



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry

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11 October 2018

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 18 OCTOBER 2018** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 3 - 8)
Policy and Resources Committee held on 16 August 2018
4. **FINANCIAL MONITORING REPORT - AUGUST 2018** (Pages 9 - 134)
Report by Head of Strategic Finance
5. **BUDGET OUTLOOK 2019-20 TO 2021-22 UPDATE** (Pages 135 - 154)
Report by Head of Strategic Finance
6. **COUNCIL TAX ON EMPTY PROPERTIES** (Pages 155 - 160)
Report by Executive Director – Customer Services
- * 7. **PROCUREMENT STRATEGY 2019/20 AND SUSTAINABLE PROCUREMENT POLICY 2019/20 - DRAFT DOCUMENTS AND CONSULTATION** (Pages 161 - 232)
Report by Executive Director – Customer Services
8. **COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - PART 8 - COMMON GOOD PROPERTY** (Pages 233 - 238)
Report by Executive Director – Customer Services

9. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - PART 9 - ALLOTMENTS (Pages 239 - 244)

Report by Executive Director – Customer Services

* **10. JOINT LOCAL BRITISH SIGN LANGUAGE PLAN FOR ARGYLL AND BUTE (Pages 245 - 312)**

Report by Executive Director – Customer Services

* **11. DELIVERING THE ARGYLL RURAL GROWTH DEAL (Pages 313 - 350)**

Report by Executive Director of Development and Infrastructure Services

REPORTS FOR NOTING

12. REVIEW OF HEALTH AND SOCIAL CARE INTEGRATION SCHEME - UPDATE (Pages 351 - 354)

Report by Executive Director – Customer Services

13. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - UPDATE - EXPRESSIONS OF INTEREST / ASSET TRANSFER REQUESTS/REPORTING REQUIREMENTS (Pages 355 - 376)

Report by Executive Director – Customer Services

14. POLICY AND RESOURCES COMMITTEE WORKPLAN - OCTOBER 2018 (Pages 377 - 378)

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

Policy and Resources Committee

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

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

Contact: Hazel MacInnes Tel: 01546 604269

**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 16 AUGUST 2018**

Present: Councillor Aileen Morton (Chair)

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

Attending: Cleland Sneddon, Chief Executive
Douglas Hendry, Executive Director of Customer Services
Pippa Milne, Executive Director of Development and Infrastructure Services
Patricia O'Neill, Central Governance Manager
Jane Fowler, Head of Improvement and HR
Judy Orr, Head of Customer and Support Services
Fergus Murray, Head of Economic Development and Strategic Transportation
Alan Morrison, Regulatory Services Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Rory Colville, Roddy McCuish and Yvonne McNeilly.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minute of the meeting of the Policy and Resources Committee held on 24 May 2018 was approved as a correct record.

4. FINANCIAL REPORT MONITORING PACK - JUNE 2018

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of June 2018. Reports attached to the summary were the Revenue Budget Monitoring Report; Monitoring of Service Package Policy Options; Monitoring of Financial Risks; Capital Plan Monitoring Report; Treasury Monitoring Report and Reserves and Balances all dated as at 30 June 2018.

Decision

The Policy and Resources Committee –

1. Noted the Revenue Budget Monitoring Report as at 30 June 2018.
2. Noted the changed accounting treatment in respect of the Health and Social Care Partnership and the adverse impact it has on the Council's 2018/19 forecast

overspend with £2.4M of the £2.8M total relating to the Health and Social Care Partnership.

3. Requested that the Section 95 Officer liaise with the Health and Social Care Partnership Chief Financial Officer in respect of plans to reduce the overspend and provide an update to the Committee in the October report.
4. Noted the progress of the Service Package Policy Saving Options as at 30 June 2018.
5. Noted the current assessment of the Council's financial risks.
6. Noted the Capital Plan Monitoring Report as at 30 June 2018.
7. Noted the Treasury Monitoring Report as at 30 June 2018.
8. Noted the Reserves and Balances Report as at 30 June 2018.

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

5. BUDGET OUTLOOK 2019-20 TO 2021-22

The Committee gave consideration to a report providing an update to the budget outlook 2019-20 to 2021-22, reported to Policy and Resources Committee on 17 May 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 16 August 2018, submitted.)

6. SERVICE ANNUAL PERFORMANCE REVIEWS 2017-18 AND CUSTOMER SERVICES AND STRATEGIC FINANCE PERFORMANCE REPORT FQ1 2018-2019

The Committee gave consideration to the Service Annual Performance Reviews from Customer Services and Strategic Finance for 2017-18 and the departmental performance reports and associated scorecards for performance in FQ1 2018-19 (April – June).

Decision

The Policy and Resources Committee -

1. Agreed to endorse the Annual Performance Reports for 2017/18 as presented.
2. Reviewed and noted the scorecards as presented.

(Reference: Report by Executive Director - Customer Services dated 16 August 2018, submitted)

Councillor Sandy Taylor left the meeting at this point.

7. PROPOSED BY ELECTION - COLONSAY COMMUNITY COUNCIL

The Committee gave consideration to a report highlighting the request from Colonsay Community Council to hold a by election to enable them to fill out spaces in their membership due to the exceptional level of interest in members joining.

Decision

The Policy and Resources Committee –

1. Noted the request from Colonsay Community Council for a by election to be carried out to fill spaces in their membership.
2. Agreed that given the exceptional circumstances pertaining to this matter, the request be granted.

(Reference: Report by Executive Director - Customer Services dated 16 August 2018, submitted)

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

* **8. INFORMATION MANAGEMENT STRATEGY 2018 - 2021**

The Committee gave consideration to a report setting out the Information Management (IM) Strategy 2018-21 and outlining the approach that the Council will take to the governance, deployment and development of improved processes, procedure and technologies for better management of information.

Decision

The Policy and Resources Committee agreed to recommend to the Council approval of the Information Management (IM) Strategy for Argyll and Bute Council 2018 – 2021.

(Reference: Report by Executive Director - Customer Services dated 16 August 2018, submitted)

9. REVIEW OF ADVICE SERVICES

The Committee gave consideration to a report detailing the outcome of work previously undertaken to establish a proposed new model for the delivery of advice services. The report proposed a strategy and a sustainable and affordable model by which the Council could support advice services for the future.

Decision

The Policy and Resources Committee –

1. Approved the new model and implementation of the new arrangements for advice services of mixed economy and support to a single advice provider, commencing on 1 April 2019 (paragraph 5.4).

2. Agreed that the focus of Council activity should be on the vulnerable and acknowledged the critical role for the Health and Social Care Partnership in delivering this model (paragraph 5.4.a. and picking up discussions at Committee).
3. Agreed the new Governance arrangements and the changing remit and name of the Welfare Reform Working Group (paragraphs 5.5 & 5.6).
4. Approved the “no-cost” option for affordable credit (paragraph 6.3).
5. Endorsed the development of the Council’s website to provide a “single landing page” for advice services which can signpost clients to appropriate services, provide links to national and local advice via other website, and highlight issues relating to advice services across Argyll and Bute (paragraph 6.3).
6. Requested that a report come back to a future Policy and Resources Committee on the progress made towards the delivery of the mixed economy model.

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

* **10. FILM IN ARGYLL AND BUTE - FACILITATING THE USE OF COUNCIL ASSETS**

The Committee gave consideration to a report highlighting the opportunity to better use the Council’s assets for the purpose of filming by production companies and individuals looking to film in Argyll and Bute. To enable this change and to improve the service provided, a charging model and schedule has been developed, together with a structured transparent process.

Decision

The Policy and Resources Committee –

1. Agreed to recommend to Council the proposed Film Location Charging Schedule, to be reviewed annually as part of the budget process.
2. Noted the proposed Location Release Form (Appendix 2).

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

11. WEST OF SCOTLAND LOAN FUND - TRANSFER OF SURPLUS FUNDS TO ARGYLL AND BUTE COUNCIL

The Committee gave consideration to a report providing an update on the proposed transfer of surplus funds from the West of Scotland Loan Fund (WSLF), which is no longer active following the launch of Business Loans Scotland (BLS), to Argyll and Bute Council.

Decision

The Policy and Resources Committee approved that the transferred funds from the WSLF surplus be used to finance:

1. £75k of match funding, circa £25k per annum for 3 years, for a Phase 2 Argyll and Bute Business Gateway Local Growth Accelerator programme, subject to a successful application.
2. Additional SME support circa £75k, specifically linked to the Rural Growth Deal initiatives if opportunities are identified.

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

12. REQUEST FOR INWARD INVESTMENT FUND SUPPORT FOR FEASIBILITY STUDY/OPTIONS APPRAISAL TOWARDS THE PROVISION OF A SEAWATER PIPE SYSTEM AT MACHRIHANISH AIRBASE COMPANY (MACC)

The Committee gave consideration to a request from the Council's Inward Investment Fund for £25k of funding to be given to the Council's Economic Development Service to procure a technical feasibility study for a new sea water pipeline at the Machrihanish Airbase Community Company (MACC) in Kintyre. It was noted that this funding would match an equal amount from HIE.

Decision

The Policy and Resources Committee agreed that £25,000 worth of funding be made available to the Council's Economic Development Service from the Inward Investment Fund (IIF) to progress the procurement of consultants to undertake the technical feasibility study.

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

13. SCOTTISH GOVERNMENT: NATIONAL PERFORMANCE FRAMEWORK (2018)

The Committee gave consideration to a report highlighting how the outcomes and activities of the Council contribute to the delivery of the Scottish Government's new National Outcomes. It was noted that the new National Outcomes are set out in the updated National Performance Framework.

Decision

The Policy and Resources Committee agreed to note the information contained within the report.

(Reference: Report by Executive Director - Customer Services dated 16 August 2018, submitted)

14. POLICY AND RESOURCES COMMITTEE WORKPLAN

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

Decision

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

(Reference: Policy and Resources Committee Work Plan as at August 2018, submitted.)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****18 OCTOBER 2018**

EXECUTIVE SUMMARY**FINANCIAL REPORT MONITORING PACK – AUGUST 2018**

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of August 2018. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 31 August 2018
- Monitoring of Service Package Policy Options as at 31 August 2018
- Monitoring of Financial Risks as at 31 August 2018
- Capital Plan Monitoring Report as at 31 August 2018
- Treasury Monitoring Report as at 31 August 2018
- Reserves and Balances as at 31 August 2018

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

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

2.1.2 As a result of the accounting treatment recommended by Audit Scotland for the Health and Social Care Partnership (HSCP) overspend, the Council's forecast outturn position will now include any forecast overspend for Social Work (managed by the HSCP). As per the Scheme of Integration, the Integrated Joint Board may retain any underspend and, therefore, only a forecast overspend position will be reported. In the event that the health services managed by NHS Highland are forecasting an underspend, the forecast overspend for Social Work services will be reduced by this amount.

2.1.3 There is a forecast overspend of £2.7m as at the end of August 2018. The overspend is in respect of the following:

- Overspend of £2.248m in Social Work due to unidentified IJB savings allocated to Social Work as well as the net impact of service
- Overspend of £0.350m in relation to Education ASN due to a significant increase in demand
- Overspend of £0.083m in relation to a shortfall in savings for the Catering and Cleaning project.
- Net overspend in Development and Infrastructure in connection with the

PSO contract for Air Services

- Underspend of £0.021m in relation to the Valuation Joint Board payment being less than budget.

2.1.4 There is a year to date underspend of £4.082m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. There is a variance within Education that relates to an underspend in staffing, however, under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this. There is an underspend in Customer Services in relation to HUB schools invoicing delay, NPDO savings and timing of water billing and timing of IT recharges. The underspend in Social Work reflects the lower than budgeted activity in care home placements and delays in payment of supplier invoices. Any year to date variances that may impact on the likely outturn position have been reported.

Health and Social Care Partnership – Financial Update

2.1.5 When the last financial monitoring pack was presented to the Policy and Resources Committee on 16 August 2018, there was an additional recommendation approved by Committee as follows “Requested that the Section 95 Officer liaise with the Health and Social Care Partnership Chief Financial Officer in respect of plans to reduce the overspend and provide an update to the Committee in the October report.

2.1.6 I have now had two meetings the HSCP Chief Financial Officer since the Policy and Resources Committee in August, the second of my meetings was a joint meeting with the Director of Finance from NHS Highland. From these meetings, I can confirm that there seems to be a renewed focus of attention on improving the financial position of the HSCP and the Chief Financial Officer is committed to reducing the forecast overspend so that there is no deterioration to the position as reported in 2017-18. The Chief Financial Officer couldn't commit to bringing the outturn into financial balance at this stage but the intention would be to bring it as close to financial balance as possible and she is of the view that there is a lot that can be done towards that position. She has engaged with the owners of the actions within the Quality and Finance Plan looking for updates on the position with each action and there appears to be much tighter monitoring and scrutiny of progress. We have agreed to have regular meetings also with the Director of Finance from NHS Highland to keep updated on the position and to offer support as required.

2.1.7 I also attended the IJB meeting held on 26 September 2018 to listen to the discussion on the Month 5 Budget Monitoring Report (a copy of this report is attached as an appendix to the Financial Risks Report). The year-end forecast outturn as at the end of Month 5 is a forecast £4.2m overspend (Social Work £2.2m). The previous forecast outturn at Month 3 reported in my last financial monitoring pack was a forecast overspend of £4.4m (Social Work £2.4m) so there has been a small improvement. There were

questions asked by various members of the Board at the meeting and one of the recommendations agreed by the board was that discretionary spend would be minimised and this should be monitored by the Quality and Finance Programme Board and reported back to the IJB on an ongoing basis. The new Chief Officer also made comment as to the importance of bringing the finances back into financial balance and gave a commitment that she will be working towards achieving that. I consider both these points to be positive progress to achieving an improved position by the financial year end.

Live Argyll

2.1.8 An issue identified via the routine budget monitoring process is an apprenticeship levy budget for Live Argyll. The Council had budgeted for the cost of the apprenticeship levy for all staff, but an allocation had never been included in the management fee of Live Argyll. The apprenticeship levy for Live Argyll employees at the date of transfer amounted to £0.020m and it is recommended that this amount should be deducted from the Council's apprenticeship levy budget provision and added to Live Argyll's Management Fee in 2018-19 and also included as a base adjustment for future years.

2.2 Monitoring of Service Package Policy Options

2.2.1 This report provides an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2018. The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.

2.2.2 Of the 28 savings options, 12 have already been delivered, 7 are on track to be delivered as per their timescale, 6 have still to be implemented, 2 have a potential shortfall and 1 is delayed until 2019-20.

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	12	452.5	663.2	738.2
On Track to be Delivered	7	465.5	842.5	1,278.5
Still to be Implemented	6	-49.0	284.1	776.1
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	2	339.0	489.0	634.0
Delayed	1	80.0	160.0	298.0
Total	28	1,288.0	2,438.8	3,724.8

2.2.3 There are two savings categorised as having a potential shortfall and 1 saving option that is currently delayed as summarised below.

Potential Shortfall – TB10 Ferry service management and cost recovery – The ASP termination contract dates for the 3 OLI services are 30 September 2018 and for the Islay and Jura services 28 February 2019.

Potential Shortfall – TB11 Commercial approach to piers and harbours charging – Ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the additional charges.

Delayed – TB15 Review existing air service contracts and pursue more commercial opportunities – This saving will not be delivered until 2019-20 as the existing PSO contract has been extended for 1 year.

2.3 Monitoring of Financial Risks

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

2.3.2 There are 7 Council wide revenue risks identified for 2018-19 amounting to £4.305m. One has been assessed as likely, in relation to the pay award, one has been assessed as possible in relation to the Social Work overspend and the others are assessed as unlikely.

2.3.3 There are currently 42 departmental risks totalling £4.566m. Only 1 of the 42 departmental risks is categorised as likely with no risks categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

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

SERVICE	TITLE OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Monitor weather conditions and apply gritting policy to minimise costs.	3	700
Facility Services	Property - Central Repairs	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500
Education	ASN Support	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these costs.	4	350

2.3.5 The changes to the departmental risks since the financial risks report as at the end of June 2018 and reported to Policy and Resources Committee in August are noted below:

- Education Legislative Requirements - Children and Young People

(Scotland) Act – this risk has been removed as a result of additional funding received for ELC provisions as part of the settlement for 2018-19.

- Legislative Requirements: New Education Bill 2018 – this risk has been removed.
- Regional Collaborative – this risk has been downgraded to Likely and quantified at £0.010m based on possible additional travel and subsistence incurred by officers travelling North attending Northern Alliance events.
- Enhanced Inspections – this risk has been removed.

2.4 Capital Plan Monitoring Report

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

2.4.2 Actual net expenditure to date is £11.842m compared to a budget for the year to date of £11.158m giving rise to an overspend for the year to date of £0.684m (6.1%). The most significant item contributing to this overspend is in respect of the CHORD Dunoon project and Development and Infrastructure are intending to submit a report to committee in December.

2.4.3 The forecast outturn for 2018-19 is a forecast net expenditure of £49.345m compared to an annual budget of £48.635m giving rise to a forecast overspend for the year of £0.710m (1.5%). There are three projects that significantly contribute to this variance; Roads Reconstruction where it is proposed to accelerate funds from 2019-20 to cover the anticipated overspend, CHORD Dunoon project which Development and Infrastructure are intending to submit a report on to committee in December and Helensburgh Waterfront due to a significant increase in substructure costs and provision of the cafe. These overspends are offset by underspends in Kintyre Renewables Hub and Street Lighting LED replacement programme.

2.4.4 The forecast total net projects costs on the capital plan are £312.061m compared to a total budget for all projects of £310.260m giving rise to a forecast overspend for the overall capital plan of £1.801m (0.58%). Consideration will be given as to how this forecast overspend can be brought back into balance.

2.4.5 In respect of total project performance, there are 201 projects within the capital plan, 186 are on track and 15 are off target and recoverable.

2.5 Treasury Monitoring Report

2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.

- 2.5.2 The external borrowing of the Council decreased by £1.5m during the period, due to the repayment of the Public Work Loans Board borrowing.
- 2.5.3 Borrowing is below the Capital Financing Requirement for the period to 31 August 2018. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risks. However, if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.
- 2.5.4 The levels of investments were £78.9m at 31 August 2018. The rate of return achieved was 0.819% which compares favourably with the target of 7 day LIBID which was 0.583%.

2.6 Reserves and Balances

- 2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.6.2 The Council has a total of £240.962m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 The Council has a total of £56.183m usable reserves as at the end of 31 March 2018. Of this balance, £1.515m relates to the Repairs and Renewals Fund, £4.326m relates to Capital Funds and the remainder is held in the General Fund, with £43.717m of the balance earmarked for specific purposes.
- 2.6.4 Of the earmarked balance of £43.717m:
- £22.612m is invested or committed for major initiatives
 - £2.314m has already been drawn down as at the end of August
 - £13.675m is still to be drawn down in 2018-19
 - £5.116m is planned to be spent in future years.
- 2.6.5 The General Fund contingency is set at 2% of net expenditure for 2018-19 and amounts to £4.726m. At the beginning of the financial year there was £1.899m of unallocated General Fund Balance (over and above contingency). After taking into consideration the forecast outturn for 2018-19 and if the forecast outturn remains by the year end, the Council will be using £0.808m of its contingency balance.

	£000
Unallocated balance as at 31 March 2018	1,899
Current Forecast Outturn for 2018-19 as at 31 August 2018	(2,707)
Estimated Unallocated balance as at 31 March 2019	(808)

- 2.6.6 The forecast outturn position needs to be closely monitored, particularly the forecast outturn for Social Work. If there is no improvement in the forecast

outturn then consideration will need to be given to putting in place a recovery plan.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 August 2018.
- b) Note the comments in respect of the Health and Social Care Partnership position.
- c) Approve that a transfer of £0.020m is made from the Council's budget provision for apprenticeship levy in 2018-19 and transferred to Live Argyll as part of the management fee. It is further recommended that this transfer is added to the base management fee for future years.
- d) Note the progress of the service package policy saving options as at 31 August 2018.
- e) Note the current assessment of the Council's financial risks.
- f) Consider the capital plan monitoring report as at 31 August 2018 and approve the proposed changes to the capital plan as detailed in Appendix 7 to the report.
- g) Note the treasury monitoring report as at 31 August 2018.
- h) Consider the reserves and balances report as at 31 August 2018.

4. IMPLICATIONS

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|-----|--------------------|---|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2018-19 as at 31 August 2018. |
| 4.3 | Legal - | None. |
| 4.4 | HR - | None. |
| 4.5 | Equalities - | None. |
| 4.6 | Risk - | Risks are included in financial risks report. |
| 4.7 | Customer Service - | None. |

Kirsty Flanagan, Head of Strategic Finance
26 September 2018

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

Overall Position:

- There is a forecast overspend for 2018-19 of £2.707m as at the end of August 2018. The main overspend is in relation to Social Work, where there is an overspend of £2.248m due to unidentified IJB savings allocated to Social Work as well as the net impact of service demand. There is also an overspend of £0.350m in relation to Education ASN due to a significant increase in demand, an overspend of £0.083m in relation to a shortfall in savings for the Catering and Cleaning project and an overspend of £0.047m within Development and Infrastructure which is in connection with the PSO contract for Air Services. These are offset by a small underspend £0.021m in relation to the Valuation Joint Board payment.
- There is a year to date underspend of £4.082m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. There is a variance within Education that relates to an underspend in staffing, however, under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this. There is an underspend in Customer Services in relation to HUB schools invoicing delay, NPDO savings and timing of water billing and timing of IT recharges. The underspend in Social Work reflects the lower than budgeted activity in care home placements and delays in payment of supplier invoices. Any year to date variances that may impact on the likely outturn position have been reported.

Key Highlights as at August 2018:
 The forecast position remains as an overspend and this will require to be closely monitoring and corrective action put in place over the course of the financial year. The most significant element of the overspend relates to Social Work and the Chief Financial Officer from the IJB is liaising with the Head of Strategic Finance in the Council and the Director of Finance in NHS Highland re the position.

Key Financial Successes:
 The performance against budget for the financial year 2017-18 was an overall underspend of £2.598m (1.04%). There were some one-off factors contributing to this underspend, however, good budget control and financial management have ensured that the Council did not overspend.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Achieving a favourable year-end balanced position and achieving savings targets in light of council wide risks to expenditure.	Robust monitoring of the financial position to ensure that any budget issues are fed back into the budget monitoring process.
Monitoring the expenditure within Social Work and more widely the IJB position as any overspend will transfer back to partner bodies, in the first instance.	Work more closely with the CFO of the IJB to ensure that early indication of financial outturn is known and corrective action is agreed as appropriate to reduce the risk to the Council. Review of Scheme of Integration, particularly risk sharing arrangements to reduce any risk to the Council.
Identifying further savings and delivering services more efficiently with less resources.	Continually refine/develop systems to accurately calculate forecast outturns and the future budget outlook.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are reviewed.

