contribution from own funds	11%	30,000
sportscotland	33%	100,000
In Kind Contribution	11%	30,000
Robertson Trust	12%	40,000
Argyll and Bute Council	33%	100,000
Total		300,000

1.3 Following a fully detailed assessment of the business case officers of the council now consider that a formal grant offer can be issued and the funding released.

1.4 This consideration involved a council approved business case assessment process which involved a 4 stage review:

- Policy
- Governance
- Financial
- Deliverability and Risk

RECOMMENDATIONS

1.5 Members are asked to approve the release of £100,000 subject to the receipt of acceptable tenders being received that are considered to be deliverable by council officers

1.6 That members agree that the final release of council funding be delegated to the Executive Director of Development and Infrastructure in consultation with the Executive Director of Customer Services and the Head of Strategic Finance.

ARGYLL AND BUTE COUNCIL **COUNCIL**

DEVELOPMENT AND INFRASTRUCTURE SERVICES **28 JUNE 2018**

DUNOON AMATEUR BOXING CLUB (DABC) – FUNDING REQUEST

2. INTRODUCTION

2.1 Dunoon Amateur Boxing Club (DABC) has been operating as the sole affiliated boxing club in Argyll and Bute for over 40 years.

2.2 The Council agreed to make provision in the Capital Plan for a grant of £100,000 to DABC towards the capital cost of a new community sport, facility from which DABC would operate. Having secured all other funding, including the recently approved £40,000 funding from the Robertson Trust, DABC are now formally seeking the release of the Councils £100,000.

2.3 An assessment has now been undertaken based on the process for assessing funding requests from a third party that was approved by the Policy and Resources Committee on 19 March 2015. All applications go through the same assessment process which is subject to a 4 stage review:

- Policy
- Governance
- Financial
- Deliverability and Risk

2.4 Following a fully detailed assessment of the business case officers of the council now consider that a formal grant offer can be issued and the funding released.

3. RECOMMENDATIONS

3.1 Members are asked to approve the release of £100,000 subject to the receipt of acceptable tenders being received that are considered to be deliverable by council officers.

3.2 That members agree to the final release of council funding being delegated to the Executive Director of Development and Infrastructure in consultation with the Executive Director of Customer Services and the Head of Strategic Finance.

4. DETAIL

4.1 Background

4.1.1 DABC has been operating in the main for over 40 years and is currently the only Boxing Scotland affiliated club to deliver boxing tuition in the Argyll and Bute area. The club are an affiliated member of the Western District Amateur Boxing Association. The club at its peak, had over 40 boxers training on a weekly basis with many of them going on to compete at national level.

4.1.2 The charitable purposes of the DABC is the advancement of public participation in the sport of Amateur Boxing and the provision of recreational facilities/and or activities, with the objective of improving the conditions of life for the persons for whom they are primarily intended.

4.1.3 DABC is situated in the town of Dunoon and was delivering training sessions in a number of different venues due to having no fixed premises. Over the past few years with the closure of the Queens Hall and the lack of suitable venues, not already being used to capacity by other local sporting or volunteer groups, DABC have been unable to deliver any training sessions or associated sporting operations.

4.1.4 In order for DABC to continue to grow and develop it was felt, by the club's committee, that a bespoke community sporting facility should be built. The facility would act as DABC official clubhouse and training venue. In addition to the club the facility would also serve as a venue for community use. It is proposed to build this facility in the grounds of Dunoon Stadium.

4.1.5 The overall cost of the project is estimated at £300,000 and a business case is attached, see **Appendix 1.** The table below outlines the sources of funding:

Funding Avenue	%	Funding £
DABC Contribution from own funds	11%	30,000
sportscotland	33%	100,000
In Kind Contribution	11%	30,000
Robertson Trust	12%	40,000
Argyll and Bute Council	33%	100,000
Total		300,000

4.1.6 DABC have been incorporated as a Scottish Charitable Incorporated Organisation (SCIO) and it was registered on 26 August 2015. This provides them with tax benefits and has made it easier to raise funds from public grant-making trusts.

4.1.7 DABC has commissioned Allied Surveyors to establish an estimated works cost for the proposed build. The following table outlines the proposed cost of the build. It excludes VAT due to the Club's charitable status:

Project Expenditure		Cost
Estimated works cost (165m^2)		£247,500
Professional Fees	15%	£37,125
VAT (on professional fees)	20%	£7,425
Direct Charges Planning, warrant, site investigations		£7,950
Estimated total project cost		£300,000

4.1.8 DABC have secured planning permission through Argyll and Bute Council's planning service (reference number: 16/00180/PP) to build the proposed facility on the grounds of Dunoon Stadium. The group have also secured a 25 year lease to use the site for £1 per annum.

4.1.9 Within the capital programme the council agreed to make provision for £100,000. Having secured all other match funding DABC is now seeking the release of the council funding

4.2 Application Assessment Process

4.2.1 An assessment has been undertaken following the process for additional funding approved by the Policy and Resources Committee on 19 March 2015. All applications go through the same assessment process which is subject to a 4 stage review:

- Policy
- Governance
- Financial
- Deliverability and Risk

4.2.2 The process requires officers to write a report that captures the outcome of the assessment. The overall assessment should be narrative and qualitative rather than a set of weighted scores. The assessment is contained in the following paragraphs.

4.2.3 DABC has provided the following documentation to support the application which is appended to this report:

- Appendix 1 – Business Plan (February 2018)
- Appendix 2 – Cash Flow Statement
- Appendix 3 – DABC Financial Information - Bank Statement and Financial Forecast

4.3 Policy

What is the impact of granting the request?

4.3.1 The overall impact of the project will be that it will allow DABC to restart their operations in an area where there is currently no boxing delivery for children and young people of any age. DABC are of the view that boxing clubs on a whole can play a significant role in the community and can have an impact on the following key areas:

- Crime and antisocial behaviour
- Social disadvantage and deprivation
- Promotion of healthier lifestyles
- Educational attainment and attendance

Their intention is that the new centre will also allow other sport and fitness groups a place to participate in sporting activities and grow and develop their clubs. More information on DABC activities is detailed in the Business Plan Appendix1

What locations will benefit?

4.3.2 Although the proposed facility has been highlighted as having potential to help address social disadvantage and deprivation, it must be noted that the proposed facility does not currently reside in a Scottish Index of Multiple Deprivation Area (SIMD). The new centre is situated close by and DABC have undertaken to use outreach activities to attract members from within this community.