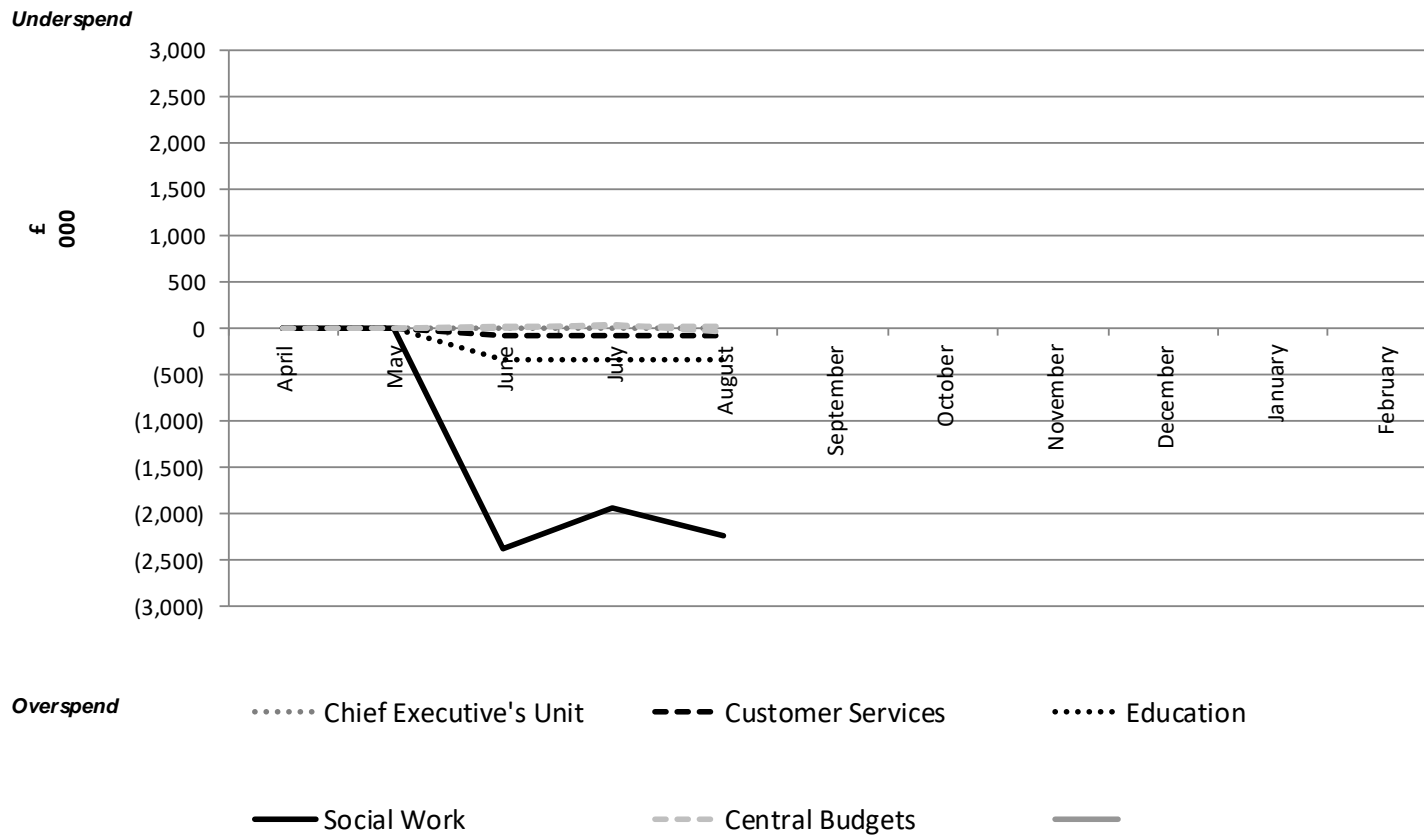
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention to these areas.
Ongoing requirement to fund unavoidable increases in areas like employee costs, utility costs etc.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

There is a forecast overspend for 2018-19 of £2.707m as at the end of August 2018.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,472	2,472	0	0	0	-
Customer Services	45,695	45,778	(83)	(83)	0	The overspend relates to the anticipated shortfall in savings re Catering and Cleaning Innovation project - distribution hub £48k and drinks provision £35k lower than recommended charge rate for milk creating shortfall.
Development and Infrastructure Services	33,466	33,513	(47)	40	(87)	The forecast variance relates to an overspend in relation to the PSO contract for Air Services. The contract was extended for a further year, however, the budget had been reduced due to savings. The overspend has been offset by vacancy savings.
Education	76,457	76,807	(350)	(350)	0	The overspend relates to ASN assistants due to significant increase in demand which cannot be avoided. This is a very early estimate at this stage and will be monitored closely going forward with every effort being made to mitigate this overspend.
Social Work	56,381	58,629	(2,248)	(1,947)	(301)	The overspend which is mainly due to an unidentified savings figure of £1.330m included in the budget as well as the net impact of service demand and estimated slippage on the delivery of agreed savings.
Central Budgets	24,846	24,825	21	21	0	The underspend relates to the requisition for the Valuation Joint Board less than anticipated.
Total	239,317	242,024	(2,707)	(2,319)	(388)	

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

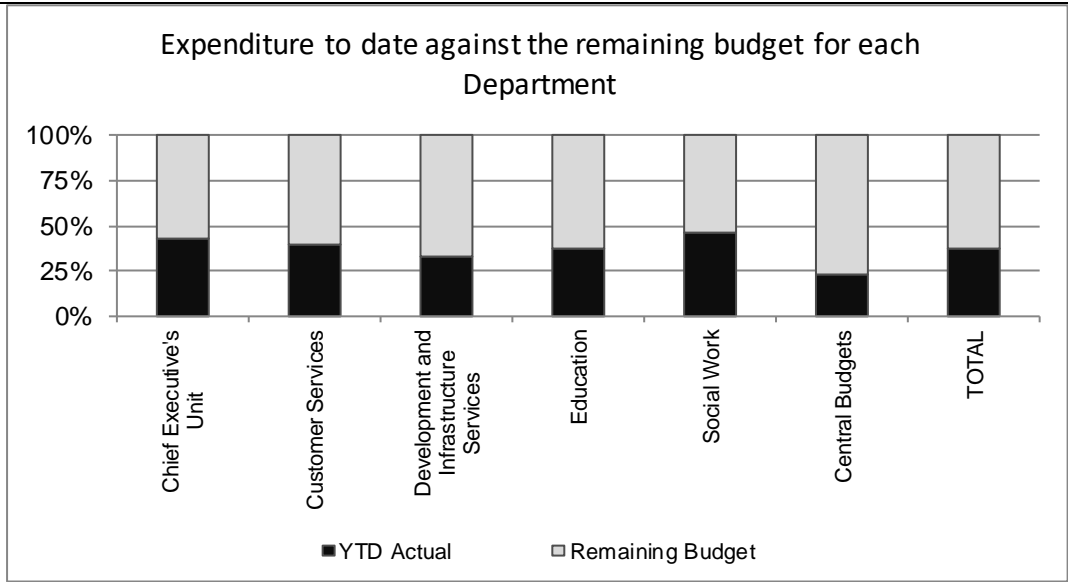


Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at the end of August 2018 is an underspend of £4.082m (4.3%) and the main variances are noted below.

The current year to date variance position for each Department:				
Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	1,071	996	(75)	Small variances, mainly profile related.
Customer Services	17,961	19,599	1,638	There are a number of variances contributing to this underspend including underspend of £0.225m Hub schools due to Hubco behind with invoicing, £0.789m NPDO due to insurance contract management savings and timing of water billing within the contract and timing of IT recharges.
Development and Infrastructure Services	10,947	11,242	295	There are a number of profiling variances that contribute to this overall year to date overspend. There are none that give cause for concern or give rise to a forecast outturn position.
Education	28,832	28,946	114	The variance is predominantly in relation to schools to which vacancies in staffing contribute largely towards. Under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this.
Social Work	25,948	27,744	1,796	The YTD variance reflects lower than budgeted activity in care home placements for older people and delays in the receipt and/or payment of supplier invoices across the service.
Central Budgets	5,766	6,080	314	The variance is partly profile related which will be corrected for the next monitoring period and partly timing of payments in respect of the Refugee Resettlement Scheme.
Total Net Expenditure	90,525	94,607	4,082	



Further information on the departmental year to date variances is included later on in the report.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 AUGUST 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	1,071	996	(75)	(7.5%)	2,472	2,472	0	0.0%
Customer Services	17,961	19,599	1,638	8.4%	45,695	45,778	(83)	(0.2%)
Development and Infrastructure Services	10,947	11,242	295	2.6%	33,466	33,513	(47)	(0.1%)
Education	28,832	28,946	114	0.4%	76,457	76,807	(350)	(0.5%)
Social Work	25,948	27,744	1,796	6.5%	56,381	58,629	(2,248)	(4.0%)
Total Departmental Budgets	84,759	88,527	3,768	4.3%	214,471	217,199	(2,728)	(1.3%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	552	1,154	602	52.2%	3,981	3,981	0	0.0%
Joint Boards	644	572	(72)	(12.6%)	1,374	1,353	21	1.5%
Non-Controllable Costs	4,570	4,354	(216)	(5.0%)	19,491	19,491	0	0.0%
Total Central Budgets	5,766	6,080	314	5.2%	24,846	24,825	21	0.1%
TOTAL NET EXPENDITURE	90,525	94,607	4,082	4.3%	239,317	242,024	(2,707)	(1.1%)
<u>Financed By</u>								
Aggregate External Finance	(61,657)	(61,657)	0	0.0%	(191,737)	(191,737)	0	0.0%
Local Tax Requirement	(27,701)	(27,701)	0	0.0%	(47,674)	(47,674)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	2,408	2,408	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(2,314)	(2,314)	0	0.0%
Total Funding	(89,358)	(89,358)	0	0.0%	(239,317)	(239,317)	0	0.0%
Deficit/(Surplus) for Period	1,167	5,249	4,082		0	2,707	(2,707)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 AUGUST 2018

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	51,535	53,076	1,541	2.9%	139,663	139,373	290	0.2%
Premises Related Expenditure	7,479	7,397	(82)	(1.1%)	14,801	14,836	(35)	(0.2%)
Supplies and Services	8,608	7,655	(953)	(12.5%)	16,543	19,955	(3,412)	(20.6%)
Transport Related Expenditure	5,137	4,806	(331)	(6.9%)	19,225	19,213	12	0.1%
Third Party Payments	59,135	60,531	1,396	2.3%	144,059	144,504	(445)	(0.3%)
Capital Financing	(53)	0	53	#DIV/0!	14,918	14,918	0	0.0%
TOTAL EXPENDITURE	131,841	133,465	1,624	1.2%	349,209	352,799	(3,590)	(1.0%)
Income	(130,674)	(128,217)	2,457	(1.9%)	(349,209)	(350,092)	883	(0.3%)
Deficit/(Surplus) for Period	1,167	5,248	4,081		0	2,707	(2,707)	

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

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

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

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

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

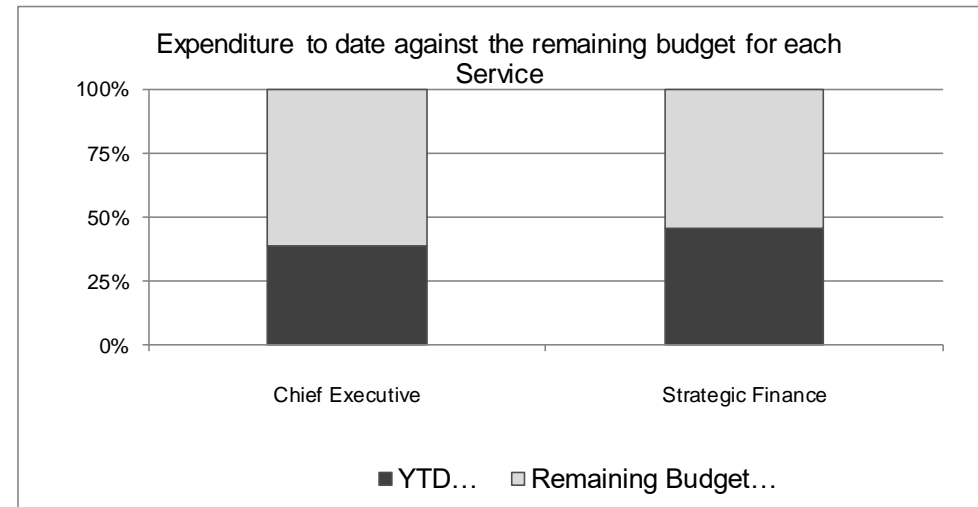
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 31 AUGUST 2018

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.075m (7.5%) which is mainly profile related.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	828	828	0	0	0
Strategic Finance	1,644	1,644	0	0	0
Totals	2,472	2,472	0	0	0

Year to Date Position



Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2018-19. All Service Choices savings options have been delivered. The department outturn position at the end of 2017-18 was an underspend of £0.070m due to effective management and monitoring of the budget.

Key Financial Challenges:

To continue to deliver high quality support service function during a time of continued budget cuts, particularly as the majority of the costs within Chief Executive's Unit are employee costs.

Proposed Actions to address Financial Challenges:

To ensure that the team are operating as efficiently and effectively as possible to enable continued support to departments with reduced resources.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	110	111	2	1.8%	296	296	0	0.0%	Outwith reporting criteria.
BO15 - Argyll and Bute is open for business	Community Planning	31	33	1	3.0%	124	124	0	0.0%	Outwith reporting criteria.
BO33 - Information and support are available for our communities	Community Development and Grants to Third Sector	180	193	13	6.7%	408	408	0	0.0%	Outwith reporting criteria.
Chief Executive Total		321	337	16	4.8%	828	828	0	0.0%	
BO05 - Information and Support are available for everyone	Money Skills Argyll	76	0	(76)	#DIV/0!	0	0	0	0.0%	Due to a timing difference between expenditure and income.
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Departmental Support, Corporate Accounting, Treasury & Internal Audit	674	659	(15)	(2.3%)	1,644	1,644	0	0.0%	Outwith reporting criteria.
Strategic Finance Total		750	659	(91)	#DIV/0!	1,644	1,644	0	0	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	882	865	(17)	(2.0%)	2,335	2,335	0	0.0%	Outwith reporting criteria.
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria.
Supplies and Services	50	24	(25)	(104.2%)	56	56	0	0.0%	The variance relates to supplies in Strategic Finance where there is a mismatch between actuals and profiled budget - this will be reviewed.
Transport	10	11	1	9.1%	31	31	0	0.0%	Outwith reporting criteria.
Third Party	174	118	(56)	(47.5%)	202	202	0	0.0%	Small year to date overspend due to profiling within grants to third sector organisations.
Income	(45)	(22)	22	(100.0%)	(152)	(152)	0	0.0%	Higher than anticipated income as debtor account raised in respect of CPP to NHS in first quarter and income budget is spread across the year, this profile will be updated.
Totals	1,071	996	(75)	(7.5%)	2,472	2,472	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 AUGSUT 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

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

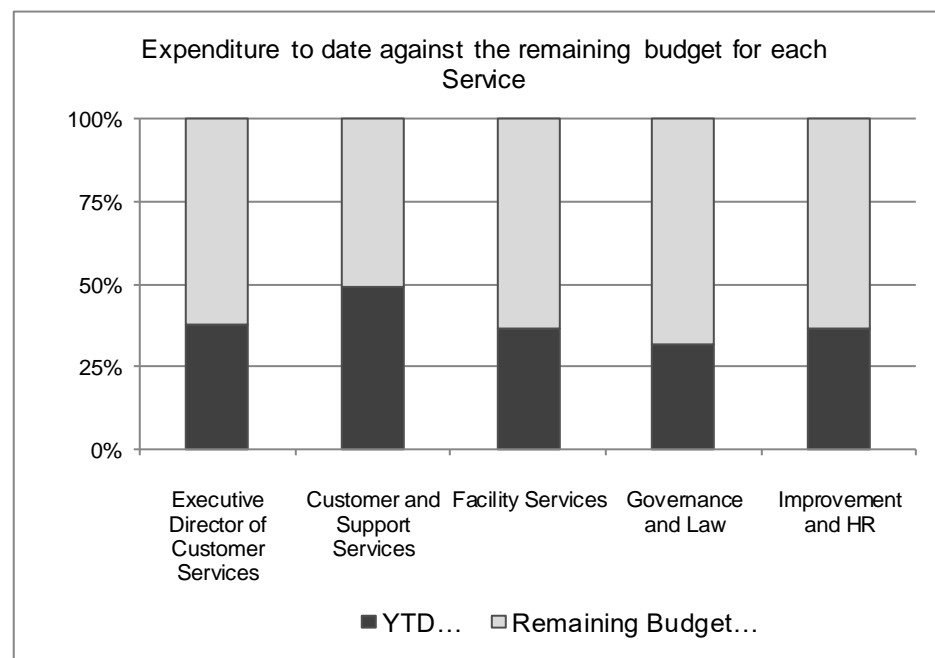
CUSTOMER SERVICES – AS AT 31 AUGUST 2018

- The department is currently forecasting an overspend of £0.083m. This is in relation to an anticipated shortfall in savings re the Catering and Cleaning Innovation project, distribution hub £0.043m due to construction costs and payback and drinks provision where there was £0.035m due to lower than recommended charge rate for milk creating the shortfall.
- The department has a year to date underspend of £1.638m (8.4%). There are a number of variances contributing to this underspend including underspend of £0.225m Hub schools due to Hubco behind with invoicing, £0.789m NPDO due to insurance contract management savings and timing of water billing within the contract and timing of IT recharges.
-

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Executive Director of Customer Services	19,377	19,377	0	0	0
Customer and Support Services	8,741	8,741	0	0	0
Facility Services	12,795	12,878	(83)	(83)	0
Governance and Law	1,929	1,929	0	0	0
Improvement and HR	2,852	2,852	0	0	0
Totals	45,694	45,777	(83)	(83)	0

Year to Date Position



Key Financial Successes:

The 2017-18 year-end outturn position was an underspend of £1.306m. This was mainly as a result of over-recovery of vacancy savings, 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.

A number of the service choices savings have also been secured to date.	
Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Impact of Welfare reforms.	Input ongoing to multi agency working group to ensure robust arrangements are put in place.
Delivering the proposed Facility Services budget reductions identified in the Transformation programme.	Provide the Transformation Board with robust information upon which decisions can be made and develop any savings proposals as necessary.
Impact of numbers/uptake in demand led service areas like transport, benefits and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council. Success dependant on buy-in from Argyll & Bute Health and Social Care Partnership.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB, requirement to register all property in land register by 2019, new education arrangements know on impact for all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs, NPDO, Special Projects & Estates	7,345	8,233	888	10.8%	19,377	19,377	0	0.0%	NPDO - YTD underspend £524k, pending water costs from Anglian Water circa £200k also pending OIL & LPG costs circa £65k with insurance savings of £282k received. HUB Schools - YTD underspend £225k Hubco behind with invoicing, profile will catch up by yearend.
Executive Director of Customer Services Total		7,345	8,233	888	10.8%	19,377	19,377	0	0.0%	
Central/Management Costs	Central/Management Costs	91	86	(5)	(5.8%)	206	206	0	0.0%	Outwith reporting criteria
BO04 - Benefits are paid promptly and accurately	Benefits, SWF & Welfare Reform	2,400	2,466	66	2.7%	1,614	1,614	0	0.0%	Underspend in Benefits Administration. £44k of which is additional grant money received and there has also been a delay in the receipt of support invoice.
BO05 - Information and Support are available for everyone	Customer Service Centres & Registrars	429	488	60	12.3%	1,386	1,386	0	0.0%	Underspend in Customer Service Centres of £60k is made up of; 4k additional blue badge income received within CSC Management, extra earmarkings drawn down within CSC Development and Support which are required to be put back into earmarkings, underspends in staffing costs to be used to fund casual staff and £12k additional marriage income within Registrars MAKI.
BO23 - Economic Growth is supported	NDR Disc Relief, Creditors & Procurement	355	363	8	2.2%	1,289	1,289	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	ICT Applications & Infrastructure	729	1,047	317	30.3%	3,679	3,679	0	0.0%	The underspend relates to a £248k annual recharge done to Libraries and Education but the actual invoice has not been paid yet, ICT Applications 19k underspend in staff costs to be used to fund handover to new employee, £43k underspend in Print and Mail Room due to removal of of franking machines, plus smaller budget profiling variances across the Service.

BO28 - Our processes and business procedures are efficient, cost effective and compliant	Local Tax, Debtors, Debt Recovery, Customer Service Centres & Registrars	291	318	27	8.5%	567	567	0	0.0%	Outwith reporting criteria
Customer and Support Services Total		4,295	4,768	473	9.9%	8,741	8,741	0	0.0%	
BO09 - Our assets are safe, efficient and fit for purpose	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	4,607	4,916	309	6.3%	12,304	12,304	0	0.0%	Property design £77k underspend Ytd - employee costs and spend/income budget profile. Public Transport £120k underspend YTD - mainly school operator payments. Shared office accommodation £53k - central repairs timing
BO18 - Improved lifestyle choices are available	School Meals	(28)	(100)	(72)	72.0%	208	291	(83)	(39.9%)	£83k forecast overspend anticipated due to shortfall in savings re Catering and Cleaning Innovation project - distribution hub £48k construction costs and payback and drinks provision £35k lower than recommended charge rate for milk creating shortfall. Ytd timing of school meal recharge. Kilbowie debtor account to be raised £27K
Central/Management Costs	Central/Management Costs	84	102	18	17.7%	283	283	0	0.0%	Property services admin support employee costs ytd underspend £14k
Facility Services Total		4,663	4,918	255	5.2%	12,795	12,878	(83)	(0.6%)	
BO10 - Quality of life is improved by managing risk	Civil Contingencies & Anti Social Behaviour	41	37	(3)	(8.1%)	121	121	0	0.0%	Outwith reporting criteria
BO17 - The support needs of children and their families are met	Childrens Panel	0	3	3	100.0%	34	34	0	0.0%	Small underspend due to budget profiling within children's panel expenses
BO23 - Economic Growth is supported	Licensing	(88)	(80)	8	(10.0%)	(119)	(119)	0	0.0%	Outwith reporting criteria
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Democratic Services, Governance & Legal Services	589	583	(7)	(1.2%)	1,695	1,695	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	70	70	0	0.0%	198	198	0	0.0%	Outwith reporting criteria
Governance and Law Total		612	613	1	0.2%	1,929	1,929	0	0.0%	

BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Gaelic Language Plan	4	4	0	0.0%	4	4	0	0.0%	Outwith reporting criteria
BO28 - Our processes and business procedures are efficient, cost effective and compliant	HR Services	258	259	1	0.4%	695	695	0	0.0%	Outwith reporting criteria
BO29 - Health and safety is managed effectively	Health & Safety	107	108	1	0.9%	295	295	0	0.0%	Outwith reporting criteria
BO30 - We engage with our customers, staff and partners	Communications	77	76	(1)	(1.3%)	263	263	0	0.0%	Outwith reporting criteria
BO31 - We have a culture of continuous improvement	Service Improvements	304	314	10	3.2%	770	770	0	0.0%	Outwith reporting criteria
BO32 - Our workforce is supported to realise its potential	Learning & Development	191	206	15	7.3%	555	555	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	105	101	(4)	(4.0%)	270	270	0	0.0%	Outwith reporting criteria
Improvement and HR Total		1,046	1,068	22	2.1%	2,852	2,852	0	0.0%	
GRAND TOTAL		17,961	19,600	1,639	8.4%	45,694	45,777	(83)	(0.2%)	

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

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

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

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

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

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

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	7,308	7,522	214	2.8%	20,037	20,037	0	0.0%	Pay Inflation Staff YTD underspend £155k
Premises	627	736	109	14.8%	2,323	2,323	0	0.0%	Timing of central repairs £90k underspend and Other property costs £32k underspend
Supplies and Services	933	1,161	228	19.6%	4,726	4,809	(83)	(1.8%)	Communications PFN - ytd underspend £202k, postages £44k ytd underspend. Forecast outturn re £83k forecast overspend anticipated due to shortfall in savings re Catering and Cleaning Innovation project.
Transport	373	410	38	9.3%	6,412	6,412	0	0.0%	Outwith reporting criteria
Third Party	23,774	25,619	1,845	7.2%	56,799	56,799	0	0.0%	Benefit Afforded £706k offset by income below. Payment to other bodies; Hub Schools £225k due to Hubco invoicing delay and NPDO £524k for insurance and contract management. £125k underspend in transporter operator payments. £110k underspend in DHP Afforded. £108k underspend in One Council Property Team.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Income	(15,053)	(15,849)	(796)	5.0%	(44,602)	(44,602)	0	0.0%	HB Subsidy £776k - offset by Third party payments.
Totals	17,962	19,599	1,638	8.4%	45,695	45,778	(83)	(0.2%)	

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

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

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

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

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

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

CUSTOMER SERVICES – RED VARIANCES AS AT 31 AUGUST 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
School Meals	206	289	(83)	(40.3%)	£83k forecast overspend anticipated due to shortfall in savings re Catering and Cleaning Innovation project - distribution hub £48k construction costs and payback and drinks provision £35k lower than recommended charge rate for milk creating shortfall.
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

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

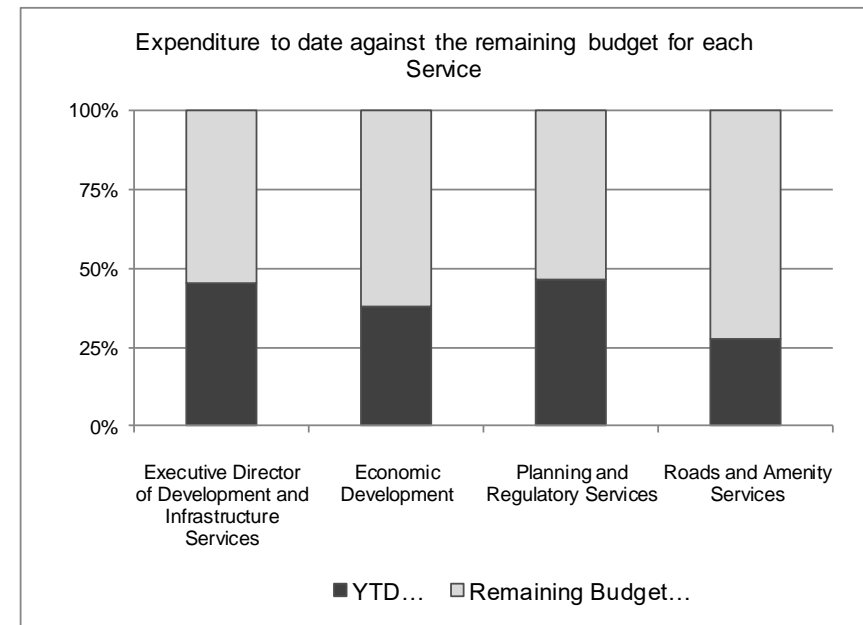
DEVELOPMENT AND INFRASTRUCTURE HIGHLIGHTS – AS AT 31 AUGUST 2018

- The department is currently forecasting an overspend of £0.047m. The forecast variance relates to an overspend in relation to the PSO contract for Air Services. The contact was extended for a further year, however, the budget had been reduced due to savings. The overspend has been offset by vacancy savings. All budgets will continue to be closely monitored to identify any other possible variances in the coming months.
- The department has a year to date underspend of £0.295m (2.6%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Executive Director of Development and Infrastructure Services	302	302	0	0	0
Economic Development	4,331	4,379	(47)	40	(87)
Planning and Regulatory Services	6,517	6,517	0	0	0
Roads and Amenity Services	22,317	22,317	0	0	0
Totals	33,467	33,515	(47)	40	(87)

Year to Date Position



Key Financial Successes:

All Service Packages Policy Options are on track to be delivered, with the exception of the PSO contact for Air Services for this financial year. This will be closely monitored over the coming months.

The Department's outturn for 2017-18 was an overspend of £0.087m and this was due a variety of factors including a severe winter period which was partially offset by an over recovery on vacancy savings.

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

DEVELOPMENT AND INFRASTRUCTURE – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	137	187	50	26.7%	302	302	0	0.0%	Expenditure on Training is being incurred against the individual services but the budget is still shown centrally plus service package savings still to be finalised.
Executive Director of Development and Infrastructure Total		137	187	50	26.7%	302	302	0	0.0%	
BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Events and Festivals	154	173	19	11.0%	226	226	0	0.0%	Outwith reporting criteria
BO15 - Argyll and Bute is open for business	Airports & Strategic Transportation	725	777	52	6.7%	2,288	2,336	(47)	(2.1%)	The YTD variance relates to the payment to Scottish Fire & Rescue re retained firefighters for cover at island airports still to be agreed and payment now outstanding for about 1 year pending resolution. The forecast variance is due to the PSO contract being extended for 1 year but the budget was reduced as a result of the Policy Options savings. Some of the shortfall has been offset from vacancy savings in Transportation Policy.
BO22 - Adults are supported to realise their potential	Business Gateway	154	149	(4)	(2.7%)	326	326	0	0.0%	Outwith reporting criteria
BO23 - Economic growth is supported	Projects, TIF & European Team	463	470	8	1.7%	1,034	1,034	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	Economic Development Intelligence	60	60	0	0.0%	155	155	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	89	93	4	4.3%	302	302	0	0.0%	Outwith reporting criteria
Economic Development Total		1,645	1,722	79	4.6%	4,331	4,379	(47)	(1.1%)	

BO01 - The health of our people is protected through effective partnership working	Private Water Supplies	88	99	11	11.1%	3	3	0	0.0%	Outwith reporting criteria
BO03 - Prevention and support reduces homelessness	Homelessness and Housing Support Services	788	758	(29)	(3.8%)	2,209	2,209	0	0.0%	Outwith reporting criteria
BO05 - Information and support are available for everyone	Trading Standards	175	174	(1)	(0.6%)	505	505	0	0.0%	Outwith reporting criteria
BO12 - High standards of Public health and health protection are promoted	Environmental Health	315	330	15	4.6%	1,048	1,048	0	0.0%	Outwith reporting criteria
BO13 - Our built environment is safe and improved	Building Standards & Environmental Safety	(67)	3	70	2333.3%	58	58	0	0.0%	Building Standards and Private Landlord Registration income both ahead of profile but it is unclear if this will be sustained over the whole year.
BO15 - Argyll and Bute is open for business	Development Policy	186	220	34	15.5%	605	605	0	0.0%	Outwith reporting criteria
BO23 - Economic growth is supported	Development Management	(123)	46	169	367.4%	253	253	0	0.0%	Planning income ahead of profile and this is closely monitored on a monthly basis. It is unclear if this will be sustained over the whole year.
BO25 - Access to and enjoyment of the natural and built environments is improved	Corepath Plan	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO26 - People have a choice of suitable housing options	Housing	878	716	(162)	(22.6%)	710	710	0	0.0%	HEEPS expenditure ahead of grant income
BO27 - Infrastructure and assets are fit for purpose	Marine & Coastal	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO31 - We have a culture of continuous improvement	Strategic Housing Fund	648	648	0	0.0%	648	648	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	156	164	7	4.3%	478	478	0	0.0%	Outwith reporting criteria
Planning and Regulatory Total		3,044	3,158	114	3.6%	6,517	6,517	0	0.0%	

BO14 - Our transport infrastructure is safe and fit for purpose	Road & Lighting, Roads Design, Network & Environment & Marine Services	1,055	1,275	220	17.3%	6,593	6,593	0	0.0%	BO14 - The main contributing factor to the YTD variance is the Roads & Lighting Operational Holding Account which relates to budget profiling due to its unpredictable nature caused by many factors e.g. weather, reactive v planned works, timing of capital works and timing of contractors invoices. There is a lag between expenditure and income being recorded from capital works.
BO15 - Argyll and Bute is open for business	Marine Management	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO24 - Waste is disposed of sustainably	Waste Management	3,629	3,745	116	3.1%	12,395	12,395	0	0.0%	Annual payments received in 1st half of year but budget spread equally throughout year.
BO25 - Access to and enjoyment of the natural and built environments is improved	Amenity Services	1,622	1,435	(187)	(13.0%)	3,825	3,825	0	0.0%	Income due back from insurance as a result of fire at Millpark Oban. Central repairs and supplies and services ahead of profile.
BO27 - Infrastructure and assets are fit for purpose	Fleet	(349)	(458)	(109)	23.8%	(1,049)	(1,049)	0	0.0%	This has been caused by timing differences between expenditure and income and will be closely monitored in the coming months.
Central/Management Costs	Central/Management Costs	165	178	12	6.7%	553	553	0	0.0%	Outwith reporting criteria
Roads and Amenity Total		6,122	6,175	52	0.8%	22,317	22,317	0	0.0%	
GRAND TOTAL		10,948	11,242	295	2.6%	33,467	33,515	(47)	(0.1%)	

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

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

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

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

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

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

DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	8,731	9,206	475	5.2%	24,545	24,513	31	0.1%	The YTD variance is due to expenditure on Training being incurred against the individual services but the budget is still shown centrally; Vacancies within Planning, Housing & Regulatory Services, Transportation Policy and Roads plus an accrual for backdated standby payments which have still to be settled. The forecast variance relates to a vacancy in Transportation Policy which is being used to partially offset the overspend on the PSO contract for Airports.
Premises	985	928	(56)	(6.0%)	3,066	3,066	0	0.0%	Central repairs costs ahead of profile.
Supplies and Services	4,083	3,095	(988)	(31.9%)	6,369	6,369	0	0.0%	Supplies and services are ahead of profile due to quarry & materials purchases within the Roads & Lighting holding account as a result of additional capital work. This will be offset by additional income in the coming months. Additional expenditure incurred as a result of fire at Millpark depot, Oban will be recovered from insurance.
Transport	4,210	4,028	(181)	(4.5%)	11,556	11,556	0	0.0%	This has been caused by timing differences between expenditure and income and will be closely monitored in the coming months. External hire costs are higher than budget as a result of the additional capital works being carried out on roads. This will be offset by additional income.
Third Party	12,758	11,059	(1,699)	(15.4%)	29,231	29,364	(133)	(0.5%)	The YTD budget relates to payments to third party contractors being higher than budget due to the increase in capital works being carried out on the roads. This will be offset by additional income. HEEPS expenditure is incurred ahead of grant being received. Argyll Air Services PSO contract has been extended for 1 year but policy options savings have been removed from budget and this has led to a £93k adverse forecast variance which is partially offset by vacancy savings above.

Capital Financing	0	0	0	0.0%	670	670	0	0.0%	Outwith reporting criteria
Income	(19,818)	(17,074)	2,744	(16.1%)	(41,971)	(42,025)	55	(0.1%)	The major reason for this variance is the increase in income to the operational holding account as a result of the increase in capital works being carried out on the road network which offsets the increased expenditure above. Income from Planning fees and Building Standards ahead of profile. This will be closely monitored to see if the trend continues and a forecast outturn variance should be entered. Road bond income received in advance of work being carried out. Additional income received for Roads Permits: Commercial refuse collection income ahead of profile but this is thought to be due to annual payment being recieved in the 1st quarter. Additional income in fleet in relation to external hires which offsets the additional costs above.
Totals	10,949	11,242	295	2.6%	33,466	33,513	(47)	(0.1%)	

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

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

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

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

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

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

DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 31 AUGUST 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Airports - PSO Contract	629	722	(93)	(14.8%)	PSO contract has been extended for 1 year pending an Air Services review but the budget has been reduced as a result of the Policy Option savings applied from 1st April 2018.
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

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

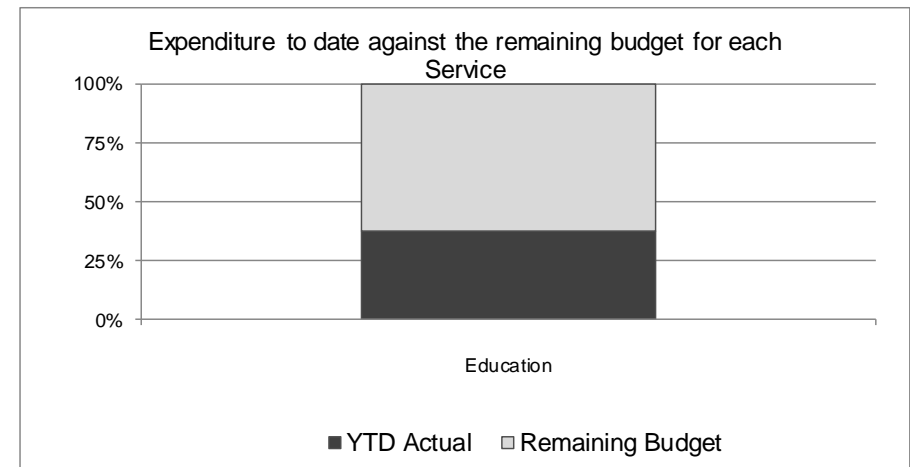
EDUCATION HIGHLIGHTS – AS AT 31 AUGUST 2018

- The department is currently forecasting an overspend of £0.350m in relation to a significant increase in demand within ASN support. This is a very early estimate at this time of year and will be monitored closely going forward with every effort being made to mitigate this spend.
- The department has a year to date underspend of £0.114m (0.4%) against budget. This predominately relates to underspends within schools. Under the scheme of devolved school management (DSM) schools are permitted flexibility at year end therefore no forecast variance is required to be processed. This variance will reduce going forward.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Education	76,457	76,807	(350)	(350)	0
Totals	76,457	76,807	(350)	(350)	0

Year to Date Position



Key Financial Successes:

The department have delivered all their service choices savings, with the exception of demand led services in relation to ASN support and residential schools placement and the Psychological Services associated with these.

The 2017-18 year-end outturn position for Education, excluding earmarkings to be carried forward and the Bad Debt Provision Adjustment in relation to Housing moving to DIS, was an overspend of £0.199m which was exactly the figure projected as a forecast variance in the months prior to year end. This accuracy was due to the effective management and monitoring of the budget position.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Ensuring the Education service can continue to contribute to Council saving programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the Education service).	Ongoing robust financial monitoring and forecasting with the provision of supporting management information to ensure deliverable saving options are presented.
Evaluating and managing the financial impact of new legislation (i.e. Children and Young People Act, Education (Scotland) Bill).	Full participation in consultation process to assist in the identification of potential cost pressures as early as possible.
Impact of the Education Governance Review, particularly in relation to the Fair Funding consultation, and how this informs potential changes to funding arrangements for the Education Service.	Respond to Fair Funding consultation, engage with SG through COSLA and ensure implications for resources and financial management arrangements are clearly identified.
Continued increased demand on the Service for ASN Support.	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these unavoidable costs.
Delivery plan of 1140 hours expansion in ELC due to a change in the timing of the distribution of funding. While the level of funding remains at what was expected, the period in which the funding will be received has been altered.	Spend will be re-profiled in accordance with the timing of funding allocations and hence the phasing in element of the delivery plan will need to be adapted accordingly.

EDUCATION – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	132	149	17	11.4%	404	404	0	0.0%	Year to date underspend as a result of a vacant post inherited from Community Services Directorate. Discussions regarding recruitment in progress.
BO16 - We wholly embrace our Corporate Parenting responsibilities	Additional Support Needs (ASN)	3,560	3,531	(29)	(0.8%)	8,871	9,221	(350)	(3.9%)	Forecast overspend within ASN assistants due to significant increase in demand. This is an early estimate at this stage and will be monitored closely, with every effort being made to mitigate the overspend.
BO17 - The support needs of children and their families are met	Early Years	1,676	1,710	35	2.1%	6,773	6,773	0	0.0%	Outwith Reporting Criteria.
BO19 - All children and young people are supported to realise their potential	Primary & Secondary Education	21,363	21,575	211	1.0%	54,801	54,801	0	0.0%	Year to date underspend relates mainly to school budgets via a combination of vacancy savings and the profiling of non-employee budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at the year end therefore no forecast variance is required to be processed.
BO21 - Our young people participate in post-16 learning, training or work	Youth Services	219	209	(10)	(4.8%)	648	648	0	0.0%	Outwith Reporting Criteria.
BO22 - Adults are supported to realise their potential	Adult Learning	177	188	12	6.4%	605	605	0	0.0%	Outwith Reporting Criteria.
BO30 - We engage with our customers, staff and partners	Support for Parents	7	8	1	12.5%	55	55	0	0.0%	Outwith Reporting Criteria.
BO31 - We have a culture of continuous improvement	Edducation Initiatives (GIRFEC, SEEMIS, Languages 1+2, Music) Education Support Team, Quality Improvement Team, Schools Development Team	1,676	1,553	(123)	(7.9%)	4,283	4,283	0	0.0%	Year to date overspend relates mainly to a number of Education Licences required (i.e. PPL, PRS, Copyright) which are funded by Education Support. Budget requires to be identified to fund these annual licences and this will be monitored closely throughout the year.
BO32 - Our workforce is supported to realise its potential	Leadership & Professional Learning	22	22	0	0.0%	17	17	0	0.0%	Outwith Reporting Criteria.
Education Total		28,832	28,945	114	0.4%	76,457	76,807	(350)	(0.5%)	
GRAND TOTAL		28,832	28,945	114	0.4%	76,457	76,807	(350)	(0.5%)	

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

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

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

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

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

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

EDUCATION – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	24,115	24,659	544	2.2%	62,106	62,456	(350)	(0.6%)	Year to date underspend relates mainly to school vacancy savings. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at the year end therefore no forecast variance is required to be processed. The forecast overspend reported relates to an increased demand for ASN support.
Premises	987	930	(57)	(6.1%)	3,073	3,073	0	0.0%	Year to date overspend is mainly profile related and should be refined during the September monitoring period.
Supplies and Services	2,845	2,429	(416)	(17.1%)	7,733	7,733	0	0.0%	Year to date overspend relates mainly to various smaller individual overspends within schools which are largely budget profile related, i.e. Pupil Equity Fund expenditure still to be matched with budget. This overspend is not a true reflection of the expected year end position and profiling will be refined during the September monitoring period.
Transport	148	94	(55)	(58.5%)	277	277	0	0.0%	Year to date overspend is mainly profile related within school establishments and should be refined during the September monitoring period.
Third Party	4,539	4,502	(37)	(0.8%)	8,467	8,467	0	0.0%	Outwith Reporting Criteria.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Income	(3,802)	(3,667)	135	(3.7%)	(5,199)	(5,199)	0	0.0%	Year to date underspend is mainly profile related within school establishments and should be refined during the September monitoring period.
Totals	28,832	28,947	114	0.4%	76,457	76,807	(350)	(0.5%)	

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

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

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

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

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

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

EDUCATION – RED VARIANCES AS AT 31 AUGUST 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
BO16 - We wholly embrace our Corporate Parenting responsibilities	8,860	9,210	(350)	(4.0%)	Forecast overspend within ASN assistants due to significant increase in demand. This is an early estimate at this stage and will be monitored closely, with every effort being made to mitigate the overspend.

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

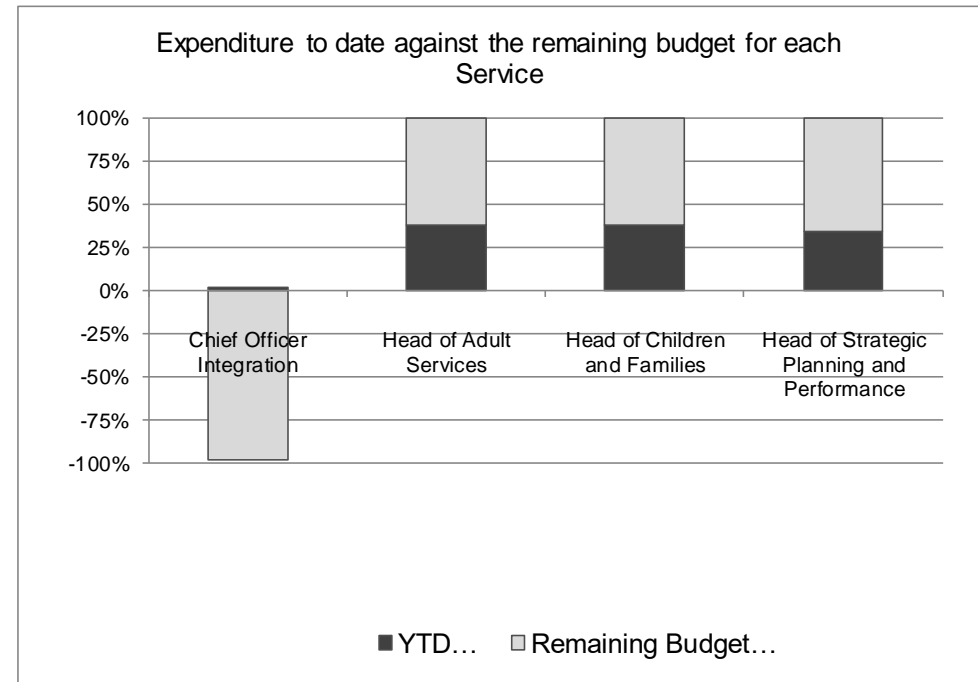
SOCIAL WORK – AS AT 31 AUGUST 2018

- The department is currently forecasting an overspend of £2.248m which is mainly due to an unidentified savings figure of £1.330m included in the budget as well as the net impact of service demand and estimated slippage on the delivery of agreed savings.
- The department has a year to date underspend of £1.797m (6.5%) against budget.

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget	Forecast Outturn	Current Forecast Variance	Previous Forecast Variance	Change
	£000	£000	£000	£000	£000
Chief Officer Integration	(11,827)	(11,018)	(809)	(606)	(203)
Head of Adult Services	54,419	55,558	(1,139)	(918)	(221)
Head of Children and Families	13,401	13,707	(306)	(424)	118
Head of Strategic Planning and Performance	388	383	6	1	5
Totals	56,381	58,630	(2,248)	(1,947)	(301)

Year to Date Position



Key Financial Successes:

Identified approximately £0.500m towards a total of £1.6m in unidentified savings towards the end of 2017/18. Whilst the service were still overspent, the overspend was reduced.