How does the application relate to the Local Outcome Improvement Plan (LOIP)

4.3.3 The development of Dunoon Community Sport Centre would help achieve the outcomes of the LOIP, by offering the community of Dunoon a much needed facility. Currently there is a lack of suitable facilities within the area that will cater for contact sports, as most facilities are either not suitable or are fully booked by other clubs and user groups. The proposal would upgrade the existing Dunoon Stadium site to include an indoor training facility.

4.3.4 Physical activity is high on the agenda as part of the Scottish Government's national strategic objectives. There is a key focus on encouraging and enabling inactive people to become more active, while encouraging those who are currently active to stay active.

4.3.5 The proposed facility will increase the number of facilities in the Dunoon area giving the community more choice while allowing DABC to develop within a bespoke environment. The facility development will link to outcome 5 of the LOIP as DABC will be able to target children and young people and engage them in a range of physical activity that is not currently offered within the community.

4.3.6 The proposed facility would also help to raise physical activity levels in the sport of boxing while enabling sport specific training to take place in an indoor facility in the grounds of Dunoon Stadium.

Would it support Other Projects or Initiatives?

4.3.7 The Community Sports Hub (CSH) which launched in February 2016 would benefit from a strong boxing club as part of its work to develop and implement the Hub in Dunoon.

4.3.8 In addition to DABC the facility would also serve as a venue for community use. Details of proposed other users are included in Appendix 3.

SWOT Analysis

4.3.9 The following quadrants make up the main strengths, weaknesses, opportunities and threats of agreeing the grant funding application for the proposed Dunoon Sports Community Centre to be delivered by DABC.

Strengths	**Weaknesses**
1. Quality indoor facility at the stadium 2. Supports LOIP outcomes 3. Supports CSH principles 4. Sustainable boxing club facility 5. New bespoke fitness/training facility 6. Charitable status 7. External support (clubs etc.) 8. Additional fitness provision 9. Lease agreement secured 10. Planning permission approved 11. Trustees are volunteers 12. The offer of facilities that are significantly different from other venues	1. Lack of long-term DABC development plan 2. Current DABC activity
Opportunities	**Threats**
1. Community access 2. Additional venue for meetings etc. 3. Community Sports HUB venue 4. Partnership work with Dunoon Youth Football League and Rugby Club 5. Increased membership opportunities 6. Fitness class income to help with the long-term facility running costs 7. Meeting room hire 8. Development of boxing competition in the area 9. Development of additional programmes	1. Escalation in build costs 2. Project management – scope creep 3. Long-term management costs 4. Long-term maintenance costs 5. Possible perception of over capacity of facilities

What is the economic impact of supporting the Application?

4.3.10 The proposed facility would help to establish long-term future of DABC. In the past DABC have hosted annual competitions which have brought competitors and boxing enthusiasts to the town. Therefore there may be a marginal

economic benefit from potential competitions being held in the area. In order to host competitions and events of this nature in the future it is important that the DABC have a stable long-term venue to train and develop the club.

4.3.11 In addition to the economic benefit from hosting events, DABC are working with Police Scotland to develop a rehabilitation of offenders' programme that will use the centre. They have also been working with Dunoon Youth Football League to develop ways to use the new facilities.

How many jobs will be created?

4.3.12 It is proposed that the facility will be managed and run by volunteers with a cleaner/caretaker being employed by DABC and contracted for a few hours per week. There is also the possibility for some part-time and contract employment. Some specialist programmes would need to employ/contact specialist to deliver these programmes There will also be employment by additional users of the facilities, instructors who run classes.

4.4 Governance

What is the Legal Status of the Applicant and is this secured?

4.4.1 DABC are registered with Boxing Scotland and are an affiliated member of the West District Amateur Boxing Association. There is no other related registered company involved with the club or the request for grant funding.

4.4.2 DABC is a voluntary organisation which has an elected board of Trustees and has charitable status. Its Trustees serve to promote the interests of the charity and its aims, DABC, its membership and the local community.

4.4.3 DABC have been successfully granted Incorporation as a Scottish Charitable Incorporated Organisation (SCIO) by the Scottish Charitable Regulator (OSCR) on the 26 August 2015. This confirms that DABC have charitable status through OSCR the Scottish Charity Regulator for which their charitable purposes are:

- The advancement of public participation in sport.
- The provision of recreational facilities, or the organisation of recreational facilities, with the object of improving the conditions of life for the persons whom the facilities are primarily attended.

4.4.4 DABC charitable objective is "to pursue the advancement of public participation in the sport, in particular of amateur boxing and the provision or organisation of recreational activities with the objective of improving the conditions of the life for the persons for whom they are primarily intended". DABC recognises that many people may wish to participate in physical sport that is not boxing and will encourage and support partners to make use of the facilities and to further the range of sporting activities available to local people.

4.4.5 The registration of DABC has been confirmed and DABC has documentation

to prove that they have been granted charitable status through OSCR. DABC SCIO's registered name is: Dunoon Amateur Boxing Club and their charity number is: SC045935. Strategic Finance has confirmed the registration number and they have found it to be in order.

Have the Board agreed to the Project?

4.4.6 DABC President and Club Secretary in their positions as club officials have a wealth of experience in the sport of boxing and have been put forward as the key members of their board in safeguarding the delivery of the proposed project.

4.4.7 DABC has commissioned Chartered Surveyor from Allied Surveyors, 35A Union Street, Greenock PA16 to oversee the management and building of the project. The tender process is underway, five offers have been received to date with the process closing on 16th June.

4.4.8 DABC Board of Trustees will liaise with the project manager regarding the proposed facility in order to ensure the project continues to meet the scope of the initial business case.

4.4.9 DABC's constitution states clearly under section 5.6 they have the powers to take on lease hire or otherwise acquire any property and construct buildings.

4.5 Financial

Have costings been provided?

4.5.1 Costings have been provided for the building of the proposed facility. Copies of the daft annual accounts have been provided for the year ended 26th August 2015 and year ended 31st August 2016. DABC made a profit over the years and have been self-sufficient for 40 years. The figures are small as DABC has not been trading due to the difficulties in securing a suitable venue following the closure of the Queens Hall.