Key Financial Challenges:

Address the £2.345m unidentified savings figure included in the 2018/19 budget.

Proposed Actions to address Financial Challenges:

Completion of a budget challenge exercise to identify underspends which can be used to reduce unidentified savings figure and ongoing work between management, operational and finance staff to identify opportunities for additional deliverable savings.

Successful delivery of £3.672m of identified savings by the end of 2018/19.	Implementation of a robust performance management mechanism to track the delivery of the savings options.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource.	Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Service	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	263	290	27	9.3%	(11,827)	(11,018)	(809)	6.8%	The YTD variance reflects a profiling issue in relation to funding held centrally to fund increased employer's superannuation costs arising from auto-enrolment in the pension scheme. The forecast variance is a combination of the unidentified savings total and estimated slippage on identified efficiency savings partially offset by estimated additional vacancy savings and slippage on the Community Services Investment Fund expenditure.
Head of Adult Services	20,439	22,031	1,592	7.2%	54,419	55,558	(1,139)	(2.1%)	The YTD variance reflects lower than budgeted activity in care home placements for older people and delays in the receipt and/or payment of supplier invoices across the service. The forecast variance reflects a combination lower than budgeted demand in care home placements for older people offset by overspends in supported living, the Integrated Equipment Store and estimated slippage on the delivery of efficiency savings.
Head of Children and Families	5,113	5,286	172	3.3%	13,401	13,707	(306)	(2.3%)	The YTD variance is a combination of a number of over and underspends across the service. The main underspends relate to Criminal Justice, Children and Families Management and Service Strategy and Regulation. The forecast overspend is mainly related to demand pressure and estimated slippage on efficiency savings against external residential placements and the costs associated with engaging agency staff in the Area and CARO Teams. These overspends are partially offset by forecast underspends against Criminal Justice, Fostering and Contact and Welfare which arise due to vacant posts and lower than expected service activity.
Head of Strategic Planning and Performance	132	138	6	4.4%	388	383	6	1.5%	Outwith reporting criteria
GRAND TOTAL	25,947	27,745	1,797	6.5%	56,381	58,630	(2,248)	(4.0%)	

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	9,575	9,991	415	4.2%	27,348	26,739	609	2.2%	The YTD underspend arises due to a number of underspends across the service. The most significant relate to homecare for older people, assessment and care management for older people, Criminal Justice, schools hostels, addictions, central provision for increased superannuation costs arising from auto-enrolment and in progressive care for older people. The forecast underspend relates mainly to the latest estimated outturn for vacancy savings, assessment and care management for older people and Criminal Justice.
Premises	321	336	15	4.5%	1,014	1,050	(35)	(3.5%)	Outwith reporting criteria
Supplies & Services	673	634	(39)	(6.2%)	(3,134)	196	(3,330)	106.3%	The YTD variance is outwith reporting criteria. The forecast variance relates to unidentified savings and estimated slippage on the delivery of identified savings. Work is ongoing with the service to identify additional savings/underspends which could be used to cover the latest unidentified savings figure of £1.330m (reduced from £2.345m in June). Additionally, Finance staff are working closely with management to track the progress of the delivery of identified efficiency savings and update the estimated impact on the forecast outturn.

Transport	360	342	(18)	(5.3%)	974	962	12	1.2%	Outwith reporting criteria
Third Party	17,144	18,375	1,231	6.7%	47,395	47,727	(333)	(0.7%)	The YTD underspend reflects a combination of lower than budgeted demand for care home placements for older people, slippage on the use of funding for new overnight arrangements in the children's houses and school hostels and budget profiling and invoice receipt/payment timing differences across the service. The forecast overspend reflects a number of over and underspends across the service. The most significant variances relate to overspends on residential care for people with learning disabilities, physical disability supported living and residential care for children and young people offset against underspends against fostering, respite for older people, care home placements for older people and slippage on the Community Investment Fund.
Income	(2,126)	(1,933)	193	(10.0%)	(17,217)	(18,045)	829	(4.8%)	The YTD underspend arises due to a number of under and over spends across the service. The most significant underspend arises due to the higher than expected recovery of fees and charges in the Council's older people care homes. The forecast variance reflects the expected over-recovery of income from non-residential care charging, fees and charges in the Council's older people's care homes and from new secured debt linked to interim funding arrangements for older people who own their own homes entering long term residential and nursing care.
Totals	25,947	27,745	1,797	6.5%	56,380	58,629	(2,248)	(4.0%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far. Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 31 AUGUST 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	(11,827)	(11,018)	(809)	6.8%	Unidentified savings figure partially offset by estimated slippage on the Community Services Investment Fund and a forecast over-recovery on vacancy savings. Work is ongoing to identify additional savings / underspends to cover off the unidentified savings figure of £1.330m (down from £2.345m in June).
Looked After Children	6,679	7,015	(336)	(5.0%)	Overspend arises mainly due to the high cost of meeting demand for expensive external care home placements and estimated slippage on efficiency savings designed to reduce this cost. This is currently partially offset by forecast underspends on the foster care and supporting young people leaving care budgets although these underspends could potentially be used to reduce the central unidentified savings figure.
Child Protection	3,293	3,382	(89)	(2.7%)	Overspend arises mainly due to the engagement of agency staff to cover vacant posts, sickness absence and maternity leave partially offset by lower than expected activity on contact and welfare services.
Criminal Justice	97	(71)	168	173.2%	Underspend arises mainly due to vacant posts and estimated lower than budgeted spend on external services. The overall forecast is negative as the forecast spend is currently less than the specific grant payment for the year.
Children and Families Central Management Costs	2,575	2,623	(48)	(1.9%)	Overspend arises due to estimated slippage on the delivery of efficiency savings. Finance staff are working closely with service management to monitor progress and assess the potential impact of delays in savings delivery.
Older People	34,917	34,513	404	1.2%	Underspend arises mainly due to lower than budgeted demand for care home placement and respite services, the former mainly due to high attrition levels during early 2018. Subject to demand for services over the next few months, some of this underspend may be used to reduce the unidentified savings target.

Physical Disability	2,016	2,663	(647)	(32.1%)	Overspend arises mainly due to higher than budgeted demand for supported living services and the purchase of equipment by the Integrated Equipment Store.
Learning Disability	14,063	15,204	(1,141)	(8.1%)	Overspend arises due to a combination of higher than budgeted demand for supported living and care home services and estimated slippage on savings developed to reduce both of these commitments.
Mental Health	2,929	2,648	281	9.6%	Underspend reflects current known demand for supported living services.

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

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

STRATEGIC FINANCE

18 OCTOBER 2018

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2018

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2018.
- 1.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.
- 1.3 Of the 28 savings options, 12 have already been delivered, 7 are on track to be delivered as per their timescale, 6 have still to be implemented, 2 have a potential shortfall and 1 is delayed until 2019-20.

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2018

2. INTRODUCTION

- 2.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2018.
- 2.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.

3. DETAIL

- 3.1 New policy savings options were identified for the three year period 2018-19 to 2020-21 and these were reported to Council on 26 October 2017 and were subject to the Council's budget consultation exercise. Council agreed to policy savings of £1.288m in 2018-19 rising to £3.725m by 2020-21.
- 3.2 The savings for 2018-19 have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.
- 3.3 Savings have been categorised as follows:

Category	Explanation
Delivered	Savings already delivered in full.
On track to be Delivered	Saving is in line with profile however the full saving cannot be guaranteed until later in the year.
Still to be implemented	Planned date of implementation is in the future. Should the implementation date move backwards then this would be classified as delayed.
Being Developed	Further redesign required before option can be implemented.

Potential Shortfall	There is a risk that the original saving will not be achieved in full. Departments are asked to provide further information for any savings within this category.
Delayed	The full saving will not be achieved in line with the original estimated timescale. Departments are asked to provide further information for any savings within this category.

3.4 The table below outlines the progress as at 30 June 2018. Further detail is included within Appendix 1.

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	12	452.5	663.2	738.2
On Track to be Delivered	7	465.5	842.5	1,278.5
Still to be Implemented	6	-49.0	284.1	776.1
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	2	339.0	489.0	634.0
Delayed	1	80.0	160.0	298.0
Total	28	1,288.0	2,438.8	3,724.8

3.5 There are two savings categorised as having a potential shortfall and 1 saving option that is currently delayed as summarised below. Further information is contained within Appendices 2a to 2c.

- Potential Shortfall – TB10 Ferry service management and cost recovery – The ASP termination contract dates for the 3 OLI services are 30 September 2018 and for the Islay and Jura services 28 February 2019.
- Potential Shortfall – TB11 Commercial approach to piers and harbours charging – Ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the additional charges.
- Delayed – TB15 Review existing air service contracts and pursue more commercial opportunities – This saving will not be delivered until 2019-20 as the existing PSO contract has been extended for 1 year.

4. CONCLUSION

4.1 This report outlines the progress of the Service Package Policy Options as at 31 August 2018.

4.2 Of the 28 savings options, 12 have already been delivered, 7 are on track to be

delivered as per their timescale, 6 have still to be implemented, 2 have a potential shortfall and 1 is delayed until 2019-20.

5. IMPLICATIONS

- | | | |
|-----|-------------------|--|
| 5.1 | Policy | Individual options have policy implications – all have been approved by Members. |
| 5.2 | Financial | Summarises the delivery of the service package policy options. |
| 5.3 | Legal | None. |
| 5.4 | HR | Individual options have HR implications – all have been approved by Members. |
| 5.5 | Equalities | EQIAs have already been carried out on the options prior to Member approval. |
| 5.6 | Risk | The monitoring process outlined within this report will minimise the risk that the service package policy options are not delivered. |
| 5.7 | Customer Services | None. |

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

APPENDICES:

Appendix 1 – Monitoring of Service Package Policy Options Agreed February 2018

Appendix 2a – Potential Shortfall – TB10 Ferries

Appendix 2b – Potential Shortfall – TB11 Piers and Harbours

Appendix 2c – Delay – TB15 Airports

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018
SUMMARY

Appendix 1

POSITION AS AT 31 AUGUST 2018

Category	No. of Options	2018-19 £000	2018-19 FTE	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE
Delivered	12	452.5	6.6	663.2	8.6	738.2	8.6
On Track to be Delivered	7	465.5	2.0	842.5	0.0	1,278.5	2.0
Still to be Implemented	6	-49.0	1.0	284.1	4.0	776.1	9.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	2	339.0	-1.0	489.0	-1.0	634.0	-1.0
Delayed	1	80.0	-1.0	160.0	-1.0	298.0	-1.0
TOTAL	28	1,288.0	7.6	2,438.8	10.6	3,724.8	17.6

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018
DETAIL**

Appendix 1

POSITION AS AT 31 AUGUST 2018

Ref	Service area	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation	Additional Comment (if required)
			£000	FTE	£000	FTE	£000	FTE		
TB01-1	Development and Infrastructure (roads and amenity, planning, economic development)	Review central support to D&I Services	112.5	4.0	150.0	4.0	150.0	4.0	Delivered	All staff have now left the council.
TB03-1	Environmental Health and Animal Health	Raise environmental/animal health fees to match other councils	140.0	0.0	140.0	0.0	140.0	0.0	On Track to be Delivered	We will continue to monitor the income closely over the coming months
TB04-2	Regulatory Services	Trading Standards re-design	27.5	0.6	80.1	1.6	80.1	1.6	Delivered	
TB04-4	Regulatory Services	Advice Services remodelling	0.0	0.0	57.1	1.0	105.1	2.0	Still to be Implemented	Policy and Resources Committee in August agreed a new model for the delivery of Advice Services.
TB06-1	Planning/Other Planning Services	Introduce charges for non-statutory pre-application services for all scales of development.	55.0	0.0	60.0	0.0	65.0	0.0	Delivered	We will continue to monitor the income closely over the coming months
TB06-2	Planning/Other Planning Services	Planning applications displayed online and not in post offices	5.0	0.0	5.0	0.0	5.0	0.0	Delivered	
TB06-4	Planning/Other Planning Services	Reduce planning team leadership posts	0.0	0.0	52.0	1.0	52.0	1.0	Still to be Implemented	This saving will be delivered through the production and delivery of a Development Management service re-design to be carried out over the next 6 month period.
TB06-5	Planning/Other Planning Services	Planning technician team reduction	35.0	1.0	88.0	2.0	88.0	2.0	Delivered	
TB06-9	Planning/Other Planning Services	3% increase in charges for street names/numbering	13.0	0.0	21.6	0.0	31.6	0.0	Delivered	
TB07	Depots	Create one main depot in key areas to reduce costs	16.5	0.0	115.5	0.0	172.5	0.0	On Track to be Delivered	
TB08	Parking	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.	180.0	-1.0	345.0	-3.0	527.0	-3.0	On Track to be Delivered	Parking proposals now in place in both Oban and Arrochar. Initial consultation has been carried out at Duck Bay. It is anticipated that there may be some objections received to the Duck Bay proposal that may impact on implementation which may change the status of implementation.

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018
DETAIL**

Appendix 1

POSITION AS AT 31 AUGUST 2018

Ref	Service area	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation	Additional Comment (if required)
			£000	FTE	£000	FTE	£000	FTE		
TB09	Public Conveniences	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	10.0	0.0	24.0	0.0	24.0	0.0	Still to be Implemented	
TB10	Ferries	Ferry service management and cost recovery	55.0	-1.0	85.0	-1.0	110.0	-1.0	Potential Shortfall	ASP termination contract dates now:- 3 OLI services - 30th September 2018 / Islay to Jura service - 28th February 2019.
TB11	Piers and Harbours	Commercial approach to piers and harbours charging	284.0	0.0	404.0	0.0	524.0	0.0	Potential Shortfall	Ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the revised additional charges.
TB12a	Amenity Services	Provision of enhanced funeral and burial services	-10.0	-1.0	35.0	-1.0	50.0	-1.0	On Track to be Delivered	
TB12b	Amenity Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Delivered	We will continue to monitor the income closely over the coming months
TB13b	Roads and Infrastructure	Roads & Amenity Services charging (non-statutory services)	10.0	0.0	50.0	0.0	150.0	0.0	On Track to be Delivered	We will continue to monitor the income closely over the coming months
TB13c & T	Roads and Infrastructure	Combine Roads and Amenity teams into one team and review the services provided.	82.0	2.0	82.0	2.0	164.0	4.0	On Track to be Delivered	Restructuring is on-going.
TB14	Waste	Waste services - increase commercial income; reduce costs of collection and disposal	-130.0	0.0	13.0	0.0	286.0	1.0	Still to be Implemented	
TB15	Airports	Review existing air service contracts and pursue more commercial opportunities	80.0	-1.0	160.0	-1.0	298.0	-1.0	Delayed	This saving will not be delivered until 2019-20 as the existing PSO contract has been extended for 1 year, but the saving has been partially offset from savings elsewhere within the department.
TB16-10	Economic Development - Economic Growth	Redesign Economic Development Service to focus on higher impact activities	0.0	0.0	57.0	1.0	218.0	4.0	Still to be Implemented	
TB16-12	Economic Development - Economic Growth	Remove direct funding for Visit Scotland following their shift in delivery model	91.0	0.0	91.0	0.0	91.0	0.0	Delivered	
TB16-14	Economic Development - projects and regeneration	Remove renewable energy budget	30.0	0.0	30.0	0.0	30.0	0.0	Delivered	
TB16-19	Economic Development - economic growth	Stop membership of CPMR (Conference of Peripheral Maritime Regions)	10.0	0.0	10.0	0.0	10.0	0.0	Delivered	

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018
DETAIL**

Appendix 1

POSITION AS AT 31 AUGUST 2018

Ref	Service area	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation	Additional Comment (if required)
			£000	FTE	£000	FTE	£000	FTE		
TB17	Property Services	Identify opportunities for office rationalisation and raising income	27.5	0.0	71.5	0.0	121.5	0.0	Delivered	
TB19	Transport	Transport redesign and cost reduction	71.0	1.0	81.0	1.0	91.0	1.0	Still to be Implemented	
TB21-1	Design and Project Management Teams	Cross-departmental review and restructure of design and project management teams	36.0	1.0	36.0	1.0	36.0	1.0	Delivered	
TB23	Education - other	Adjust janitorial staffing deployment following roll reductions in 8 schools	47.0	2.0	75.0	2.0	75.0	2.0	On Track to be Delivered	
TOTAL			1,288.0	7.6	2,438.8	10.6	3,724.8	17.6		

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Ferries																			
Savings Reference:	TB10																			
Description of Option:	Ferry service management and cost recovery																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>55</td> <td>85</td> <td>110</td> </tr> <tr> <td>Saving Achievable</td> <td>27</td> <td>85</td> <td>110</td> </tr> <tr> <td>Shortfall</td> <td>28</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	55	85	110	Saving Achievable	27	85	110	Shortfall	28	0	0			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	55	85	110																
	Saving Achievable	27	85	110																
Shortfall	28	0	0																	
Reason Why there is a Potential Shortfall in the Saving:	ASP termination contract dates now:- 3 OLI services - 30th September 2018 / Islay to Jura service - 28th February 2019.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	Savings have already been identified by working more effectively and efficiently – particularly during the vessel dry-docking process; it's likely that savings will increase in future to compensate for this latest delay in transferring responsibilities for ship management from ASP.																			

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Piers and Harbours																			
Savings Reference:	TB11																			
Description of Option:	Commercial approach to piers and harbours charging																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>284</td> <td>404</td> <td>524</td> </tr> <tr> <td>Saving Achievable</td> <td>284</td> <td>404</td> <td>524</td> </tr> <tr> <td>Shortfall</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	284	404	524	Saving Achievable	284	404	524	Shortfall	0	0	0			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	284	404	524																
	Saving Achievable	284	404	524																
Shortfall	0	0	0																	
Reason Why there is a Potential Shortfall in the Saving:	Although the saving option is being reported as a potential shortfall , at this stage, no forecast outturn position has been reflected within the service. There is ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the revised additional charges.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	Are hopeful that this is still achievable but highlighting on the template at this stage as it is currently at risk – ABC officers awaiting the outcome of discussions between CMAL, Calmac and Transport Scotland.																			

SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Airports																			
Savings Reference:	TB15																			
Description of Option:	Review existing air service contracts and pursue more commercial opportunities																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>80</td> <td>160</td> <td>298</td> </tr> <tr> <td>Saving Achievable</td> <td>45</td> <td>160</td> <td>298</td> </tr> <tr> <td>Shortfall</td> <td>35</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	80	160	298	Saving Achievable	45	160	298	Shortfall	35	0	0			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	80	160	298																
	Saving Achievable	45	160	298																
	Shortfall	35	0	0																
Reason Why there is a Potential Shortfall in the Saving:	This saving will not be delivered until 2019-20 as the existing PSO contract has been extended for 1 year, but the saving has been partially offset from savings elsewhere in the department.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	A vacant LGE8 post is not being filled and additional income is being diverted to partially offset the shortfall.																			

FINANCIAL RISKS ANALYSIS 2018-19

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 7 Council wide revenue risks identified for 2018-19 amounting to £4.305m. One has been assessed as likely, in relation to the pay award, one has been assessed as possible in relation to the Social Work overspend and the others are assessed as unlikely.
- 1.4 There are currently 42 departmental risks totalling £4.526m. Only 1 of the 42 departmental risks is categorised as likely with no risks categorised as almost certain.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2018-19

2. INTRODUCTION

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2018-19.

3 DETAIL**3.1 Introduction**

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.

- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.

- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:

- 1 – Remote
- 2 – Unlikely
- 3 – Possible
- 4 – Likely
- 5 – Almost Certain

- 3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB will be responsible for financial and strategic oversight of these services. It will be the responsibility of the IJB to consider the individual financial risks associated with Integration Services and they are therefore not contained within this report. A Council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

3.2 Council Wide Risks**Revenue**

- 3.2.1 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.477m.

- 3.2.2 As part of the budget for 2018-19 the Council agreed to implement 28 Service Package policy option with a saving of £1.288m in 2018-19. The Council has a good track record of delivering savings, however, a 10% shortfall in savings would amount to £0.128m.
- 3.2.3 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies. The overspend on the HSCP as at 31 August 2018 is £4.3m and £2.248m relates to Social Work services. A copy of the monitoring report is attached as Appendix 2.
- 3.2.4 The pay award for 2018-19 has still to be agreed and there is a risk that the pay award could be greater than the provision within the budget. The budget is based on the public sector pay commitment: 3% for those earning less than £36,500, 2% for those above this level capped at £1,600. Negotiations are ongoing in relation to the pay award and in line with the formal offers still to be agreed, a high level estimate is this would cost an additional £0.090m over and above budget. This is an area that will continue to be kept under close review.
- 3.2.5 The Council wide risks noted above, in addition to other Council wide risks, are noted within the table below. The financial impact noted in the previous report has now been compared to the potential financial that could still materialise before now and the year end.

Description	Likelihood	Assessed Financial Impact £000
1% variation in Council Tax Income	2	477
10% shortfall on Savings Options	2	128
IJB refer to Council for additional funding to deliver social work services	3	2,248
Pay award over and above budget	4	90
Energy costs increase by 10% greater than anticipated	2	412
Repairs and Maintenance costs increase, due to unforeseen emergencies, by 10%	2	200
1% variation of General Inflation Risk	2	750
Total		4,305

Capital

- 3.2.6 The finance settlement announcement on 14 December 2017 provided details of the Local Government funding for 2018-19 and we are therefore certain what our funding is in respect of General Capital Grant and the specific capital grants which have been distributed.
- 3.2.7 The capital plan includes an estimate of £3.1m of capital receipts in 2018-19. The estimated level of receipts will be kept under review as market conditions will change, as will values following due diligence undertaken by prospective purchasers on the condition of assets. A 10% shortfall in capital receipts would amount to £0.310m.
- 3.2.8 In respect of TIF, the Scottish Futures Trust (SFT) acknowledge that the information presented by the council regarding current and potential scale and makeup of the office and retail market along with the current external market conditions was unlikely to generate the required increase in NDR. Officers are reviewing the financial model and the council and SFT are exploring potential alternative financial model to augment TIF. £1.585m has been expended to date which is offset by £0.537m of income and additional approved expenditure will be minimised until a viable alternative model has been agreed upon.

3.3 Departmental/Service Risks

- 3.3.1 The detail of each departmental financial risk is included within Appendix 1. The following table provides a summary of the number of risks within each department and likelihood category with the financial impact.