4.5.2 A copy of the latest DABC accounts show that they have met the required level of funding from their own efforts and is confirmed by a statement in the attached accounts **Appendix 3.**

4.5.3 As part of the review of the ad hoc funding application undertaken by Strategic Finance a financial forecast of the proposed income and expenditure once the building is fully operational has been provided. **Appendix 3.**

What other Funding is in place?

4.5.4 DABC are seeking the release of the £100,000 towards the overall cost of the project estimated to be £300,000 and a business case is attached, see Appendix 1. The table below outlines the sources of funding:

Funding Avenue	%	Funding £
DABC Contribution from own funds	11%	30,000
sportscotland	33%	100,000
In Kind Contribution	11%	30,000
Robertson Trust	12%	40,000
Argyll and Bute Council	33%	100,000
Total		300,000

Following confirmation from the Robertson Trust of their £40,000 funding all funding is now in place subject to agreement from the council to release the £100,000.

Is there an estimated cash flow for ongoing operating costs?

4.5.5 DABC have produced a cash flow summary included in **Appendix 2** and this has been challenged as to whether it is sustainable into the medium term. DABC have produced a Financial Forecast included in **Appendix 3** and have confirmed that they will have little building costs or rent to pay and since DABC is a registered charity it will gain cost benefits as a result. Running costs for the building will be negligible, utilities, insurance etc. DABC has been running for 40 years and has always managed to be self-sufficient. They will continue to raise money via activities such as sponsored walks, raffles, coffee mornings etc. The annual boxing show also brings in good income which should continue with their forecast of increased membership. DABC believe this will place them in an ideal position to have the necessary funding to maintain and develop the building into the future.

4.6 Deliverability and Risk

Is there a Business Plan?

4.6.1 The business plan has been received as part of the funding application – see **Appendix 1**. In the main the business plan summarises the history of DABC, the management structure, the services provided, charitable status, project costs and financial status.

Who are their Partners/Advisors and are they sufficiently experience?

4.6.2 There have been a number of key partners who have been involved in providing either technical, specification or funding expertise/advice including the following:

- Allied Surveyors. This company has extensive experience in providing cost control and project management on construction projects for NHS, Housing Associations and private clients.
- sportscotland (Architect). sportscotland has provided advice and

assistance in the Club's application for funding to sportscotland.

4.6.3 It is the view that the above partners are sufficiently experienced for this project.

Who are the key people in the Club?

4.6.4 There are also a number of key people in DABC and the list below summarises their involvement and experience:

- Club President/ Head Coach, has over seventy years' experience as a Boxer, and registered boxing coach.
- Club Secretary/Child Protection Officer and Coach is a Registered Social Worker (SCR-2015235) and advises the Club on all aspects of child protection and working with young people in sport.
- Club Treasurer/Boxing Coach, is a director in the family quarry business at the Clachan Quarry, Cairndow.

4.6.5 Overall DABC has a good mix of volunteers from the local community who would be able to help deliver a project of this nature.

Have risks been clearly identified?

4.6.6 There are four main risks:

- The total funding for the capital works is not secured.
- The overall procurement process and final submitted cost exceeds the available budget.
- The project is not delivered on time, in line with funding condition from sportscotland.
- The ability of the group to achieve enough revenue income to fund the maintenance of the facility into the future.

4.6.7 In relation to the funding, £100,000 has already been secured from sportscotland and there is £30,000 in the bank. Several "in kind" donations have been received amounting to £30,000 which will reduce the overall built cost, estimated at £300,000. The Robertson Trust has also recently approved a grant of £40,000 for the project. The Council agreed to make provision in the capital plan for £100,000 for this project and if members agree to the release of the funding following consideration of this report all funding will be in place. There is no contingency set aside, however, committee members and other private individuals have pledged to make up any shortfall should this be required.

4.6.8 There is a risk in relation to the procurement process and whether the tender applications are within the estimated cost as set out by Allied Surveyors. If the tenders are higher, there could be a gap in the funding for the initial build costs and additional funding will need to be secured.

4.6.9 Tenders are currently out and there have been five offers to date, closing date is the 12th June. Work needs to start in July as part of the conditions to the sportscotland funding. The estimated build time due for completion is

November 2018, with a soft opening to activities planned for December 2018. The official opening is not envisaged until Spring 2019.

5. CONCLUSION

5.1. There are number of strengths in the proposal to build the Dunoon Community Sports Centre, as there is a lack of suitable indoor venues to deliver sports of this nature. The development of the facility would help secure the long-term future of DABC. Currently DABC have secured a lease agreement for the grounds and have been granted planning permission.

5.2 The report provides an assessment of the application using the standard process for additional funding approved by the Policy and Resources Committee on 19 March 2015. It is therefore recommended that subject to suitable tenders being received for the work the council release up to £100k.

6. IMPLICATIONS

6.1	Policy -	The funding request supports the outcomes with the LOIP.
6.2	Financial -	Council agreed to make provision in the Capital Plan for £100,000
6.3	Legal -	None.
6.4	HR -	None.
6.5	Equalities -	None.
6.6	Risk -	The project cannot raise sufficient funding to proceed and the project cannot be completed within current budget or required timescale.
6.7	Customer Service -	None.

Pippa Milne
Executive Director of Development and Infrastructure

Kirsty Flanagan
Head of Strategic Finance

Policy Lead for Economic Development: Councillor Aileen Morton

Policy Lead for Strategic Finance and Capital Regeneration Programme: Councillor Gary Mulvaney

4 June 2018
For further information please contact
David Rennie, Social Enterprise Development Officer, 01700 501371

Appendix 1 – Business Plan (February 2018)
Appendix 2 – Cash Flow Statement
Appendix 3 – Clubs Financial Information - Bank Statement and Financial Forecast

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL **COUNCIL**

DEVELOPMENT AND INFRASTRUCTURE SERVICES **28 JUNE 2018**

Request for Inward Investment Fund support to the first stage of development of Bute Island Foods Ltd.

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide information on Bute Islands Foods Ltd (BIF), its planned expansion/development and its request for support from the Inward Investment Fund.

1.2 The island of Bute is an economically fragile area, has the highest unemployment rate in Argyll and Bute (Figure 1) and a declining population. Most of the workforce on the island is employed in Health, Education and Manufacturing. BIF is the largest employer in manufacturing and likely the largest private sector employer on Bute.

1.3 BIF is a growing manufacturer of dairy free vegan cheese products on the island of Bute. From small beginnings in the 90s, it currently (March 2018) employs 110 people on the island, contributing £4.5M to the region's GVA.

1.4 BIF expanded in 2013 when it purchased and refurbished the "Old Creamery" building in Rothesay and relocated its operational base there. However, both national and international demand for its products is rapidly growing and its current plant has insufficient capacity to meet this demand.

1.5 Consequently, the BIF directors are planning a two-phase development. The first phase is estimated to result in 35 to 44 additional jobs on Bute, raising total paid salaries, and increasing firm-level GVA to £6M. Successful completion of the first phase will lead to the second phase, which is estimated to result in 70 additional jobs, raising total salaries, and increasing firm-level GVA of £10M. These are considerable economic benefits for Bute and for Argyll and Bute as a whole.

1.6 It should be noted that even though there are financial incentives to relocate the firm out of Bute, the directors would prefer to develop BIF on Bute. They have requested £100,000 grant funding from the council's Inward Investment Fund, which will improve the scale, timing and quality of the first phase of development on the island.

1.7 The BIF project aligns well with the aims and key themes of the emerging Rural Growth Deal that was approved at the May 2018 Policy and Resources Committee, together with the associated Inward Investment Fund criteria, the Outcome Improvement Plan key outcomes 1, 2 and 3, Scotland's Economic Strategy and the UK Government's Industrial strategy.

1.8 The grant request by BIF was assessed comprehensively against several standard criteria including State Aid and finance. State Aid requires BIF to maintain the investment/jobs created by the grant funding on the Island of Bute for a minimum period of 3 years after the completion of the development

1.9 Members are asked to:

- Note the content of this paper.
- Approve, in principle, the award of £100,000 from the Inward Investment Fund to support the first phase of development by BIF.
- Authorise the Executive Director of Development and Infrastructure, in consultation with the Executive Director of Customer Services and the Head of Strategic Finance, to issue an offer to grant those funds to BIF on such terms and conditions as the Executive Director of Development and Infrastructure may reasonably determine. In particular, subject to BIF being successful in obtaining planning permission for the development; a condition requiring repayment of the grant funding in the event that BIF fail to maintain the investment/jobs created by the grant funding on the Island of Bute for a minimum period of 3 years after the completion of the development; and such other terms and conditions as may be required in order for the Council to comply with all legislative provisions relating to the granting of such State Aid.

ARGYLL AND BUTE COUNCIL **COUNCIL**

DEVELOPMENT AND INFRASTRUCTURE SERVICES **28 JUNE 2018**

Request for Inward Investment Fund support to the first stage of development of Bute Island Foods Ltd.

2.0 INTRODUCTION

2.1 The island of Bute is classed by HIE as an economically fragile area, has the highest unemployment rate (Figure 1) in Argyll and Bute and its population is projected to decrease by almost 1000 people by 2026. The three industries that collectively employ almost 75% of the workforce on Bute are Health, Education and Manufacturing. Bute Island Foods Ltd (BIF) is the largest employer in manufacturing, employing about 88% of the people in this industry.

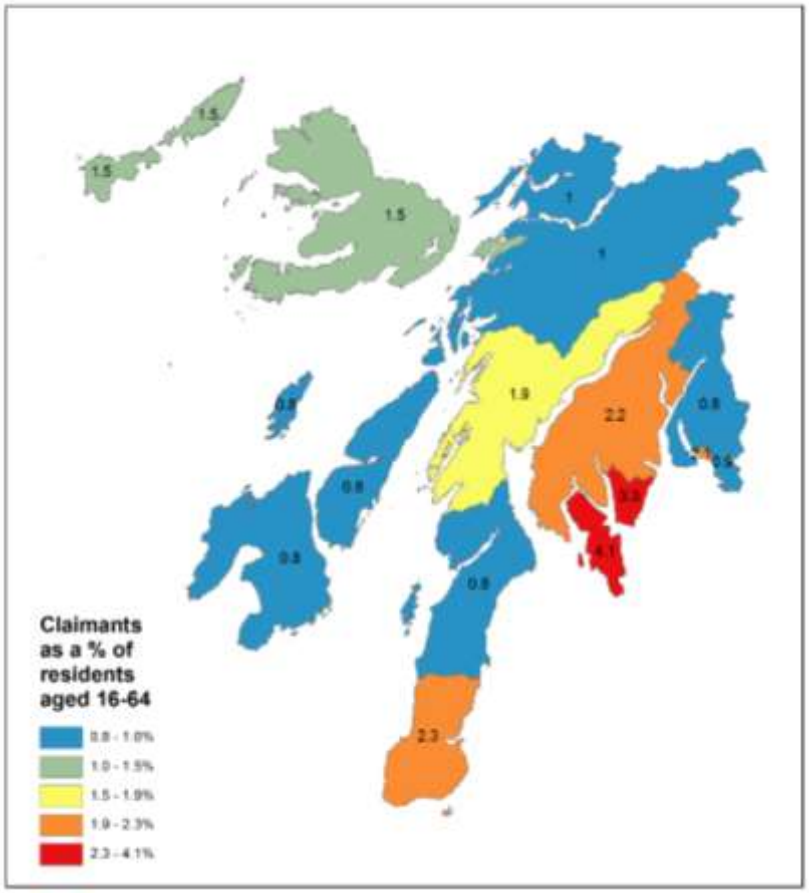


Figure 1: Claimants as percentage of working population in Argyll and Bute wards in March 2018. Isle of Bute has the highest unemployment rate.

2.2 BIF is likely the largest private sector employer on the island and manufactures dairy free vegan cheese products. The company has experienced rapid growth in recent years with considerable potential to grow in the future and create additional jobs on the island.

2.3 There is high and rising demand for BIF products from both UK and international markets. In response to this rising demand, the firm's directors are planning a two-phase development/expansion process over the next two to three years to increase capacity to supply this growing market.

2.4 The company was conceived in 1988 around a farmhouse table, expanded to a small building on Bute in 1994 when all its products were made by hand, then expanded again in 2013 by moving to the "Old Creamery" building in Rothesay. In 2015, 20 people worked in BIF, increasing to 49 in 2016, 86 in 2017 and 110 in March 2018.

2.5 The BIF directors estimate they will employ an additional 35 to 45 new people on Bute after successful completion of the first phase and an additional 70 by the end of 2020 after the successful completion of the second phase.