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Education	0	0	1	100	4	160	1	350	0	0	6	610
Customer Services	2	20	7	570	12	1,429	0	0	0	0	21	2,019
Development & Infrastructure	2	120	1	10	12	1,767	0	0	0	0	15	1,897
Total	4	140	9	680	28	3,356	1	350	0	0	42	4,526

- 3.3.2 The current top three risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Monitor weather conditions and apply gritting policy to minimise costs.	3	700
Facility Services	Property - Central Repairs	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500
Education	ASN Support	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these costs.	4	350

3.3.3 The current top three risks in terms of the likely impact are noted in the table below.

SERVICE	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Demand for ASN support continues to increase which is something that cannot be controlled by the Service.	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these costs.	4	350
Roads and Amenity Services	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	700
Facility Services	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500

3.4 Changes to Financial Risks since 30 June 2018

3.4.1 The changes to the departmental risks since the financial risks report as at the end of June 2018 and reported to Policy and Resources Committee in August are noted below:

- Education Legislative Requirements - Children and Young People (Scotland) Act – this risk has been removed as a result of additional funding received for ELC provisions as part of the settlement for 2018-19.
- Legislative Requirements: New Education Bill 2018 – this risk has been removed.
- Regional Collaborative – this risk has been downgraded to Likely and quantified at £0.010m based on possible additional travel and subsistence incurred by officers travelling North attending Northern Alliance events.
- Enhanced Inspections – this risk has been removed.

3.5 Monitoring of Financial Risks

3.5.1 Financial risks will be reviewed and monitored on a two monthly basis and will be included in the pack of financial reports submitted to Policy and Resources Committee.

4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and there are 42 departmental risks identified. Only 1 of the 42 departmental risks is categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 5.1 | Policy - | None. |
| 5.2 | Financial - | The financial value of each risk is included within the appendix. |
| 5.3 | Legal - | None. |
| 5.4 | HR - | None. |
| 5.5 | Equalities - | None. |
| 5.6 | Risk - | Financial risks are detailed within the appendix. |
| 5.7 | Customer Service - | None. |

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

**Kirsty Flanagan
Head of Strategic Finance
26 September 2018**

APPENDICES

Appendix 1 – Detail of Department/Service financial risks.

Appendix 2 – IJB Budget Monitoring Report as at 31 August 2018

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Education	Pre-Five Units - number of providers	Failure in commissioning pre-five partner provider units together with reducing budgetary support for partners resulting in an increased pressure on the Council of providing the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	50	3	50
Education	Education	Central Repairs	Previously agreed savings result in budget only available for statutory and emergency repairs.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	3	50	3	50
Education	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	Monitoring developments of the implementation of the Act and statutory guidance produced. This will include responding to any consultations.	3	50	3	50
Education	Education	Legislative Requirements - Children and Young People (Scotland) Act	Children and Young People (Scotland) Act places a duty on the Council to consult and plan on delivery of early learning and childcare with service users. This may result in demands for changes in the way the service is delivered to adopt a more flexible tailored approach.	Ongoing monitoring of additional funding provided to implement the Act and the financial capacity to implement any changes in the approach to service delivery.	2	50		
Education	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1,140 hours	The Council has a requirement to deliver 1,140 hours of early learning and childcare by 2021. Scottish Government have committed to funding this, however, the profile of the funding is different to what was returned in our template which may impact the delivery plan.	The timeline of the delivery plan has been revised in line with the confirmed funding. The risk has been reduced to £0.100m as funding has now been confirmed for 2018-19, however, a risk remains that actual spend is higher than estimate.	2	100	2	100
Education	Education	Legislative Requirements: New Education Bill 2018	This includes a statutory requirement to prepare and publish an annual education plan and performance report which creates additional resource pressures.	Planning to incorporate within work pattern for schools and officers. However the full effect of the new bill is yet known.	4	Unable to quantify at this stage		

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Education	Regional Collaborative	The implementation of regional collaboratives would result in additional work associated with the delivery of the Regional Improvement Plan.	Planning to incorporate within work pattern for schools and officers. The full impact of the contribution to Regional Collaboratives and the time allocation required by each authority is yet unknown.	4	Unable to quantify at this stage	3	10
Education	Education	Enhanced Inspections	The announcement of enhanced inspections by Education Scotland will add pressure to the existing workload for Education Services, both in supporting schools and during the inspection process. There will be further pressure for Education in responding to and following up on inspections.	Currently looking at remit of central education officers in supporting schools with the new process for inspections.	4	Unable to quantify at this stage		
Education	Education	ASN Support	Demand for ASN support continues to increase which is something that cannot be controlled by the Service.	Continue to review the ASN allocations and monitor vacancies elsewhere within the Service where unspent budget could be used to contribute towards these costs.	4	350	4	350
Customer Services	Customer and Support Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	3	125	3	125
Customer Services	Customer and Support Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Customer Services	Customer and Support Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Customer Services	Customer and Support Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	Microsoft Effective Licensing Position (ELP)	Audit findings of Measurement of effective use against registered entitlement. Entitlement has been measured against effective use and currently suggests underlicensed position	Negotiations with Ernst and Young and challenge of finding following audit of Microsoft Licences. Extrapolation of scanned network data being investigated, perpetual licencing and remote desktop service also being challenged. Prior to submission to Microsoft.	2	40	2	40
Customer Services	Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500	3	500
Customer Services	Facility Services	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC (Carbon Reduction Commitment) Energy Efficiency Scheme, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200	3	200
Customer Services	Facility Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications. Responding to consultations by COSLA on the distribution and allocation of additional funding.	3	100	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Facility Services	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	3	150	3	150
Customer Services	Facility Services	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60	2	60
Customer Services	Governance and Law	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	34	3	34
Customer Services	Governance and Law	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends.	3	30	3	30
Customer Services	Governance and Law	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10	1	10
Customer Services	Governance and Law	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Customer Services	Hub Schools	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	150	2	150
Customer Services	NPDO	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and existing budget.	2	150	2	150
Customer Services	Special Projects	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	Asset Management Strategy and more proactive work to market the Councils property portfolio.	3	50	3	50

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Special Projects	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Customer Services	Special Projects	Leisure Trust - Management Fee	Increase in RPI - inflation on Employee Costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	50	2	50
Customer Services	Special Projects	LiveArgyll - Company 2.	LiveArgyll overspend or under recover anticipated income outwith Management Fee which is fixed for first 3 years.	Ongoing monitoring net spend against profile. Strategic Finance liaise with SPT and Live Argyll to ensure accurate and timely reporting with action taken to mitigate when identified.	2	100	2	100
Customer Services	Special Projects	Leisure Service Level Agreements	Increase in RPI - requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	25	3	25
Development & Infrastructure	Economic Development	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Scrutinise all claims for increased costs to ensure that they are in accordance with the contract.	3	30	3	30
Development & Infrastructure	Economic Development	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities.	2	10	2	10
Development & Infrastructure	Planning and Regulatory Services	Homelessness Temporary Accommodation Income	Introduction of Universal Credit has an impact on the level and method of benefits recovered for temporarily accommodated individuals.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application.	3	25	3	25
Development & Infrastructure	Planning and Regulatory Services	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner.	3	100	3	100
Development & Infrastructure	Planning and Regulatory Services	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2018		As at 31 August 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning and Regulatory Services	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase planning fees to a sustainable level.	3	100	3	100
Development & Infrastructure	Planning and Regulatory Services	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	75	3	75
Development & Infrastructure	Planning and Regulatory Services	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20	1	20
Development & Infrastructure	Roads and Amenity Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
Development & Infrastructure	Roads and Amenity Services	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40	3	40
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Development & Infrastructure	Roads and Amenity Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	3	100
Development & Infrastructure	Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert , road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	300	3	300
Development & Infrastructure	Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	700	3	700
Development & Infrastructure	Roads and Amenity Services	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27	3	27
Total					45	4,566	42	4,526



Argyll & Bute Health & Social Care Partnership

Integration Joint Board

Agenda item: X

Date of Meeting: 26 September 2018

Title of Report: Budget Monitoring Report

Prepared by: Lesley Macleod, Interim Chief Finance Officer

The Integration Joint Board is asked to note:

- Funding offers from NHS Highland and Argyll & Bute Council have yet to be accepted for 2018/19
- Budgets have been set based on the funding offers made
- Planned expenditure exceeds the funding offers by £12.2m
- A savings plan of £10.6m is in place, however a budget gap of £1.6m remains
- Slow progress is being achieved with regard to delivery of recurring savings
- The year-end forecast outturn is currently for a £4.2m overspend

1. EXECUTIVE SUMMARY

The Argyll & Bute HSCP budget for 2018/19 is currently £265.6m. This is based on funding offers from Argyll & Bute Council and NHS Highland plus several in-year allocations from Scottish Government that have been passed through by NHS Highland.

Planned expenditure exceeds the available budget by £12.2m. There is therefore a requirement to achieve recurring savings of £12.2m to achieve a balanced budget. Savings plans identified to date total £10.6m. There is a remaining budget gap of £1.6m with currently no plan in place to address it.

This is an unacceptable financial risk to the IJB, and Council and Health Board partners. The scale of savings planned to be delivered and the shortfall in identified savings presents a high level of risk in delivering financial balance for the partnership in 2018/19 and jeopardises the efficiency and effectiveness of partnership working.

2. INTRODUCTION

This report provides information on financial performance up to August (Month 5) for 2018/19, progress on implementing measures to achieve savings, and a projected forecast outturn position for the financial year.

3. DETAIL OF REPORT

3.1 Argyll & Bute HSCP Funding 2018/19

Funding offers from NHS Highland and Argyll & Bute Council have yet to be formally accepted. However, to ensure effective financial monitoring is in place, budgets have been set reflecting funding offers made.

In addition, beyond the base funding offers, a number of health in-year allocations have been provided. It is common practice for large numbers of in-year allocations to be provided by the Scottish Government Health Department. These are initially allocated to NHS Boards and then shares of the allocations are passed through to HSCPs and operating units.

Table 1 below summarises the funding position of Argyll & Bute HSPC as at 31st August 2018.

	<u>£ '000</u>	<u>£ '000</u>
Funding offer from Argyll & Bute Council		56,389
Funding offer from NHS Highland		<u>206,689</u>
		263,078
<u>In-year allocations passed through by NHS Highland</u>		
New Medicines	821	
Additional Pay Award funding (pending)	787	
Primary Care Improvement Fund (part pending)	706	
Waiting Times	465	
Additional Alcohol and Drug Partnership (ADP) funding	315	
PFI funding	295	
Mental Health Strategy	204	
CAMHS & Psychological Therapies	128	
GP Out Of Hours	93	
Other miscellaneous allocations/adjustments (net)	30	
Dentists, Chemists, Opticians funding adjustment	(54)	
Contribution to CHAS	(112)	
Salaried Dental Service funding reduction	(165)	
Prescribing adjustment for pharmacy global sums	(332)	
E-health funding adjustment (retained central charges)	(698)	2,483
Total Funding as at 31 August 2018		<u><u>265,561</u></u>

As at 31st August 2018, operating budgets for Argyll & Bute HSCP total £265.561m.

3.2 Year to Date Position

For the five months ended 31st August 2018, Argyll & Bute HSCP recorded an underspend of £979k. This is summarised in table 2 below.

	Annual	Year to Date		
	Budget	Budget	Actual	Variance
<u>Budget</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>	<u>£ '000</u>
Adult Services	131,859	54,183	53,801	382
Childrens Services	19,999	8,055	7,689	365
Primary Care Services	28,054	11,668	11,708	(40)
NHS commissioned services	63,277	26,374	27,163	(789)
All other budgets	22,372	10,152	9,090	1,062
	<u>265,561</u>	<u>110,431</u>	<u>109,452</u>	<u>979</u>

The main pressure on budgets is from savings not being achieved. There are also a few emerging cost pressures and these are commented on further in section 3.5 below.

It should be noted that NHS Highland and Argyll & Bute Council use different financial systems and their accounting practices differ. As a result, the consolidated year to date position is skewed by various factors including the profiling of budgets and the timing of payments for commissioned social care services. This makes the reported year to date position an unreliable indicator of the forecast year-end outturn position. This will be expanded on in future reports.

3.3 Forecast Outturn Projection

The year-end forecast outturn position for 2018/19 is a **projected overspend of £4.2m.**

This forecast is produced by analysing and projecting trends, taking account of expected progress on achieving savings and other factors including receipt of in-year allocations and predicted slippage on spending plans. There are a considerable number of variables to consider when assessing the year-end forecast outturn.

The forecast of a £4.2m overspend therefore takes account of emerging cost pressures and savings not being achieved, offset to an extent by non-recurring benefits from vacancies and slippage on expenditure plans. The forecast however, does not take

account of the current mid-year review being led by the Chief Officer and Chief Finance Officer with a renewed focus on the savings and investment plans.

By far the biggest factor affecting the forecast overspend is confidence in the level of recurring savings likely to be achieved. As noted earlier, there is a savings plan of £10.6m in place. However it is likely that there will be a significant shortfall against the savings plan. Beyond this there is a further £1.6m budget gap with currently no plan in place to address it. This is also influencing the forecast year-end outturn.

It is believed that the forecast year-end overspend will reduce in the months ahead in response to action taken by managers. Certainly there is an expectation that newly appointed Service Improvement Officers will have an impact on this. However it does look extremely unlikely at this stage that sufficient improvement could be made to enable a year-end break even position to be achieved.

3.4 Savings Plan

The HSCP is currently pursuing delivery of a £10.6m savings plan. Limited progress has been achieved to date in terms of declaring recurring savings. In fact, only £2.451m has been declared to date. This is summarised in table 3 below and while it is an improved position on previous months, there is not yet sufficient traction and pace on the overall programme.

<u>Table 3: Argyll & Bute HSCP Savings Requirement 2018/19</u>	
Savings targets identified	<u>£ 10.60m</u>
Savings declared to date	<u>£ 2.451m</u>
Savings still to be achieved	<u>£ 8.149m</u>

In addition, it must be remembered that there is a £1.6m budget gap in addition to this with currently no plan in place to address it.

A number of savings targets will prove difficult to achieve. While acknowledging that delivery of savings can be extremely challenging, there is concern that achievement against the £10.6m target will be low with potentially just more than 50% being achieved in year. In many cases, significant service redesign will be required to achieve savings and, in practice, that can frequently take longer to deliver than expected.

In terms of governance, progress on delivering savings will be monitored by both the Quality and Finance Plan Programme Board and the newly established Service Transformation Board. There are certainly effective measures in place to oversee and monitor the progress of transforming services and delivering savings. However, increased and improved accountability is required to increase confidence in the delivery of savings.

To address the forecast 18/19 overspend, and underlying recurring deficit, there is a requirement to achieve faster delivery of recurring savings.

3.5 Financial Risks

As noted in section 3, the forecast year-end outturn is currently for a £4.2m overspend. Various risks and pressures are contributing to this forecast and the main ones worth highlighting are;

- A remaining budget gap of £1.6m. A review of budgets is currently underway to identify further options for savings to address this gap.
- An expectation that there will be a significant shortfall against the existing recurring savings plan of £10.6m.
- The savings plan contains a target saving of £1.2m against the SLA with NHS Greater Glasgow & Clyde for patients' services. However, NHS Greater Glasgow & Clyde has indicated an intention to *increase* the SLA charge by £768,000. There is therefore an almost £2m gap between our respective positions.
- Ongoing reliance on locum psychiatrists. Currently 4 posts are being covered by locums. This has caused a £307,000 overspend on the psychiatry medical staffing budget at month 5.
- Higher than expected demand for services across the whole client group supported by social work is likely to result in increased costs.
- Social care independent service provider failure requiring the HSCP to provide more expensive replacement services to ensure safe service continuity.
- Failure within social work to achieve expected income levels from clients due to changes in operational arrangements.
- Referrals to private sector healthcare providers, Huntercombe and the Priory. We have a small budget for referrals but currently there are 4 patients in these 2 establishments. This is higher than usual and although small numbers, it does generate high costs. This budget is overspent by £191,000 at month 5.
- Ongoing reliance on locum GPs on Mull.
- Ongoing use of agency nurses in Oban and Lochgilphead hospitals.
- Recruitment difficulties/staff absence in social work resulting in increased use of higher cost agency staffing.

This is not a comprehensive or prioritised list of all financial risks facing the HSCP but it does highlight those that are considered to be the highest risks affecting financial performance.

4. CONTRIBUTION TO STRATEGIC PRIORITIES

The Integration Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure that financial decisions are in line with priorities and promote quality of service delivery. The Quality and Finance Plan 2018/19 has been developed in line with delivering these strategic objectives.

5. GOVERNANCE IMPLICATIONS

5.1 Financial Impact

The year-end forecast outturn position for 2018/19 is a **projected overspend of £4.2m**. This includes the budget gap of £1.6m, due to the shortfall in identified savings, and reflects the risk associated with the scale and pace of change required to deliver savings identified in the Quality and Finance Plan. This is a significant financial risk to the IJB, and Council and Health Board partners. The financial position is very challenging and will require to be closely monitored during the financial year.

5.2 Staff Governance

The appropriate HR processes will require to be followed where there is an impact on staff as a result of any service changes in the Quality and Finance Plan.

5.3 Clinical Governance

None

6. EQUALITY & DIVERSITY IMPLICATIONS

Equality Impact Assessments will be carried out where required.

7. RISK ASSESSMENT

Financial risks are noted in the report.

8. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

Where required as part of the development and delivery of the proposed Quality and Finance Plan local stakeholder and community engagement will be carried out as appropriate in line with the re-design of service provision.

9. CONCLUSIONS

The IJB approved the Quality and Finance Plan for 2018/19 in March 2018. At that point there was a budget gap of £2.4m. This position has subsequently improved to a remaining gap of £1.6m. This is due to agreement to delay repayment of 2017/18 overspends by NHS Highland and Argyll and Bute Council.

It has not been possible to identify further savings in the timescale required which would be in line with the Strategic Plan and deliverable in the 2018/19 financial year. Instead an approach to financial recovery is proposed.

This may be perceived to be a high risk approach in terms of delivering financial balance in 2018/19 but through tight financial management including focused monitoring and reporting of the financial position and support to budget managers benefits from cost control will go some way towards offsetting the savings shortfall.

Governance arrangements are in place for the development and delivery of service changes. The delivery of approved savings requires to be the main focus. It is clear that if there continue to be delays with delivery of service changes planned to deliver

£10.6m of savings during 2018/19, then financial balance will be unlikely to be achieved.

The Integration Joint Board and parent organisations will be kept fully informed of the financial position during the year, including progress with the delivery of the Quality and Finance Plan, the forecast year-end outturn position and plans being progressed to develop the budget for future years.

CAPITAL BUDGET MONITORING REPORT – 31 August 2018

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 August 2018. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £11,842k compared to a budget for the year to date of £11,158k giving rise to an overspend for the year to date of £684k (6.1%).
- **Forecast Outturn for 2018-19** – forecast net expenditure for the full financial year is £49,345k compared to an annual budget of £48,635k giving rise to a forecast overspend for the year of £710k (1.5%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £312,061k compared to a total budget for all projects of £310,260k giving rise to a forecast overspend for the overall capital plan of £1,801k (0.58%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 138 projects there are 132 projects (96%) on track and 6 projects (4%) off track but recoverable.
- **Service Development** - Out of 27 projects there are 25 projects (93%) on track and 2 projects (7%) off track but recoverable.
- **Strategic Change** – Out of 36 projects there are 29 projects (81%) on track and 7 projects (19%) off track but recoverable.

1.4 The Council has received £143k of capital receipts up to 31 August 2018 against a budget of £3,100k (4.6%).

CAPITAL BUDGET MONITORING REPORT – 31 August 2018

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 July 2018. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

2.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £11,842k compared to a budget for the year to date of £11,158k giving rise to an overspend for the year to date of £684k (6.1%).
- **Forecast Outturn for 2018-19** – forecast net expenditure for the full financial year is £49,345k compared to an annual budget of £48,635k giving rise to a forecast overspend for the year of £710k (1.5%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £312,061k compared to a total budget for all projects of £310,260k giving rise to a forecast overspend for the overall capital plan of £1,801k (0.58%).

2.3 Project Delivery:

- **Asset Sustainability** – Out of 138 projects there are 132 projects (96%) on track and 6 projects (4%) off track but recoverable.
- **Service Development** - Out of 27 projects there are 25 projects (93%) on track and 2 projects (7%) off track but recoverable.
- **Strategic Change** – Out of 36 projects there are 29 projects (81%) on track and 7 projects (19%) off track but recoverable.

2.4 The Council has received £143k of capital receipts up to 31 August 2018 against a budget of £3,100k (4.6%).

3 RECOMMENDATIONS

3.1 Note the contents of this financial summary and approve the proposed changes to the capital plan detailed in Appendix 7.

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £11,842k compared to a budget for the year to date of £11,158k giving rise to an overspend for the year to date of £684k (6.1%).

4.2 Project/Department Position

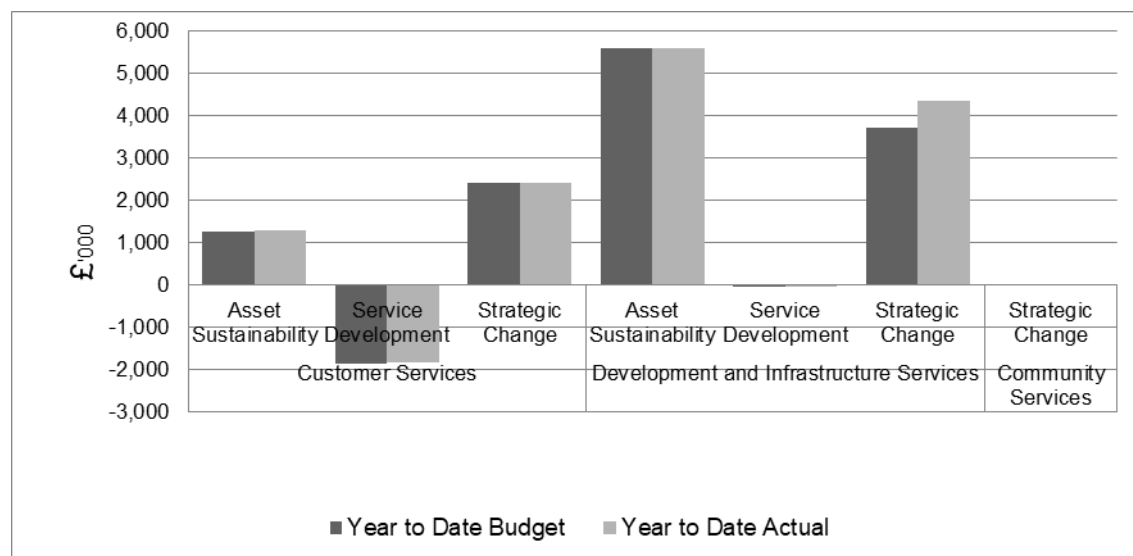
The table below shows the year to date net expenditure against the year to date budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	6,881	6,905	(24)
Service Development	(1,873)	(1,849)	(24)
Strategic Change	6,150	6,786	(636)
Total	11,158	11,842	(684)
Department:			
Customer Services	1,843	1,893	(50)
Development and Infrastructure Services	9,315	9,949	(634)
Community Services	0	0	0
Total	11,158	11,842	(684)

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

4.3 Chart of YTD Variances

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



5 FORECAST OUTTURN 2018-19

5.1 Overall Position

Forecast net expenditure for the full financial year is £49,345k compared to an annual budget of £48,635k giving rise to a forecast overspend for the year of £710k (1.5%).