2.6 Following an informal discussion with Economic Development staff, the directors of BIF formally requested in a letter (Appendix A) financial support from the council's Inward Investment Fund (IIF) to the first phase of development.

2.7 This paper presents details about BIF and the planned development and recommends that elected members approve financial support of £100,000 from the IIF to the first phase of development.

3.0 RECOMMENDATIONS

Members are asked to:

3.1 Note the content of this paper.

3.2 Approve, in principle, the award of £100,000 from the Inward Investment Fund to support the first phase of development by BIF.

3.3 Authorise the Executive Director of Development and Infrastructure, in consultation with the Executive Director of Customer Services and the Head of Strategic Finance, to issue an offer to grant those funds to BIF on such terms and conditions as the Executive Director of Development and Infrastructure may reasonably determine. In particular, subject to BIF being successful in obtaining planning permission for the development; a condition requiring repayment of the grant funding in the event that BIF fail to maintain the investment/jobs created by the grant funding on the Island of Bute for a minimum period of 3 years after the completion of the development; and such other terms and conditions as may be required in order for the Council to comply with all legislative provisions relating to the granting of such State Aid.

4.0 DETAIL

4.1 Commentary on the BIF business plan is in Appendix B and supporting data in Appendix C. A summary is presented below.

4.2 BIF has been based on Bute since 1994. The current owners and management team purchased it in 2003. The firm expanded in 2013 by purchasing and renovating the “Old Creamery” building in Rothesay, which is its current base of operations.

4.3 BIF produces a range of dairy free vegan cheese products under the brand “Sheese”. Products include Sheese blocks and slices, grated Sheese and creamy Sheese.

4.4 The products are stocked by several large UK retailers including Tesco, Sainsbury’s, Asda and Waitrose. Moreover, BIF exports a substantial proportion of its products to the EU and rest of the world, with imminent contracts in Australia and emerging opportunities in the USA.

4.5 At the current site, there is a bottleneck in batch preparation because raw material and chilled storage is limited. Therefore, to run the production plant to capacity 6 or 7 days per week and meet the increasing demand, the plant requires additional warehousing to support both the raw material intake and finished product storage and dispatch.

4.6 The first phase of development is to build additional warehousing and office space on the site opposite the current production plant, where an offer of £55,000 for the land has been accepted by the Highlands and Islands Enterprise (HIE).

4.7 The plan is to build a new warehouse facility with additional office space that is likely to cost in the region of £600 - £700k. An additional £100k would be required to buy machinery such as forklifts, racking machinery and computer equipment.

4.8 If planning permission is granted, the project would be able to be completed by Nov 2018 and would enable BIF to double the production capacity of the current site. As a result, 35 to 45 new, full time, jobs would be created on the Island in addition to the 110 employees (March 2018) that the company currently employs. This is estimated to increase total salaries (Appendix D), paid to employees on the island of Bute which is identified as an economically fragile area by HIE.

4.9 GVA is a commonly applied indicator of economic impact and provides a measure of wealth generated within the economy. The first phase of BIF development is estimated to increase firm-level GVA from £4.5M (end of 2017) to about £6M.

4.10 Training & Skills development – employment will be in a variety of areas within the food manufacturing sector: Technical, Engineers & Maintenance,

Quality Assurance, Health & Safety, Production Managers, Hygiene, Process Operatives, HIAB & Forklift, Warehousing & Dispatch. The BIF directors indicated that in addition to providing jobs for local people and attracting new skilled people to the area, the development will enable them to continue to help to plug the gap in local skills in the food industry. They plan to provide in depth in-house training, food safety training courses, machine engineer & servicing courses, and a variety of upscaling in skills for new and existing staff, supported by better salaries. They will also seek help and advice from Skills Development Scotland.

4.11 BIF moving to a ready built larger unit is not possible on Bute. Although there are incentives for relocating, such as greatly reduced haulage costs, the directors' preference is to keep the business on Bute. Support from the IIF will help to improve the scale, timing and quality of the first phase of development and secure significant employment on Bute for years to come.

4.12 Successful completion of the first phase will likely lead to the second phase of development on Bute, with estimated economic benefits of 70 additional employees, total salaries (Appendix D) and about £10M total GVA from the firm by the end of 2020.

4.13 The Economic Development Service will continue to work with HIE to secure additional funding from internal and external sources such as the Food processing, Marketing and Co-operation grant and the European Regional Development Fund. Potentially, part of any secured funding could assist the second phase of BIF's development.

4.14 Furthermore, BIF is committed to greater waste and energy efficiency. In 2016, the firm received support from Resource Efficient Scotland to implement relevant changes following a waste review and the directors plan to implement similar and additional resource efficiency measures at each phase of development.

4.15 This project is particularly strong given the number of jobs and GVA that it will generate on Bute, which is a fragile rural economy and suffering from de-population. Completion of the first phase, including the potential £100,000 Rural Growth Deal funding from the council's IIF, will help to enable the second phase to progress. The formal Rural Growth Deal submission to the Scottish and UK Governments will be made in October of this year.

4.16 The first phase of BIF development aligns well with IIF criteria:

- It will create 35 to 44 new jobs in the fragile community of Bute.
- It supports the delivery of the Argyll and Bute Outcome Improvement Plan key outcomes 1, 2 and 3 because it will contribute to population growth on Bute, provide diverse skilled employment opportunities, and guide investment in infrastructure through the Rural Growth Deal.
- It will likely attract further public sector funding, potentially from HIE and FPMC.

- It will increase GVA in Argyll and Bute's food and drink sector by about £1.5M.
- It will likely lead to a second phase of development on the island which will provide 70 additional jobs and £4M more in GVA by the end of 2020.

4.17 The BIF project aligns with Scotland's economic strategy:

- Investment – about £800k capital investment during the first phase of development.
- Innovation – BIF products are highly innovative and not replicated in the UK.
- Internationalisation – BIF exports to international markets including Europe, Australia and North America.
- Inclusive growth – the project will help sustain the business and generate considerable employment opportunities and economic wealth on the fragile community of Bute.

4.18 The BIF project aligns with the UK Government's Industrial Strategy:

- Ideas – BIF products are highly innovative and not replicated in the UK.
- People and Places – the project will help sustain the business and generate considerable employment opportunities and economic wealth on the fragile community of Bute
- Infrastructure and Business Environment – It is anticipated that the BIF development will form part of the Rural Growth Deal under the key sectoral support theme associated with growing the region's food and drink sector together with improving business space.

4.19 The grant request by BIF was assessed against several standard criteria:

- Public intervention is justified because of market failure due to income inequality between urban and rural areas and geographical factor immobility in remote rural areas.
- Argyll and Bute is classed by the EU as an Article 107(3)(c) sparsely populated area for State Aid purposes. This allows a maximum intervention of 25% per project to medium sized enterprises like BIF. It also requires BIF to maintain the investment/jobs created by the grant funding on the Island of Bute for a minimum period of 3 years after the completion of the development.
- Policy, Governance, Financial and Deliverability/ Risk Reviews (Appendix D) as well as a further assessment by Finance were completed.
- BIF provided copies of annual accounts, budget proposal and written justification of additionality and displacement.

5.0 CONCLUSION

5.1 BIF is a rapidly growing food manufacturer on the island of Bute. BIF is

planning a two-phase expansion/development to meet growing demand for its range of innovative food products from a number of national and international markets.

5.2 Even though there are financial incentives to relocate the firm out of Bute, the directors would prefer to develop BIF on Bute. IFF support will help improve the scale, timing and quality of the development on Bute.

5.3 The first stage of development will result in high number of quality jobs that will offer diverse training for locals as well as attract skilled people from elsewhere in Scotland and the world; higher total salaries on Bute that will feed to the local economy and Argyll and Bute's GVA; and positive marketing for Argyll and Bute's food and drink sector. Successful completion of the first phase will in turn lead to the second phase of development that will result in even larger magnitudes of these economic and social benefits.

5.4 Therefore, members are asked to approve £100,000 of funding from the IFF towards the first phase of development by BIF. The BIF development is considered part of the Rural Growth Deal under the key sectoral support theme associated with growing the region's food and drink sector together with improving business space. Consequently, the grant funding of £100,000 is considered by the council to be public sector match funding in the Rural Growth Deal. This project will help to enable further development

6.0 IMPLICATIONS

6.1 Policy - The BIF project aligns well with IFF criteria, the Outcome Improvement Plan, Scotland's Economic Strategy, the Rural Growth Deal and the UK Government's Industrial Strategy.

6.2 Financial - This report requests £100,000 from the council's Inward Investment Fund.

6.3 Legal - The recommendation in paragraph 3.3 to comply with all legislative provisions relating to the grant of State Aid by the Council.

6.4 HR - None arising from this report

6.5 Equalities

6.6 Risk

6.7 Customer Service

Pippa Milne, Executive Director of Development and Infrastructure
Cllr Aileen Morton, Policy Lead of Economic Development

28 May 2018

For further information contact:

Grigorios Moschonas
Argyll and Bute Council
Economic Growth Officer
Food & Drink, Marine Science
Office: 01546 604391
Mobile: 07766 361145

APPENDICES

Appendix A

Attached pdf “IIF Argyll & Bute 29.01.18”

Appendix B

Attached pdf “Bute Island Foods Business Plan Commentary 2018”

Appendix C

Attached pdf “IIF Argyll & Bute 22.03.18”

Appendix D

Attached pdf “Grant Funding Matrix BIF”

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

Document is Restricted

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL **Council**

Chief Executives **28 June 2018**

Volunteering - Action Research Project

1.0 EXECUTIVE SUMMARY

1.1 At a time of increasing demand for services and falling public spending, volunteering nationally has been reducing. The trend in Argyll and Bute however over the last five years has been reported as an increase. Argyll and Bute Council hosted a national event on volunteering run by the Local Government Improvement Service (LGIS), Volunteer Scotland and the Argyll and Bute Third Sector Interface in March 2018 to explore the opportunities to further develop volunteering within our communities and public services

1.2 Arising from this work and further discussions with the LGIS, officers are investigating the development of a 3 year Action Research Project. The project will look to promote volunteering opportunities, working with middle managers to explore how to exploit those opportunities, learn lessons from the process and support communities to help themselves in areas such as health, care and the environment.

1.3 The action research project should be cost neutral to the Council with an offer from the Local Government Improvement Service to assist with securing funding to take forward.

1.4 It is recommended that the Council:

a) Notes the content of this paper;
b) Notes that officers will engage with the Local Government Improvement Service to secure external funding support to deliver an Action Research Project to promote volunteering opportunities and improve community participation in public services.

ARGYLL AND BUTE COUNCIL **Council**

Chief Executives **28 June 2018**

Volunteering - Action Research Project

2.0 INTRODUCTION

2.1 At a time of increasing demand for services and falling public spending, volunteering nationally has been reducing. The trend in Argyll and Bute however over the last five years has been reported as an increase – most significant of which has been an increase of 40% between 2012 – 2016 in peer to peer support e.g. time-banking and micro-volunteering accounting for around 32,000 hours per annum. More traditional volunteering has also grown to a figure of 4,300 registered volunteers although it is acknowledged that informal forms of volunteering account for far greater activity.

2.2 Argyll and Bute Council hosted a national event on volunteering run by the Local Government Improvement Service (LGIS), Volunteer Scotland and the Argyll and Bute Third Sector Interface in March 2018 to explore the opportunities to further develop volunteering within our communities and public services.

2.3 Arising from this work and further discussions with the LGIS, officers are investigating the development of a 3 year Action Research Project. The project will look to promote volunteering opportunities, working with middle managers to explore how to exploit those opportunities, learn lessons from the process and support communities to help themselves in areas such as health, care and the environment.

2.4 The action research project should be cost neutral to the Council with an offer from the Local Government Improvement Service to assist with securing funding to take forward.

3.0 RECOMMENDATIONS

It is recommended that the Council:

3.1 notes the content of this paper;
3.2 notes that officers will engage with the Local Government Improvement Service to secure external funding support to deliver an Action Research

Project to promote volunteering opportunities and improve community participation in public services.

4.0 DETAIL

4.1 Officers participated in discussions with the Local Government Improvement Service and Volunteer Scotland regarding a trend of reducing levels of volunteering across Scotland at a time when there is a greater need for communities to develop a greater level of self-reliance. Argyll and Bute had seen increases in certain types of volunteering over the last 5 years which demonstrated a capacity for learning from our experience and building on our strengths. Subsequently a discussion was arranged involving the council, the LGIS, Argyll and Bute Third Sector Interface (ABTSI) and Volunteer Scotland (VS) regarding an opportunity to develop a 3 year action research project to explore how to grow volunteering to support the delivery of public services.