5.2 Project/Department Position

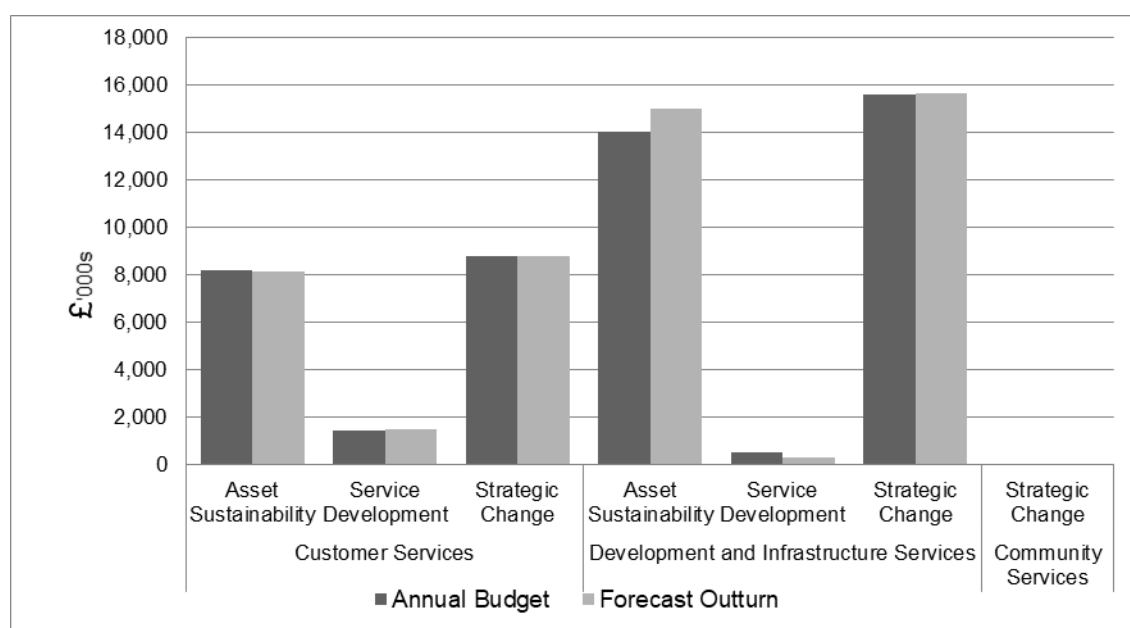
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	22,282	23,139	(857)
Service Development	1,951	1,792	159
Strategic Change	24,402	24,414	(12)
Total	48,635	49,345	(710)
Department:			
Customer Services	18,478	18,428	50
Development and Infrastructure Services	30,157	30,917	(760)
Community Services	0	0	0
Total	48,635	49,345	(710)

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

5.3 Chart of Forecast Outturn

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



6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total net project cost on the total capital plan is £312,061k compared to a total budget for all projects of £310,260k giving rise to a forecast overspend for the overall capital plan of £1,801k (0.58%).

6.2 Appendix 3 summarises the material variances contributing to the overspend position. Members are asked to give consideration to this overspend as part of the capital plan process for 2019-20.

6.3 Project/Department Position

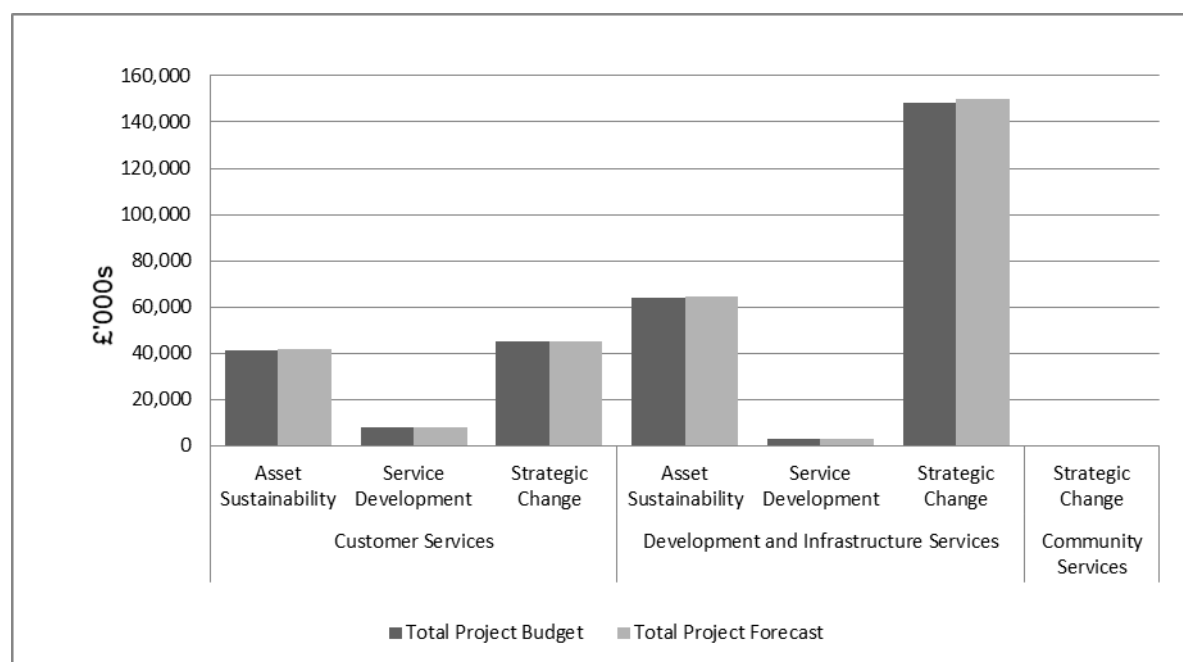
This table shows the net forecast total project cost and the budget for total project costs by project type and department:

	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Project Type:			
Asset Sustainability	105,670	106,055	(385)
Service Development	10,876	10,564	312
Strategic Change	193,714	195,442	(1,728)
Total	310,260	312,061	(1,801)
Department:			
Customer Services	94,475	94,669	(194)
Development and Infrastructure Services	215,785	217,392	(1,607)
Community Services	0	0	0
Total	310,260	312,061	(1,801)

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

6.4 Chart of Total Project Costs

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



7 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 201 projects within the Capital Plan, 186 are Complete or On Target and 15 are Off Target and Recoverable.

7.2 Project Position

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

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	132	6	0	138
Service Development	25	2	0	27
Strategic Change	29	7	0	36
Total	186	15	0	201
Department:				
Customer Services	153	3	0	156
Development and Infrastructure Services	33	12	0	45
Total	186	15	0	201

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

7.3 Chart of Performance Status

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



8 OFF TRACK PROJECTS

8.1 There are no projects off track and not recoverable.

9 CHANGES TO CAPITAL PLAN

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

The updated capital plan incorporating these proposed changes can be found in Appendix 10.

Department	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability					0	
Service Development					0	
Customer & Support Services	0	0	0	0	0	
Asset Sustainability	(267)	267			0	Slippages
Service Development					0	
Strategic Change					0	
Facility - Education	(267)	267	0	0	0	
Asset Sustainability					0	
Service Development					0	
Strategic Change					0	
Facility - Non Education	0	0	0	0	0	
Asset Sustainability					0	
Service Development					0	
Strategic Change					0	
Facility - Dunoon	0	0	0	0	0	
Asset Sustainability	755	(755)			0	Slippage & Acceleration
Service Development					0	
Strategic Change	(561)	561			0	Slippage
Roads and Amenity Services	194	(194)	0	0	0	
Service Development					0	
Strategic Change					0	
Economic Development	0	0	0	0	0	
TOTAL	(73)	73	0	0	0	

10 STRATEGIC CHANGE PROJECTS

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

11 CAPITAL RECEIPTS

- 11.1 The Council has received £143k of capital receipts up to 31 August 2018 against a budget of £3,100k (4.6%).

12 APPENDICES

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

Kirsty Flanagan
Head of Strategic Finance

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

APPENDIX 1 – Year to Date Finance Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
CHORD - Dunoon	2,136	2,615	(479)	Anticipated overspend of project reflected in current year. Report to be presented to December Policy and Resources Committee by the Service.
TIF – Lorn/Kirk Road	39	190	(151)	Explanation for variance not yet provided by Department.
Variances Less than £50k			(54)	Total value of non-material variances less than +/-£50k
Total			(684)	

APPENDIX 2 – Forecast Outturn Variance Explanations

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

Project	Annual Budget £'000	Forecast Outturn £'000	(Over)/Under Forecast Variance £'000	Explanation
St Muns Primary School	450	244	206	Project too extensive to complete in 6 week summer break therefore will be completed in 2019/20. Budget to be realigned to reflect this. Propose to slip £206k to 2019/20.
Legionella Control Works	(110)	49	(159)	Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Project Manager to consider virement required for approval in the next report to realign budgets.
Clyde Cottage – 600 hours provision	(52)	40	(92)	Works complete but balances and retentions due. Budget to be reallocated from Early Learning and Childcare. Propose to vire £92k underspend from ELC.
Early Learning and Childcare	421	329	92	To be used on individual projects/ Propose to vire to cover overspend in Clyde Cottage.
Roads Reconstruction	9,389	10,194	(805)	Forecast includes an allowance for Breadalbane St, Tobermory retaining wall solution. Propose to accelerate budget from 2019/20.
Tarbert All Weather Sports Pitch	65	15	50	Proposed slippage to 2019/20 until future funding decisions are made as 2018/19 works now complete.
Kintyre Renewables Hub	433	10	423	Currently projected to complete under budget, however until the final grant/audit position is complete this projection is not known with certainty. Also still awaiting close off of obligations with contractor.
Street Lighting LED Replacement	1,211	650	561	2018/19 costs expected to come in under budget. Propose to slip to 2019/20 and potentially use for column replacement.
CHORD – Dunoon	2,136	2,615	(479)	Anticipated overspend of project reflected in current year. Report to be presented to December Policy and Resources Committee by the Service.
Helensburgh Waterfront Development	286	674	(388)	Contract sum increased due to significant increase in substructure costs, the provision of the café as opposed to a vending machine, and the appointment of a Clerk of Works and short term Marine Planning Consultant.
TIF – Lorn/Kirk Road	39	190	(151)	Explanation for variance not yet provided by Department.
Other Variances			32	Total value of non-material variances less than +/-£50k
Total			(710)	

APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Legionella Control Works	110	269	(159)	Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Project Manager to consider virement required for approval in the next report to realign budgets.
Clyde Cottage – 600 hours provision	413	505	(92)	Works complete but balances and retentions due. Budget to be reallocated from Early Learning and Childcare. Propose to vire £92k underspend from ELC.
Early Learning and Childcare	1,478	1,386	92	To be used on individual projects. Propose to vire to cover overspend in Clyde Cottage.
Kintyre Renewables Hub	11,816	11,393	423	Currently projected to complete under budget, however until the final grant/audit position is complete this projection is not known with certainty. Also still awaiting close off of obligations with contractor.
CHORD – Dunoon	11,921	12,400	(479)	Anticipated overspend of project. Report to be presented to December Policy and Resources Committee by the Service.
Helensburgh Waterfront Development	18,387	19,945	(1,558)	Contract sum increased due to significant increase in substructure costs, the provision of the café as opposed to a vending machine, and the appointment of a Clerk of Works and short term Marine Planning Consultant.
TIF – Lorn/Kirk Road	775	926	(151)	Explanation for variance not yet provided by Department.
Other Variances			123	Total value of non-material variances less than +/-£50k
Total			(1,801)	

APPENDIX 4 – Asset Sustainability Project Performance

There are 138 Projects recognised as Asset Sustainability Projects, 132 are Complete or On Target and 6 are Off Target and Recoverable.

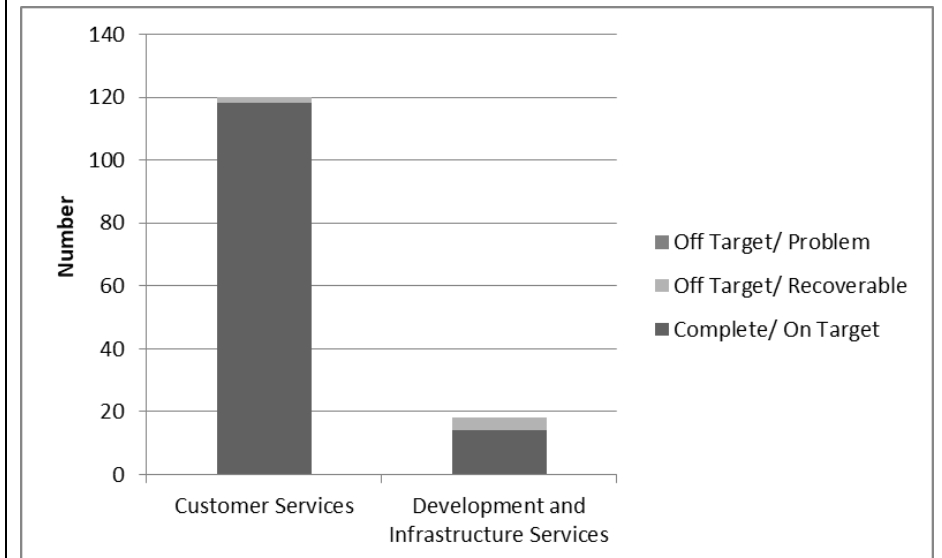
Department Position:

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	118	2	0	120
Development and Infrastructure Services	14	4	0	18
Total	132	6	0	138

Chart of Asset Sustainability Performance Status

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



APPENDIX 5 – Service Development Project Performance

There are 27 Projects recognised as Service Development Projects, 25 are Complete or On Target and 2 are Off Target and Recoverable.

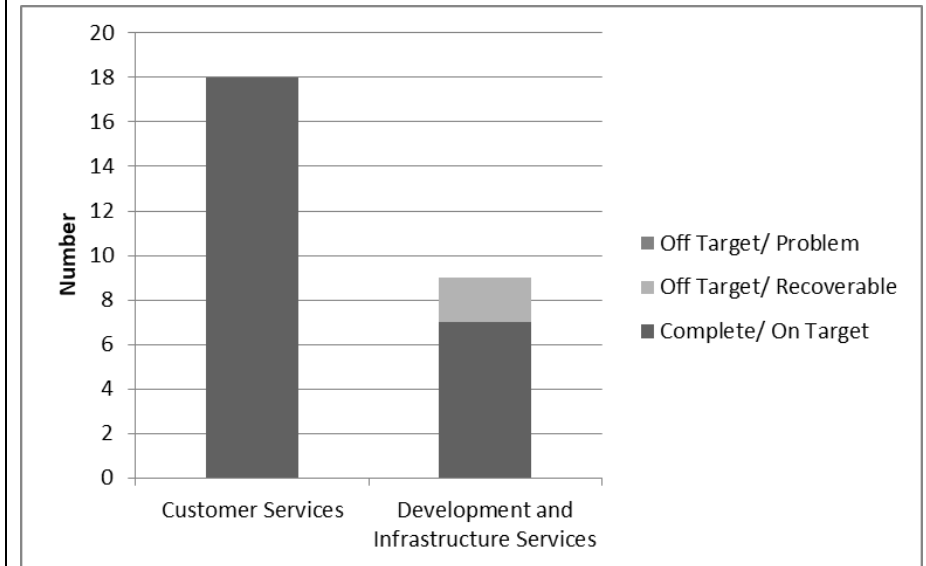
Department Position:

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

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	18	0	0	18
Development and Infrastructure Services	7	2	0	9
Total	25	2	0	27

Chart of Service Development Performance Status

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



APPENDIX 6 – Strategic Change Project Performance

There are 36 Projects recognised as Strategic Change Projects. 29 are Complete or On Target and 7 are Off Target and Recoverable.

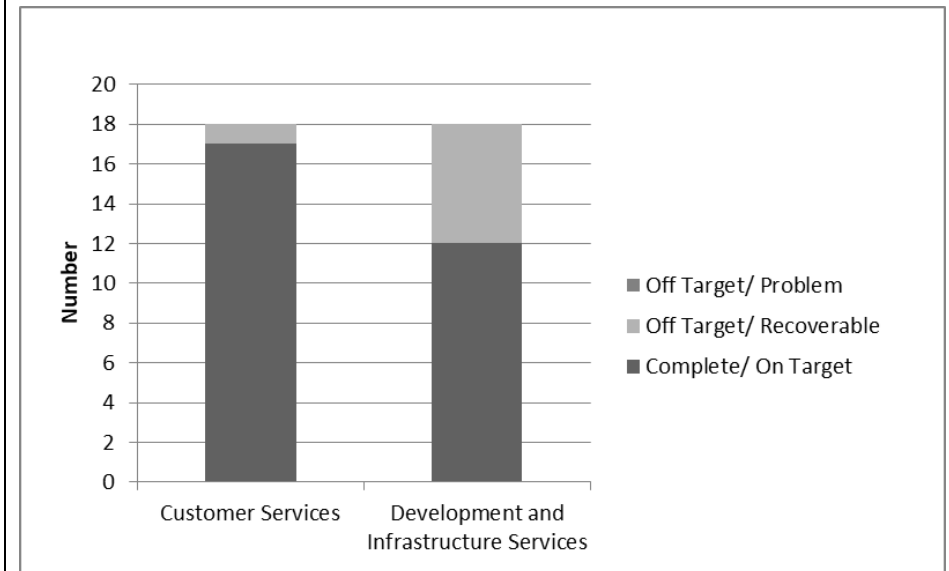
Department Position:

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	17	1	0	18
Development and Infrastructure Services	12	6	0	18
Total	29	7	0	36

Chart of Strategic Change Performance Status

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



APPENDIX 7 – Changes to Capital Plan and Financial Impact
OVERALL COST CHANGES

Project	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Clyde Cottage	92				92	Increase budget by £92k from Early Learning & Childcare.	Works complete but balances and retentions due. Additional £92k required to cover overspend in previous years and retentions to be paid in 2018/19.
Early Learning and Childcare	(92)				(92)	Reduce budget by £92k for use in Clyde Cottage Project.	To be used on individual projects such as Clyde Cottage.
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS

Project	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
St Mun's Primary School	(206)	206			0	Slip £206k from 2018/19 to 2019/20.	Project too extensive to complete in 6 week summer break therefore will be completed in 2019/20. Budget to be realigned to reflect this.
Tobermory High School	(19)	19			0	Slip £19k from 2018/19 to 2019/20.	2018/19 works due for completion in October, remainder to be utilised in 2019/20.
Toward Primary School	(40)	40			0	Slip £40k from 2018/19 to 2019/20.	Septic tank upgrade complete, remainder to be utilised in 2019/20.
Homeless Houses – Housing Quality Standard	(2)	2			0	Slip £2k from 2018/19 to 2019/20.	Budget realigned to reflect anticipated spend.
Roads Reconstruction	805	(805)			0	Accelerate £805k to 2018/19 from 2019/20.	2018/19 forecast includes an allowance for Breadalbane St retaining wall solution.
Tarbert All Weather Pitch	(50)	50			0	Slip £50k from 2018/19 to 2019/20.	Proposed slippage to 2019/20 until future funding decisions are made as 2018/19 works complete.
Street Lighting LED Replacement	(561)	561			0	Slip £561k from 2018/19 to 2019/20.	2018/19 costs expected to come in under budget. Propose to slip to 2019/20 and potentially use for column replacement.
Total Slippages and Accelerations	(73)	73			0		
Net Impact of Changes	(73)	73	0	0	0		

FINANCIAL SUMMARY - NET EXPENDITURE

31 August 2018

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Area Committee Expenditure - Asset Sustainability	44	0	44	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	1,232	1,302	(70)	8,178	8,151	27	41,446	41,697	(251)
Development & Infrastructure Services	5,954	5,954	0	15,792	16,528	(736)	67,484	67,465	19
Asset Sustainability Total	7,186	7,256	(70)	23,970	24,679	(709)	108,930	109,162	(232)
Service Development Projects									
Customer Services	244	268	(24)	3,553	3,612	(59)	10,859	10,884	(25)
Development & Infrastructure Services	102	320	(218)	1,049	1,049	0	7,516	7,397	119
Service Development Total	346	588	(242)	4,602	4,661	(59)	18,375	18,281	94
Strategic Change Projects									
Campbeltown Schools Redevelopment	9	9	0	327	327	0	1,970	1,970	0
Dunoon Primary	2,237	2,237	0	4,582	4,582	0	10,699	10,699	0
Replacement of Oban High	158	158	0	548	548	0	3,350	3,350	0
Kim Primary School	0	0	0	315	315	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	18	18	0	125	125	0	2,016	2,016	0
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	1	1	0	400	400	0	11,838	11,838	0
Rothsay Office Rationalisation	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	2,000	0
Kintyre Renewables Hub	0	0	0	732	10	722	12,115	11,393	722
Campbeltown Flood Scheme	36	36	0	519	519	0	603	603	0
Street Lighting LED Replacement	142	142	0	1,211	650	561	3,900	3,900	0
Harbour Investment Programme	265	265	0	2,770	2,770	0	78,164	78,164	0
CHORD - Helensburgh	13	13	0	764	765	(1)	7,230	7,230	0
CHORD - Campbeltown	0	0	0	1,326	1,326	0	4,786	4,786	0
CHORD - Dunoon	2,136	2,615	(479)	2,136	2,615	(479)	11,921	12,400	(479)
CHORD - Oban	146	154	(8)	975	983	(8)	7,957	7,965	(8)
CHORD - Rothsay	1,281	1,281	0	10,753	10,753	0	13,770	13,770	0
Helensburgh Waterfront Development	286	284	2	286	674	(388)	18,387	19,945	(1,558)
TIF - Lorn/Kirk Road	10	190	(180)	10	190	(180)	746	926	(180)
TIF - North Pier Extension	0	0	0	346	346	0	560	560	0
TIF - Oban Airport Business Park	0	0	0	145	145	0	590	590	0
OBC for Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	500	500	0	500	500	0
Rothsay THI	0	0	0	200	200	0	200	200	0
Hermitage Park	0	0	0	0	0	0	211	211	0
Glengorm Wind Turbine	0	0	0	29	22	7	437	430	7
Strategic Change Total	6,738	7,403	(665)	31,491	31,233	258	210,700	212,172	(1,472)
Total Expenditure	14,314	15,247	(933)	60,107	60,573	(466)	338,074	339,640	(1,566)
INCOME									
Asset Sustainability									
Customer Services	0	0	0	0	0	0	(118)	(118)	0
Development & Infrastructure Services	(349)	(351)	2	(1,732)	(1,540)	(192)	(3,211)	(3,014)	(197)
Asset Sustainability Total	(349)	(351)	2	(1,732)	(1,540)	(192)	(3,329)	(3,132)	(197)
Service Development Projects									
Customer Services	(2,100)	(2,100)	0	(2,100)	(2,100)	0	(3,088)	(3,088)	0
Development & Infrastructure Services	(119)	(337)	218	(551)	(769)	218	(4,411)	(4,629)	218
Service Development Total	-2,219	-2,437	218	-2,651	-2,869	218	-7,499	-7,717	218
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Kintyre Renewables Hub	0	0	0	(299)	0	(299)	(3,748)	(3,449)	(299)
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothsay	(588)	(588)	0	(6,790)	(6,790)	0	(9,081)	(9,081)	0
CHORD - Oban	0	0	0	0	0	0	(1,620)	(1,620)	0
Hermitage Park	0	0	0	0	0	0	(158)	(158)	0
Glengorm Wind Turbine	0	(29)	29	0	(29)	29	(508)	(537)	29
Strategic Change Total	(588)	(617)	29	(7,089)	(6,819)	(270)	(16,986)	(16,730)	(256)
Total Income	(3,156)	(3,405)	249	(11,472)	(11,228)	(244)	(27,814)	(27,579)	(235)
Net Total	11,158	11,842	(684)	48,635	49,345	(710)	310,260	312,061	(1,801)