4.2 The project builds on successful similar programs developed in other authority areas with particular reference to models developed in the North East of England. Argyll and Bute Council hosted a national event on volunteering run by the LGIS, Volunteer Scotland and the Argyll and Bute Third Sector Interface in March 2018 to explore the opportunities to further develop volunteering within our communities and public services in our area.

4.3 The project would be supported by external funding secured over a three year period by the LGIS during which time the capacity for sustainable volunteering will have increased.

4.4 Policy Background

To summarise the policy background, as noted above volunteering nationally is falling at time of reducing public finances and increased demand for services. Parallel to this is the growth of localism, community empowerment and public sector reform which may accelerate at the conclusion of the forthcoming Local Governance Review. It is well established that we have an ageing population which in turn could be viewed as an increasing demographic of older and healthier people who wish to stay active and may wish to contribute to their local community.

4.5 Additionally, the response to the budget consultation and the new Corporate Plan highlighted an interest in volunteering. During the consultation, the question was asked what people would like to get back if they got involved in helping their council and for those interested, the most popular reasons are;

- Make a difference to life in my community (39%)

- Work experience (23%)
- Training (21%)

4.6 The overall preference for how often to volunteer was during the day (rather than evenings or weekends) on a monthly/weekly basis. Preferences for areas that people would like to be involved is ranked highest to lowest as follows;

- Community engagement, community council or community development (8%)
- Environmental or conservation (7%)
- Looking after or helping vulnerable people (7%)
- Anything (7%)
- Education (adult or unspecified) (6%)
- Business, industry or commerce (6%)
- Gardening (5%)
- Already involved in some way (5%)
- Working with or helping elderly people (5%)
- Education for children / young people (5%)

4.7 The recently adopted Corporate Plan 2018 – 2022 highlights within our priorities our ambition to strengthen and empower our communities. Our approach to transformation over the next 5 years may also create more opportunities for volunteering and commissioning of services.

4.8 The Budget Motion passed by Council in February 2018 agreed that the Chief Executive, following the volunteer conference, would bring back to the Council a report to members on ways of developing enhanced opportunities for community engagement.

4.9 <u>Turning Volunteering Upside Down Conference: Findings</u>

Some key highlights from the event included;

- Volunteers are not homogenous.
- Volunteers beget other volunteers.
- Volunteers in general may feel they have no rights.
- There is no clear distinction between a (formal) volunteer and someone who is ‘helping out’.
- Recognition within volunteer and third sectors that the public sector is struggling financially
- Volunteers often now operating where the public sector/state has withdrawn
- Public sector can be risk averse and therefore be a barrier to volunteering

opportunities.

4.10 One of the key themes that emerged during the event is the critical importance of 'middle management' to develop a long term change in the approach to volunteering. Managers are responsible for service design, recruitment, budgets, service delivery and all other operational activities and if change is successfully supported at this level, then cultural change will cascade to the rest of the organisation more successfully.

4.11 A Third Tier Manager Volunteering Workshop facilitated by the Chief Executive of Volunteer Scotland, the deputy Chief Executive of the TSI and the Council's Head of Improvement and HR was held. The group explored the potential role of third tier managers, the desired environment for managers in supporting volunteering and developed a proposition to take forward into a three year action research project.

4.12 Action Research Project: Proposition:

a) We acknowledge that volunteers bring real value to the services we deliver

b) We will create a culture that supports our staff to enable and empower our citizens in shared responsibilities for achieving shared goals

c) Trades Unions are involved from the outset

d) Links into our changing relationship with our communities

e) We want to develop a shared relationship between public bodies and citizens to deliver positive impacts on individual and community life and break down any "them and us" barriers.

f) We provide training and capacity building for volunteer leadership

g) We will explore including leadership for volunteer participation in management job descriptions

h) We will tap into the expertise of the Improvement Service / Volunteer Scotland / Argyll and Bute TSI

i) Technology is utilised as required

j) We include a strong evaluation element

4.13 The proposition was presented by a Third Tier Manager at the 'Turning Volunteer Participation Upside Down' Conference on the 16 March 2018. Organised in partnership with VS and ABTSI as part of the Improvement

Service's Leading Practice Programme, it was attended by a range of stakeholders from across Scotland with an interest in volunteering. The conference was designed to rethink the ways public services and citizens achieve shared outcomes.

4.14 Conference Conclusions

With contributions from volunteer representatives and attendees at the conference, some key conclusions were helpfully set out by the Chief Executive of the Improvement Service:

a) The public sector has committed to a high level of entitlement for our service users which will be hard to sustain unless there is a change of approach.

b) The public budget and the 'public's budget'; we need to use available resources in new and creative ways, this includes allowing volunteers to access public resources within the current framework of public accountability.

c) Focus on outcomes, community empowerment and participation; there is a duty on the public sector to support this. This may include coordination, administration, research and analysis etc.

d) Recognising the spectrum of volunteering and how they get involved (from helping out to more formal roles); this may be by invitation, choice, negotiation or flexibility. Increase the opportunity for people to participate in their communities.

e) The importance of place; collective working to improve social cohesion.

f) The mutual need for change; shared problems as stimulus for shared agenda/outcomes.

4.15 With regards to principles for the public sector to grow volunteering, the following was suggested;

a) Parity of esteem (between paid employees and volunteers)

b) Open negotiation and agreement of roles and relationships

c) Volunteers as agents of change and transformation.

d) Fair access to resources and support within a framework of agreed outcomes.

e) The opportunity to redefine how the public sector works with volunteers participating in their communities should be viewed as part of the Commission on Future of Delivery of Public Services (2011), the Community Empowerment Act and the emerging Local Governance Review etc.

f) We need action research and courage in exploring new options, resources sharing, transfer of services, formal roles within services.

g) Honesty about obstacles and barriers and open sharing of experience.

h) Proper resourcing and reusing existing capacity.

4.16 Next Steps

4.17 The action research project seeks to develop learning for Council managers to assist them in supporting our communities to help themselves in areas such as health, care and the environment. Whilst some managers have knowledge and experience of community/third sector engagement, not all managers have that background and will require development to support them in this work. Managers will require to be more entrepreneurial in outlook with regards to the future design and delivery of services for the reasons outlined in the paper. Reflecting the continuing financial challenges for local government, local authorities may have a reduced role in terms of the delivery of some services whilst retaining an enabling and commissioning function. The positive motivations are for this development are compelling.

4.18 There is an offer from the Local Government Improvement Service of support to secure funding from external funders that have a shared objectives around improving democratic participation and improving outcomes for communities. It is proposed that officers will work with the LGIS in developing the scope for the project and securing external funding support. The action research project will only project on the basis that external support is secured. The contribution from the Council will be non-financial and relate to the role of managers to promote volunteering opportunities.

5.0 CONCLUSION

5.1 At a time of increased demand for services and falling public spending, Argyll

and Bute has an opportunity to take forward an ambitious proposal to become a council that enables and supports volunteering and community participation for improved community outcomes.

5.2 This paper outlines a proposition for an Action Research Project to develop learning and support managers to create opportunities for volunteering input in areas such as health, care and the environment.

5.3 The action research project will be cost neutral to the Council with an offer from the Local Government Improvement Service to assist with securing funding to take forward. The project will only progress if fully externally funded.

6.0 IMPLICATIONS

6.1 Policy; There is no change of policy proposed. The findings of the proposed Action Research Project may recommend policy changes.

6.2 Financial; All financial costs over the 3 year action research project to be met by grant support secured by the Local Government Improvement Service.

6.3 Legal; None at this stage.

6.4 HR; will require support and development for managers to lead volunteer participation opportunities. Trades Unions should be involved from the outset and the STUC/VS Charter for good relations between staff and volunteers should be adopted

6.5 Equalities; None at this stage

6.6 Risk; The proposals will help mitigate risks to the reputation of the organisation and improve the ability to improve/maintain positive outcomes for communities in future years.

6.7 Customer Service; none at this stage.

Chief Executive; Cleland Sneddon
For further information contact: Stuart Green
Date; 09 April 2018

ARGYLL AND BUTE COUNCIL **COUNCIL**

CUSTOMER SERVICES **28 JUNE 2018**

Capital Planning Update

1.0 EXECUTIVE SUMMARY

At the Council Meeting in February 2018 the Council approved the Capital Plan until financial year 2019/20 on the basis that as financial settlements will continue to tighten and the allocation of capital resources will come under increased scrutiny the shortened timeframe for the plan would give the Council an opportunity to review the existing approach to Capital Planning and Investment and if appropriate introduce a new process for future years. The Council endorsed the proposed improvements to the Capital Planning process which would enable emerging requirements and risks across the Council's services to be identified and prioritised and instructed officers to bring a report to Council by June 2018 providing an update on these changes.

Recommendations
The Council is invited to note the actions being taken to progress improvements to the capital planning process and that on conclusion of this exercise a detailed report recommending revisions to the capital planning and prioritisation process will come before the Council in the Autumn for approval.

ARGYLL AND BUTE COUNCIL	**COUNCIL**
CUSTOMER SERVICES	**28 JUNE 2018**

Capital Planning Update

2.0 INTRODUCTION

At the Council Meeting in February 2018 the Council approved the Capital Plan until financial year 2019/20 on the basis that as financial settlements will continue to tighten and the allocation of capital resources will come under increased scrutiny the shortened timeframe for the plan would give the Council an opportunity to review the existing approach to Capital Planning and Investment and if appropriate introduce a new process for future years. The Council endorsed the proposed improvements to the Capital Planning process which would enable emerging requirements and risks across the Council's services to be identified and prioritised and instructed officers to bring a report to Council by June 2018 providing an update on these changes.

This report provides a brief overview of the actions being taken to support the programme of review to enable recommendations on a revised capital planning and prioritisation process to come to a future meeting of the Council for approval.

3.0 RECOMMENDATIONS

3.1 The Council is invited to note the actions being taken to progress improvements to the capital planning process and that on conclusion of this exercise a detailed report recommending revisions to the capital planning and prioritisation process will come before the Council in the Autumn for approval.

4.0 DETAIL

4.1 The Council's current approach to capital investment is contained in the Capital Programme Planning and Management Guide which is periodically updated to reflect best practice, with the overall process being overseen from an operational perspective by the Strategic Asset Management Board (SAMB). The Guide:-

- Sets out the Capital Programme planning and management arrangements;
- Clarifies their links with existing Council processes;
- Defines roles and responsibilities for governance, management and implementation; and
- Provides detail on processes and procedures to be followed in making the arrangements a success.

Currently, Members role in this process is limited to setting the Capital Plan on an annual basis and, thereafter, reviewing progress towards delivery of

projects through scrutiny via the capital monitoring procedures.

4.2 The risks associated with depleting capital resources were highlighted during the 2018/19 budget process. In response, Members endorsed proposed improvements to the Capital Planning process, including the adoption of the One Council Property Approach which will enable the emerging requirements and risks across the Council's services to be identified and prioritised for future attention. Linked to this enhanced approach, a review is underway which will recommend a number of changes to the current arrangements to increase Member involvement in the Capital Planning process, and to improve the processes in general.

4.3 The programme for review is well underway and has taken into account:

- current arrangements and linkage to best practice
- proposed processes for capital prioritisation
- historic and current expenditure on asset sustainability projects
- elected member involvement

This is a complex and critical area of activity and work is ongoing to enable a final report outlining recommendations on a revised capital planning and prioritisation process to be presented to Council in the Autumn.

5.0 CONCLUSION

5.1 Following the Council endorsement in February 2018 of proposed improvements to the Capital Planning process Elected Members are invited to note the update in this regard and that a detailed report recommending revisions to the capital planning and prioritisation process will come before the Council in the Autumn for approval.

6.0 IMPLICATIONS

6.1 Policy: The review will impact on the Council approach to financial and capital planning policy.
6.2 Financial: The review will impact on the Council's approach to capital investment.
6.3 Legal: None
6.4 HR: None
6.5 Equalities: None
6.6 Risk: The review will address the risks associated with depleting capital resources.
6.7 Customer Service: None

Douglas Hendry
Executive Director of Customer Services
15th June 2018

Policy Lead Councillor Rory Colville

For further information contact: Malcolm MacFadyen, Head of Facility Services
Tel: 01546 604412 or E-mail: Malcolm.macfadyen@argyll-bute.gov.uk

This page is intentionally left blank