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Flood Prevention	4	4	0	171	171	0	533	533	0
Bridge Strengthening	44	44	0	284	284	0	3,088	3,088	0
Traffic Management	0	0	0	0	0	0	366	366	0
Roads Reconstruction	5,111	5,111	0	9,389	10,194	(805)	44,411	44,411	0
Lighting	0	0	0	307	307	0	1,703	1,703	0
Furnace Coastal Protection	0	0	0	19	0	19	144	125	19
Fleet	654	654	0	4,227	4,227	0	13,476	13,476	0
Horizontal Balers	8	8	0	8	8	0	8	8	0
Footpath Improvements	105	105	0	569	569	0	1,000	1,000	0
Environmental	20	20	0	580	580	0	985	985	0
Waste	0	0	0	106	106	0	200	200	0
Recreation and Sport	1	1	0	115	65	50	920	920	0
Crematoria and Burial Grounds	4	4	0	14	14	0	50	50	0
Castle Lodge, Dunoon - Building Works	3	3	0	3	3	0	160	160	0
EV Quick Chargers	0	0	0	0	0	0	440	440	0
Asset Sustainability Total	5,954	5,954	0	15,792	16,528	(736)	67,484	67,465	19
Service Development Projects									
A849 Pennyghael Bridge Mull	0	0	0	4	4	0	131	131	0
Preliminary design for Regional Transport projects	2	2	0	18	18	0	221	221	0
Campbeltown Old Quay	1	1	0	48	48	0	1,424	1,424	0
Helensburgh Cycleways	13	13	0	329	329	0	2,622	2,622	0
Safe Streets, Walking and Cycling	69	287	(218)	287	287	0	977	858	119
SPIT	17	17	0	34	34	0	1,412	1,412	0
Kilmartin House	0	0	0	0	0	0	400	400	0
NVA	0	0	0	250	250	0	250	250	0
Paths for All Smarter Choice, Smarter Places - 2018/19	0	0	0	79	79	0	79	79	0
Service Development Total	102	320	(218)	1,049	1,049	0	7,516	7,397	119
Strategic Change Projects									
Kintyre Renewables Hub	0	0	0	732	10	722	12,115	11,393	722
Campbeltown Flood Scheme	36	36	0	519	519	0	603	603	0
Street Lighting LED Replacement	142	142	0	1,211	650	561	3,900	3,900	0
Harbour Investment Programme	265	265	0	2,770	2,770	0	78,164	78,164	0
CHORD - Helensburgh	13	13	0	764	765	(1)	7,230	7,230	0
CHORD - Campbeltown	0	0	0	1,326	1,326	0	4,786	4,786	0
CHORD - Dunoon	2,136	2,615	(479)	2,136	2,615	(479)	11,921	12,400	(479)
CHORD - Oban	146	154	(8)	975	983	(8)	7,957	7,965	(8)
CHORD - Rothesay	1,281	1,281	0	10,753	10,753	0	13,770	13,770	0
Helensburgh Waterfront Development	286	284	2	286	674	(388)	18,387	19,945	(1,558)
TIF - Lorn/Kirk Road	10	190	(180)	10	190	(180)	746	926	(180)
TIF - North Pier Extension	0	0	0	346	346	0	560	560	0
TIF - Oban Airport Business Park	0	0	0	145	145	0	590	590	0
OBC For Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	500	500	0	500	500	0
Rothesay THI	0	0	0	200	200	0	200	200	0
Hermitage Park	0	0	0	0	0	0	211	211	0
Glengorm Wind Turbine	0	0	0	29	22	7	437	430	7
Strategic Change Total	4,315	4,980	(665)	22,688	22,468	220	164,907	166,417	(1,510)
Total Expenditure	10,371	11,254	(883)	39,529	40,045	(516)	239,907	241,279	(1,372)
INCOME									
Asset Sustainability									
Roads Reconstruction	-272	-271	(1)	-1,732	-1,460	(272)	(2,223)	(1,951)	(272)
Furnace Coastal Protection	0	0	0	0	0	0	(122)	(122)	0
Flood Prevention	0	0	0	0	0	0	(9)	(9)	0
Environmental Projects	0	0	0	0	0	0	(9)	(4)	(5)
EV Quick Chargers	(77)	(77)	0	0	(77)	77	(440)	(517)	77
Fleet	0	(3)	3	0	(3)	3	(408)	(411)	3
Asset Sustainability Total	(349)	(351)	2	(1,732)	(1,540)	(192)	(3,211)	(3,014)	(197)
Service Development Projects									
Helensburgh Cycleways	0	0	0	(350)	(350)	0	(2,774)	(2,774)	0
Safe Streets, Walking and Cycling	(119)	(337)	218	(119)	(337)	218	(224)	(442)	218
SPIT	0	0	0	(82)	(82)	0	(1,312)	(1,312)	0
CWSS - Footway Letter Dail	0	0	0	0	0	0	(101)	(101)	0
Service Development Total	(119)	(337)	218	(551)	(769)	218	(4,411)	(4,629)	218
Strategic Change Projects									
Kintyre Renewables Hub	0	0	0	(299)	0	(299)	(3,748)	(3,449)	(299)
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(569)	(1)
Helensburgh Waterfront Development	0	0	0	0	0	0	(695)	(695)	0
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothesay	(588)	(588)	0	(6,790)	(6,790)	0	(9,081)	(9,081)	0
CHORD - Oban	0	0	0	0	0	0	(1,620)	(1,620)	0
Hermitage Park	0	0	0	0	0	0	(158)	(158)	0
Glengorm Wind Turbine	0	(29)	29	0	(29)	29	(508)	(537)	29
Strategic Change Total	(588)	(617)	29	(7,089)	(6,819)	(270)	(16,500)	(16,244)	(256)
Total Income	(1,056)	(1,305)	249	(9,372)	(9,128)	(244)	(24,122)	(23,887)	(235)
Net Departmental Total	9,315	9,949	(634)	30,157	30,917	(760)	215,785	217,392	(1,607)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING							Appendix 8		
FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES							31 August 2018		
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
EXPENDITURE									
Area Committees - Asset Sustainability	44	0	44	44	0	44	69	25	44
Asset Sustainability									
Education	658	722	(64)	2,967	2,922	45	21,663	21,893	(230)
Community and Culture	69	69	0	1,430	1,431	(1)	3,627	3,628	(1)
Adult Care	19	19	0	361	361	0	2,112	2,112	0
Children and Families	2	2	0	430	430	0	595	598	(3)
Facility Services	69	75	(6)	1,692	1,709	(17)	4,693	4,710	(17)
Customer and Support Services	415	415	0	1,298	1,298	0	8,756	8,756	0
Asset Sustainability Total	1,232	1,302	(70)	8,178	8,151	27	41,446	41,697	(251)
Service Development Projects									
Property Management System	0	0	0	0	0	0	89	89	0
Applications Projects	(11)	(11)	0	33	33	0	1,263	1,229	34
Bowmore Primary School - Pre 5 Unit	0	0	0	(2)	4	(6)	28	34	(6)
Clyde Cottage - 600 hour provision	0	3	(3)	(52)	40	(92)	413	505	(92)
Craignish Primary School - Pre 5 Extension	0	0	0	35	35	0	417	417	0
Iona Primary School - Pre 5 Unit	14	14	0	40	40	0	474	474	0
Islay High and Rosneath Primary School Pitches	2	2	0	675	675	0	700	700	0
Lochgoilhead Primary School - Pre 5 Unit	1	1	0	23	23	0	388	388	0
Park Primary Extension/Pre Fives Unit	0	0	0	5	5	0	346	346	0
Tarbert High School - Biomass enabling work	0	0	0	20	20	0	20	20	0
Sandbank Gaelic Pre Five Unit	0	0	0	(14)	18	(32)	464	496	(32)
Bunessan Primary School - Gaelic Medium Improvements	5	5	0	28	28	0	30	30	0
Early Learning and Childcare	215	215	0	421	329	92	1,478	1,386	92
Early Years 1140 Hours	9	9	0	2,100	2,100	0	2,100	2,100	0
Archives - Wee Manse Brae	0	0	0	72	72	0	128	128	0
Dunoon Boxing Club	0	0	0	100	100	0	100	100	0
Riverside Leisure Centre Refurbishment	8	29	(21)	8	29	(21)	1,121	1,142	(21)
Dunclutha Childrens Home	1	1	0	61	61	0	1,300	1,300	0
Service Development Total	244	268	(24)	3,553	3,612	(59)	10,859	10,884	(25)
Strategic Change Projects									
Campbeltown Schools Redevelopment	9	9	0	327	327	0	1,970	1,970	0
Dunoon Primary	2,237	2,237	0	4,582	4,582	0	10,699	10,699	0
Replacement of Oban High	158	158	0	548	548	0	3,350	3,350	0
Kirn Primary School	0	0	0	315	315	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	18	18	0	125	125	0	2,016	2,016	0
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	1	1	0	400	400	0	11,838	11,838	0
Rothsay Office Rationalisation	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	2,000	0
Strategic Change Total	2,423	2,423	0	8,803	8,765	38	45,793	45,755	38
Total Expenditure	3,943	3,993	(50)	20,578	20,528	50	98,167	98,361	(194)
INCOME									
Asset Sustainability									
Facility Services	0	0	0	0	0	0	(60)	(60)	0
Community and Culture	0	0	0	0	0	0	(58)	(58)	0
Asset Sustainability Total	0	0	0	0	0	0	(118)	(118)	0
Service Development Projects									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(464)	(464)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(494)	(494)	0
Early Years 1140 Hours	(2,100)	(2,100)	0	(2,100)	(2,100)	0	(2,100)	(2,100)	0
Service Development Total	(2,100)	(2,100)	0	(2,100)	(2,100)	0	(3,088)	(3,088)	0
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
Strategic Change Total	0	0	0	0	0	0	(486)	(486)	0
Total Income	(2,100)	(2,100)	0	(2,100)	(2,100)	0	(3,692)	(3,692)	0
Net Departmental Total	1,843	1,893	(50)	18,478	18,428	50	94,475	94,669	(194)

Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
Campbeltown Schools Redevelopment	1,623	327	20	1,970	1,970	16/02/2012	30/11/2018	Green	
Dunoon Primary	3,175	4,582	2,942	10,699	10,699	18/12/2014	30/04/2019	Green	
Replacement of Oban High	2,282	548	520	3,350	3,350	24/04/2014	31/01/2019	Green	
Kirn Primary School	9,864	315	0	10,179	10,179	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	14	36	0	50	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	944	26/06/2014	31/08/2018	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	488	20/03/2014	31/03/2017	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2017	Green	
Carbon Management - Group Heating Conversion Project	1,891	125	0	2,016	2,016	01/02/2016	31/08/2018	Green	
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	19/10/2016	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2017	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2017	Green	
Helensburgh Office Rationalisation	11,438	400	0	11,838	11,838	25/04/2013	03/07/2016	Amber	CPC Issued 3rd July. Final costs still to be established - Final expenditure now anticipated this year.
Rothesay Office Rationalisation	0	10	0	10	10	01/09/2018	31/03/2019	Green	
Asset Management Fund	0	2,000	0	2,000	2,000	2018/19	2018/19	Green	
Kintyre Renewables Hub	11,383	10	0	11,393	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 2018-19 has been reduced to reflect expected expenditure noting that we are still awaiting close off of contractual obligations with BAM Nuttall.
Campbeltown Flood Scheme	84	519	0	603	603	01/08/2016	31/03/2023	Green	
Street Lighting LED Replacement	2,501	650	749	3,900	3,900	01/08/2016	16/12/2016	Green	
Harbour Investment Programme	319	2,770	75,075	78,164	78,164	01/04/2017	31/03/2028	Green	
CHORD - Helensburgh	6,465	765	0	7,230	7,229	29/09/2011	30/04/2015	Amber	Due to protracted commercial dispute with the original CHORD Contractor, the Retentions were not released in FY16/17 as expected. This was matter was only finally resolved on 12 July 2018 when lawyers acting on behalf of the Contractor agreed to drop legal action and accept the Balance of Retentions due.
CHORD - Campbeltown	3,460	1,326	0	4,786	4,801	25/06/2014	10/11/2015	Green	
CHORD - Dunoon	9,504	2,615	281	12,400	11,921	03/02/2012	09/03/2018	Amber	Anticipated overspend of project. Report to be presented to December Policy and Resources Committee by the Service.
CHORD - Oban	6,982	983	0	7,965	8,282	27/10/2016	31/07/2017	Green	
CHORD - Rothesay	3,017	10,753	0	13,770	21,966	01/04/2015	01/12/2018	Amber	Updated/detailed Main Contractor Programme of works including revised Cash Flow. For further detail see Bute & Cowal Area Committee Report Dated August 2018.
Helensburgh Waterfront Development	738	674	18,533	19,945	18,387	01/04/2017	30/09/2020	Amber	Contract sum increased due to significant increase in substructure costs, the provision of the café as opposed to a vending machine, and the appointment of a Clerk of Works and short term Marine Planning Consultant.
TIF - Lorn/Kirk Road	736	190	0	926	746	22/01/2015	31/03/2019	Amber	Explanation of variance not yet provided by Department.
TIF - North Pier Extension	214	346	0	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	445	145	0	590	590	22/01/2015	31/12/2017	Green	
OBC for Dunoon Pier	2,844	0	0	2,844	2,830	03/02/2012	26/02/2016	Green	
Dunoon CARS	0	500	0	500	500	01/04/2017	31/03/2022	Green	
Rothesay THI	0	200	0	200	200	2017/18	31/03/2019	Green	
Glengorm Wind Turbine	408	22	0	430	437	28/04/2016	30/11/2016	Green	
Strategic Change Total	82,819	31,233	98,120	212,172	218,818				

CAPITAL PLAN 2018-19
SUMMARY

APPENDIX 10

Department	Head of Service	Previous Years £000s	2018-19 £000s	2019-20 £000's	2020-21 £000s	Future Years £000s	Total £000s
Health and Social Care Partnership	Adult Care	1,743	361	8	0	0	2,112
	Children and Families	1,404	491	0	0	0	1,895
Health and Social Care Partnership Total		3,147	852	8	0	0	4,007
Community Services	Community and Culture	0	121	0	0	0	121
	Education	37,636	11,751	4,892	440	0	54,719
Community Services Total		37,636	11,872	4,892	440	0	54,840
Customer Services	Customer and Support Services	7,815	1,331	962	0	0	10,108
	Facility Services	18,285	4,731	1,290	1	0	24,307
Customer Services Total		26,100	6,062	2,252	1	0	34,415
Development and Infrastructure	Economic Development	39,267	18,435	3,279	14,884	0	75,865
	Roads and Amenity Services	56,967	21,288	14,064	8,328	63,395	164,042
Development and Infrastructure Total		96,234	39,723	17,343	23,212	63,395	239,907
Live Argyll	Live Argyll	3,346	1,525	34	0	0	4,905
Live Argyll Total		3,346	1,525	34	0	0	4,905
Grand Total		166,463	60,034	24,529	23,653	63,395	338,074

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2021-22 £000s	Future Years	Total £000s	
Asset Sustainability	Adult Care	Ardfenaig	0	20	0	0	0	20	
		Eadar Glinn	246	67	3	0	0	316	
		Health and Safety	1,045	60	0	0	0	1,105	
		Legionella Control Works	15	5	0	0	0	20	
		Lochgilphead Resource Centre	163	61	0	0	0	224	
		Lorn Resource Centre	76	9	0	0	0	85	
		Struan Lodge Boiler	25	15	0	0	0	40	
		Thomson Home Rothesay	173	124	5	0	0	302	
	Adult Care Total			1,743	361	8	0	0	2,112
	Children and Families	Capital Property Works	0	305	0	0	0	305	
		Glencruitten Hostel	119	72	0	0	0	191	
		Health and Safety	23	20	0	0	0	43	
		Shellach View	23	33	0	0	0	56	
	Children and Families Total			165	430	0	0	0	595
Asset Sustainability Total			1,908	791	8	0	0	2,707	
Service Development	Children and Families	Dunclutha Childrens Home	1,239	61	0	0	0	1,300	
	Children and Families Total		1,239	61	0	0	0	1,300	
Service Development Total			1,239	61	0	0	0	1,300	
Overall Total			3,147	852	8	0	0	4,007	

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Community and Culture	Inveraray CARS	0	21	0	0	0	21
	Community and Culture Total		0	21	0	0	0	21
Asset Sustainability Total			0	21	0	0	0	21
Service Development	Community and Culture	Dunoon Boxing Club	0	100	0	0	0	100
	Community and Culture Total		0	100	0	0	0	100
Service Development Total			0	100	0	0	0	100
Overall Total			0	121	0	0	0	121

Category	Head of Service	Project	Previous	2018-19	2019-20	2020-21	Future Years	Total
			Years £000's	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	Education	Achaleven Primary School	99	70	3	0	0	172
		Ardchattan Primary School	0	2	0	0	0	2
		Ardrihaig Primary School	269	-3	50	0	0	316
		Arinagour Primary School	85	40	2	0	0	127
		Arrochar Primary School	0	30	60	0	0	90
		Asbestos Control/Removal Works	78	7	0	0	0	85
		Block Allocation	0	0	0	0	0	0
		Bunessan Primary School	296	38	0	0	0	334
		Campbeltown Nursery	0	30	0	0	0	30
		Capital Property Works	835	-1	75	0	0	909
		Cardross Primary School	788	15	0	0	0	803
		Carradale Primary School	107	3	4	0	0	114
		Castlehill Primary School	499	161	154	0	0	814
		Clachan Primary	178	44	0	0	0	222
		Colgrain Primary School	958	48	2	0	0	1,008
		Dalintober Primary School	280	97	3	0	0	380
		Dalmally Primary School	78	162	103	0	0	343
		Dervaig Primary School	69	0	0	0	0	69
		Drumlembie Primary School	402	-6	0	0	0	396
		Dunbeg Primary School	450	227	157	0	0	834
		Easdale Primary School	0	10	25	0	0	35
		Education Properties Water Quality	0	0	0	0	0	0
		Ferry Houses - Housing Quality Standard	72	0	0	0	0	72
		Free School Meals	534	16	0	0	0	550
		Furnace Primary School	140	44	0	0	0	184
		Garelochhead Primary School	313	46	113	0	0	472
		Glenbarr Primary School	225	13	0	0	0	238
		Hermitage Primary School	188	1	0	0	0	189
		Homeless Houses - Housing Quality Standard	12	36	2	0	0	50
		Internal Refurbishment Budget	97	103	0	0	0	200
		Islay High School	4,101	139	65	0	0	4,305
		John Logie Baird Primary School	764	93	103	0	0	960
		Keills Primary School	0	35	0	0	0	35
		Kilchattan Primary School	241	29	2	0	0	272
		Kilchrenan Primary School	29	6	0	0	0	35
		Kilcreggan Primary School	494	115	4	0	0	613
		Kilmartin Primary School	17	99	4	0	0	120
Kilmodan Primary School	233	1	0	0	0	234		
Legionella Control Works	220	-110	0	0	0	110		
Lismore Primary School	61	19	1	0	0	81		
Lochgailhead Primary School	177	68	53	0	0	298		
Lochnell Primary School	0	50	0	0	0	50		
Parklands School	161	7	310	0	0	478		
Port Ellen Primary School	0	50	0	0	0	50		

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Education	Property Works - Contingency	250	38	0	0	0	288
		Rhunahaorine Primary	181	-28	0	0	0	153
		Rosneath Primary School	658	24	1	0	0	683
		School Houses - Housing Quality Standard	409	67	2	0	0	478
		Southend Primary School	26	4	0	0	0	30
		St Joseph's Primary School	496	73	2	0	0	571
		St Mun's Primary School	299	244	306	0	0	849
		Tarbert High School	19	1	0	0	0	20
		Tiree Primary School	225	242	8	0	0	475
		Tobermory High School	867	131	169	0	0	1,167
		Toward Primary School	83	56	41	0	0	180
		Ulva Primary School	74	14	2	0	0	90
			Education Total		17,137	2,700	1,826	0
Asset Sustainability Total			17,137	2,700	1,826	0	0	21,663
Service Development	Education	Bowmore Primary School - Pre Five Unit	30	-2	0	0	0	28
		Bunessan Primary School - Gaelic Medium Improvements	2	28	0	0	0	30
		Clyde Cottage - 600 hours provision	465	40	0	0	0	505
		Craignish Primary School - Pre Five Extension (600 hours funding)	382	35	0	0	0	417
		Early Learning and Childcare	1,057	329	0	0	0	1,386
		Early Years 1140 Hours	0	2,100	0	0	0	2,100
		Iona Primary School - Pre Five Unit (600 hours funding)	434	40	0	0	0	474
		Islay High & Rosneath PS Pitches	1	675	24	0	0	700
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	365	23	0	0	0	388
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	346
		Sandbank Gaelic Pre Five Unit	478	-14	0	0	0	464
		Tarbert High School - Biomass enabling work	0	20	0	0	0	20
			Education Total		3,555	3,279	24	0
Service Development Total			3,555	3,279	24	0	0	6,858
Strategic Change	Education	Campbeltown Schools Redevelopment	1,623	327	20	0	0	1,970
		Dunoon Primary School	3,175	4,582	2,502	440	0	10,699
		Kirn Primary School	9,864	315	0	0	0	10,179
		Replacement of Oban High School	2,282	548	520	0	0	3,350
	Education Total		16,944	5,772	3,042	440	0	26,198
Strategic Change Total			16,944	5,772	3,042	440	0	26,198
Overall Total			37,636	11,751	4,892	440	0	54,719

Category	Head of Service	Project	Previous	2018-19	2019-20	2020-21	Future Years	Total
			Years	2018-19	2019-20	2020-21	Future Years	Total
			£000's	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	Customer and Support Services	Block Allocation	0	0	911	0	0	911
		Computer Network Security	642	46	0	0	0	688
		Corporate GIS Portal Rollout	133	7	17	0	0	157
		MS Exchange & Doc Sharing	381	35	0	0	0	416
		PC Replacement	3,197	516	0	0	0	3,713
		Server Sustainability	310	516	0	0	0	826
		Telecomms Network	1,121	178	0	0	0	1,299
		Unified Communications and Video Conferencing	746	0	0	0	0	746
	Customer and Support Services Total		6,530	1,298	928	0	0	8,756
Asset Sustainability Total			6,530	1,298	928	0	0	8,756
Service Development	Customer and Support Services	Applications Projects	1,196	33	34	0	0	1,263
		Property Management System	89	0	0	0	0	89
		Customer and Support Services Total		1,285	33	34	0	0
Service Development Total			1,285	33	34	0	0	1,352
Overall Total			7,815	1,331	962	0	0	10,108

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Facility Services	Argyll House, Dunoon	77	470	6	0	0	553
		Asbestos Capital Property Works	72	42	0	0	0	114
		Block Allocation	0	168	525	0	0	693
		Burnett Building	74	20	0	0	0	94
		Capital Property Works 16/17	70	10	0	0	0	80
		Castle House, Dunoon	46	10	0	0	0	56
		Dunoon Office Rationalisation	3	7	220	0	0	230
		Eaglesham House, Rothesay	63	0	0	0	0	63
		Fire Risk Assessment Works 16/17	0	75	0	0	0	75
		Hill Street Dunoon Rewire	2	0	32	1	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Kilarrow House	123	0	0	0	0	123
		Kilmory Castle	280	111	5	0	0	396
		Kilmory Castle 2012-13	142	0	0	0	0	142
		Legionella Capital Works 16/17	8	0	0	0	0	8
		Legionella Control Works	0	500	500	0	0	1,000
		Lorn House, Oban	96	25	0	0	0	121
		Manse Brae District Office	32	91	2	0	0	125
		Manse Brae Roads Office	35	2	0	0	0	37
		Mill Park Depot	84	-11	0	0	0	73
		Oban Municipal Buildings	250	20	0	0	0	270
		Oban Office Rationalisation	0	0	0	0	0	0
		Old Quay Head Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	96	73	0	0	0	169
		Union Street, Rothesay	76	0	0	0	0	76
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
		Willowview Oban	19	0	0	0	0	19
			Facility Services Total		1,710	1,692	1,290	1
Asset Sustainability Total			1,710	1,692	1,290	1	0	4,693
Strategic Change	Facility Services	Asset Management Fund	0	2,000	0	0	0	2,000
		Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	1,891	125	0	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)	11,438	400	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Rothesay Office Rationalisation	0	10	0	0	0	10
		Tiree Shared Offices	0	0	0	0	0	0
			Facility Services Total		16,550	2,995	0	0
Strategic Change Total			16,550	2,995	0	0	0	19,545
Area Committee	Facility Services	Area Committee	25	44	0	0	0	69
	Facility Services Total		25	44	0	0	0	69
Area Committee Total			25	44	0	0	0	69
Overall Total			18,285	4,731	1,290	1	0	24,307

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Service Development	Economic Development	Cycleways - H&L (FSPT)	2,293	329	0	0	0	2,622
		Kilmartin House	0	0	200	200	0	400
		NVA	0	250	0	0	0	250
		Paths for All Smarter Choices, Smarter Places	0	79	0	0	0	79
		Safe Streets, Walking and Cycling (CWSS)	571	287	119	0	0	977
		SPT	1,378	34	0	0	0	1,412
		Economic Development Total	4,242	979	319	200	0	5,740
Service Development Total		4,242	979	319	200	0	5,740	
Strategic Change	Economic Development	01 TIF - Lorn/Kirk Road	736	10	0	0	0	746
		05 TIF - North Pier Extension	214	346	0	0	0	560
		09 TIF - Oban Airport Business Park	445	145	0	0	0	590
		CHORD - Campbeltown	3,460	1,326	0	0	0	4,786
		CHORD - Dunoon	9,504	2,136	281	0	0	11,921
		CHORD - Helensburgh -Public Realm Imprv	6,466	764	0	0	0	7,230
		CHORD - Oban	6,982	975	0	0	0	7,957
		CHORD - Rothesay	3,017	10,753	0	0	0	13,770
		Dunoon CARS	0	500	0	0	0	500
		Glengorm Wind Turbine	408	29	0	0	0	437
		Helensburgh Waterfront Development	738	286	2,679	14,684	0	18,387
		Hermitage Park	211	0	0	0	0	211
		OBC for Dunoon Pier	2,844	-14	0	0	0	2,830
		Rothesay THI	0	200	0	0	0	200
		Economic Development Total	35,025	17,456	2,960	14,684	0	70,125
Strategic Change Total		35,025	17,456	2,960	14,684	0	70,125	
Overall Total		39,267	18,435	3,279	14,884	0	75,865	

Category	Head of Service	Project	Previous	2018-19	2019-20	2020-21	Future Years	Total
			Years	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	Roads and Amenity Services	Astro Pitch Repairs	316	50	384	0	0	750
		Block Allocation	0	0	0	0	0	0
		Bridge Strengthening	2,284	284	250	270	0	3,088
		Castle Lodge, Dunoon - Building Works	157	3	0	0	0	160
		Cemetery Houses	36	14	0	0	0	50
		DISR - Horizontal Balers	0	8	0	0	0	8
		Environmental Projects	405	514	0	0	0	919
		EV Quick Chargers	440	0	0	0	0	440
		Fleet Management	6,750	4,227	1,571	928	0	13,476
		Flood Prevention	324	171	38	0	0	533
		Footway Improvements	181	569	250	0	0	1,000
		Furnace Coastal Protection	125	19	0	0	0	144
		Glengorm - Capping	94	106	0	0	0	200
		Lighting	1,396	307	0	0	0	1,703
		Public Convenience Upgrades	0	66	0	0	0	66
		Roads Reconstruction	27,995	10,194	6,222	0	0	44,411
		Tarbert All Weather Sports Pitch	105	15	50	0	0	170
Traffic Management	366	0	0	0	0	366		
	Roads and Amenity Services Total		40,974	16,547	8,765	1,198	0	67,484
Asset Sustainability Total			40,974	16,547	8,765	1,198	0	67,484
Service Development	Roads and Amenity Services	A849 Pennyghael Bridge Mull	127	4	0	0	0	131
		Campbeltown Old Quay	1,376	48	0	0	0	1,424
		Preliminary design for Regional Transport projects (tif)	203	18	0	0	0	221
	Roads and Amenity Services Total		1,706	70	0	0	0	1,776
Service Development Total			1,706	70	0	0	0	1,776
Strategic Change	Roads and Amenity Services	Campbeltown Flood Scheme	84	519	0	0	0	603
		Harbour Investment Programme	319	2,770	4,550	7,130	63,395	78,164
		Kintyre Renewables Hub (FGPB)	11,383	732	0	0	0	12,115
		Street Lighting LED Replacement	2,501	650	749	0	0	3,900
	Roads and Amenity Services Total		14,287	4,671	5,299	7,130	63,395	94,782
Strategic Change Total			14,287	4,671	5,299	7,130	63,395	94,782
Overall Total			56,967	21,288	14,064	8,328	63,395	164,042

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Live Argyll	Aqualibrium	179	180	6	0	0	365
		Bute Community Education Centre (Moat Centre Roof)	43	112	11	0	0	166
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	0	60	0	0	0	60
		Campbeltown Museum - Burnet Bldg	81	24	1	0	0	106
		Capital Property Works	108	2	0	0	0	110
		Community Centres General Options Appraisal	16	-1	0	0	0	15
		Corran Halls, Oban	529	1	0	0	0	530
		Dunoon Community Education Centre	192	50	0	0	0	242
		Helensburgh Swimming Pool - Roofing	0	10	0	0	0	10
		Lochgilphed Community Ed Centre	33	0	0	0	0	33
		Moat Centre (Electrical Upgrade)	13	84	3	0	0	100
		Mossfield Grandstand - Upgrade	0	35	0	0	0	35
		Oban Library (Leased Property)	6	122	2	0	0	130
		Riverside Leisure Centre - Cladding Upgrade	0	30	0	0	0	30
		Rothsay Swimming Pool	138	557	7	0	0	702
		Victoria Hall, Campbeltown	594	44	2	0	0	640
		Victoria Halls, Helensburgh	231	99	2	0	0	332
	Live Argyll Total		2,163	1,409	34	0	0	3,606
Asset Sustainability Total			2,163	1,409	34	0	0	3,606
Service Development	Live Argyll	Archives - Wee Manse Brae	56	72	0	0	0	128
		Riverside Leisure Centre Refurbishment	1,113	8	0	0	0	1,121
	Live Argyll Total		1,169	80	0	0	0	1,249
Service Development Total			1,169	80	0	0	0	1,249
Strategic Change	Live Argyll	Carbon Management	14	36	0	0	0	50
			14	36	0	0	0	50
Strategic Change Total			14	36	0	0	0	50
Overall Total			3,346	1,525	34	0	0	4,905

TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2018

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's treasury management position for the period 1 July 2018 to 31 August 2018 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 Borrowing is below the Capital Financing Requirement for the period to 31st August 2018, however, there are substantial internal balances, of which £78.9m is currently invested.
- 1.3 The net movement in external borrowing in the period was a decrease of £1.5m.
- 1.4 The levels of investments were £78.9m at 31 August 2018. The rate of return achieved was 0.819% which compares favourably with the target of 7 day LIBID which was 0.583%.
- 1.5 As part of the preparation for the introduction of the Markets in Financial Instruments Directive II on 3 January 2018 the Council has exercised its option to opt up to Professional Status to allow the treasury management function to continue to access Money Market Funds and other financial instruments.

TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2018

2. INTRODUCTION

2.1 This report sets out the Council's treasury management position for the period 1 July 2018 to 31 August 2018 and includes information on:

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

3. DETAIL**Overall Borrowing Position**

3.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2019. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure. The Gap in 2018-19 is significantly higher than the budgeted 2018-19 position as there was significant underspends in 2017-18 that have been carried forward in the capital plan.

	Forecast 2018/19 £000's	Budget 2018/19 £000's	Forecast 2019/20 £000's	Forecast 2020/21 £000's
CFR at 1 April	306,433	306,433	325,570	315,688
Net Capital Expenditure	31,500	9,798	2,481	6,946
Less Loans Fund Principal Repayments	(7,956)	(7,956)	(7,956)	(7,956)
Less: NPDO Repayment	(4,407)	(4,407)	(4,407)	(4,407)
Estimated CFR 31 March	325,570	303,868	315,688	310,271
Less Funded by NPDO	(124,224)	(124,224)	(119,817)	(115,410)
Estimated Net CFR 31 March	201,346	179,644	195,871	194,861
Estimated External Borrowing at 31 March	173,107	173,107	166,815	163,043
Gap	28,239	6,537	29,056	31,818

- 3.2 The Council's estimated net capital financing requirement at the 31st August 2018 is £201.346m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £78.9m is currently invested.

	Position at 30/06/18 £000's	Position at 31/08/18 £000's
Loans	177,598	176,027
Internal Balances	61,105	104,317
Less Investments & Deposits	(82,668)	(78,998)
Total	156,035	201,346

Borrowing Activity

	Actual £000's
External Loans Repaid 1st July 2018 to 31st August 2018	(1,570)
Borrowing undertaken 1st July 2018 to 31st August 2018	40
Net Movement in External Borrowing	(1,530)

- 3.5 The external borrowing of the Council decreased by £1.53m during the period, due to the repayment of Public Works Loans Board borrowing of £1.57m.
- 3.6 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 30th June 2018	560	0.35%
Temp borrowing at 31st August 2018	600	0.35%

Investment Activity

- 3.7 The average rate of return achieved on the Council's investments to 31 August 2018 was 0.819% compared to the average LIBID rate for the same period of 0.583% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 31 August 2018 the Council had £78.9m of short term investments at an average rate of 0.819%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank Instant	Instant Access	2,498	0.75%	Short Term A-2, Long Term BBB+
Goldman Sachs	95 Day	2,500	0.88%	Short Term A-1, Long Term A+
Helaba Landesbank	12/09/2018	5,000	0.54%	Short Term A-1, long Term A
Toronto Dominion	23/10/2018	5,000	0.70%	Short Term A-1+, Long Term AA-
Bank of Scotland	18/12/2018	2,500	0.85%	Short Term A-1, Long Term A+
Helaba Landesbank	04/01/2019	2,500	0.75%	Short Term A-1, long Term A
Close Brothers	19/10/2018	5,000	0.85%	Short Term A-1, Long Term A+
RBS (CD)	23/04/2018	5,000	1.04%	Short Term A-2, Long Term A-
DBS	24/04/2019	5,000	0.98%	Short Term A-1+, Long Term AA-
ANZ	12/11/2018	5,000	0.72%	Short Term A-1+, Long Term AA-
Bank of Scotland	29/05/2019	5,000	1.00%	Short Term A-1, Long Term A+
NATWEST (CD)	14/06/2019	5,000	0.93%	Short Term A-2, Long Term A-
ANZ	19/06/2019	2,500	0.92%	Short Term A-1+, Long Term AA-
QNB	28/09/2018	5,000	0.99%	Short Term A-1, Long Term A
QNB	03/10/2018	2,500	0.99%	Short Term A-1, Long Term A
CBA	15/07/2019	5,000	0.94%	Short Term A-1+ , Long Term AA-
Santander	15/02/2019	5,000	1.00%	Short Term A-1, Long Term A
MMF - BNP Paribas	Call	5,000	0.70%	AAA
MMF - Federated	Call	0	0.00%	AAA
MMF - Insight	Call	1,500	0.66%	AAA
MMF - Standard Life (formerly Ignis)	Call	0	0.00%	AAA
MMF - Invesco AIM	Call	0	0.00%	AAA
MMF - Legal and General	Call	0	0.00%	AAA
MMF - CCLA	Call	2,500	0.66%	AAA
ENH MMF - Federated Cash Plus (T+1)	T+1	0	0.00%	AAA
ENH MMF - Standard Life Short Duration (T+3)	T+3	0	0.00%	AAA
Total		78,998		

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

Economic and Interest Rate Forecasts

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

Prudential Indicators

- 3.12 The prudential indicators for 2018-19 are attached in appendix 3.

4. CONCLUSION

- 4.1 The Council's borrowing decreased by £1.530m, it is below the Capital Financing Requirement for the period to 31 August 2018. There are substantial internal balances, of which £78.9m is currently invested. The investment returns were 0.819% which is above the target of 0.583%.

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

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

Appendix 1

Economic Background

This section has been provided by Link Asset Services and therefore includes their views and opinions of future trends and events.

During the quarter ended 30 June 2018:

The economy showed signs of regaining momentum after the slowdown in Q1;

Employment growth rose strongly but wage growth softened;

Consumer price inflation eased further;

The MPC struck a more hawkish tone at its June meeting;

Public sector borrowing undershot the Office for Budget Responsibility' (OBR) forecasts;

Progress on Brexit negotiations stalled;

Equity markets were buffeted by increased global trade tensions.

GDP quarter 1 2018. The Quarterly National Accounts revealed that the economy expanded by an upwardly-revised 0.2% in the first quarter. The adverse weather appears to have played its part, with the construction sector knocking 0.1% off growth. However, the ongoing squeeze on households' real incomes also probably contributed to the softness. Note that household spending grew by just 0.2%. What's more, business investment contracted by 0.4%, after rising by 0.2% in Q4.

The 0.2% quarterly rise in real **household spending** was the weakest in nearly six years and almost entirely funded by a drop in the savings ratio to its second-lowest on record. Indeed, at 4.2%, it is well below its average of about 8%. This raises concerns about the sustainability of spending growth ahead, particularly if households rebuild savings in response to rising real incomes. However, there are signs that spending growth has picked up in Q2. Retail sales volumes expanded by more than 1% on the month in both April and May and consumer confidence has trended upwards this year.

The Markit/CIPS **all-sector PMI** points to quarterly GDP growth of around 0.4% in Q2 so far, suggesting that the economy has regained some momentum in the second quarter. Meanwhile, the PMI survey doesn't include retail activity which appears to have rebounded in Q2 suggesting that if anything the survey is understating the pickup in GDP growth. Admittedly, the official output data for April is mixed. Construction output grew by only 0.5% in April from the 2.3% drop in March and the run of manufacturing growth appears to have come to an end, with a sharp 1.4% monthly drop in April. But note that the dominant services sector output expanded by 0.3% in April, suggesting that the sector got off to a good start in Q2.

Meanwhile, the **labour market** has continued to show signs of strength. The unemployment rate stood at a multi-decade low, reaching 4.2% in April. Employment growth has also been impressive this year, rising by a quarterly 146,000 in the three months to April and by 1.4% on a year earlier. Such strong gains in employment have

been possible thanks to a surge in the number of people joining the workforce. The various measures of hiring intentions and surveys of employment that we follow suggest that this growth could be maintained, at least in the short term.

Headline total **pay growth** has softened over the past few months, dropping from 2.8% in January to 2.5% in April. But this is largely due to base effects and weakness in bonus payments. Indeed, headline regular pay growth has picked up to 2.8% in April, up from 2.4% in Q4 and surveys of pay settlement point to growth of around 3.0% by the end of the year. As a result, nominal earnings growth has now overtaken inflation for the first time in twelve months.

Indeed, **CPI inflation** has fallen back from 3.0% in Q4 to 2.4% in May, as the inflationary impact of sterling's past depreciation has eased. However, rising oil prices over the past few months, from around \$67pb at the start of April to a 3-year high of \$80 in May in response to concerns about supply disruptions, has put upward pressure on firms' costs. Indeed, producer input price inflation has risen from a low of 3.9% in February to 9.2% in May and producers have managed to pass on some of the rise in costs to consumers, with annual output price inflation edging up from 2.5% in April to 2.9%. What's more, the utility price hikes announced by the 'Big 6' energy firms will probably cause inflation to tick up temporarily in the coming months. But we still think that inflation will fall back this year given the offsetting downward pressure from easing food price and imported goods inflation.

A run of weak economic data, alongside comments from Governor Carney signalling that the Monetary Policy Committee (MPC) is in no rush to raise rates, saw investors push back their expectations for the next interest rate hike from May to November. Indeed, the **MPC's May meeting** revealed the Committee's desire to wait for confirmation that the slowdown in Q1 was temporary. The *May Inflation Report* also showed that the Bank expects inflation to return to the 2% target at the two-year horizon on the basis of just a 50bp increase in Bank Rate over the next two years.

However, the **MPC struck a more hawkish tone at the meeting in June**. Three members voted for an immediate rate rise, citing that the benefits of waiting for additional information were limited and that there may be some upside risks to the MPC's *May Inflation Report* forecasts for earnings growth. The minutes also revealed that the Committee placed more weight on the recent rebound in consumer spending and the survey indicators, than the weak production figures for April. The probability of an interest rate hike in August now stands at close to 70% up from around 30% a month ago.

Elsewhere, the **public finances** continued to undershoot the OBR's forecasts. Public sector net borrowing for 2017/18 came in £19bn below what the OBR predicted in March 2017 and the current budget, (based on day-to-day spending), recorded its first full-year surplus since 2001/02. Borrowing so far in 2018/19 is 25% lower than at this stage last year, largely due to weaker local authority spending growth, and VAT and income tax receipts have risen strongly. While it is still early days and the figures are subject to revisions, the promising start to the year eases the pressure on the Chancellor to find the money to deliver on the Government's promise of an additional

£5bn health expenditure by 2020/21. Note that even before the latest improvements, the OBR's forecast predicted that the Chancellor would have £15bn of headroom in meeting his target for a cyclically-adjusted deficit of 2% of GDP in 2020/21.

The Government managed to avoid giving Parliament the option to take over the **Brexit negotiations** in the event of a “no-deal Brexit”, but instead proposed an amendment to the EU Withdrawal Bill that gives the decision of how much influence Parliament has, to the Speaker of the House of Commons. Meanwhile, the European Council expressed concern about the lack of progress on the Withdrawal Agreement at the EU summit in June. The EU has dismissed the UK's proposal for the whole of the UK to remain within the EU's customs territory. As a result, for the UK government to keep its pledge to avoid any physical infrastructure on the border between the Republic of Ireland and Northern Ireland, and the need for checks on goods crossing the Irish Sea between Northern Ireland and the UK, it would need to “rub out” its red line of leaving the customs union entirely. Given the slow pace of progress on negotiations, the December European Council meeting is now being seen as the most likely date for the Withdrawal Agreement, and terms for the UK's future relationship with the EU, to be signed off.

Turning to **financial markets**, increased global trade tensions have buffeted equity markets over the past few months. Indeed, the EU retaliated with reciprocal measures to the US tariffs on imports of steel and aluminium and the US singled out China with import tariffs worth a total of \$250bn. Of the measures already announced, the UK would not be significantly affected, but clearly would be vulnerable in a scenario of a global trade war. The **FTSE** ended the quarter almost 8% higher, slightly outperforming the S&P 500 and other global equity indices, due to the boost from the rise in oil prices at the start of the quarter on equity valuations. The **trade-weighted sterling index** drifted 1% lower over the quarter, largely due to a depreciation against the dollar since mid-April, as relative interest rate expectations moved in favour of the US. **10-year gilt yields** also dropped by around 10bp, but this masks considerable movements during the quarter. Indeed, yields fell sharply due to a rise in safe haven demand as concerns about the new Italian government surfaced towards the end of May. This was accompanied with a downward revision to investors' interest rate expectations in the UK.

Internationally, the **US Federal Reserve** hiked interest for the seventh time in the tightening cycle, taking the Fed funds range to 1.50%-1.75%. The consensus among economists and Fed officials is now for two more 25bp rate hikes in 2018 and a further three 25bp hikes in 2019. On the activity front, the US economy lost some pace in the first quarter, but this appears to be mirrored across most developed economies. Indeed, all major European economies slowed and the **Eurozone** expanded by just 0.4% on the quarter, down from 0.7% in Q4 due to a large drag from net trade. Meanwhile, the **ECB's decision** to end its asset purchases by December was accompanied with a dovish stance on interest rates, noting that they are unlikely to raise rates until late 2019.

Interest Rate Forecast:

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

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
10yr PWLB View	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%

Link Asset Services undertook its last review of interest rate forecasts on 11 May after the quarterly Bank of England Inflation Report and MPC meeting at which the MPC kept Bank Rate unchanged at 0.50%. The MPC Minutes indicated they wanted to see whether the slowdown in growth in quarter 1 had been a temporary blip or a potential first sign of a prolonged period of weak growth

The overall balance of risks to economic recovery in the UK is probably even. However, given the uncertainties around Brexit in particular, but also other uncertainties, there is a wide diversity of possible outcomes for the strength of economic growth and inflation, and the corresponding speed with which Bank Rate could go up.

APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2018/19	2018/19	2019/20	2020-21
(1). EXTRACT FROM BUDGET				
	Forecast	Original	Forecast	Forecast
	Outturn	Estimate	Outturn	Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	27,826	57,710	7,784	(1,922)
TOTAL	27,826	57,710	7,784	(1,922)
Ratio of financing costs to net revenue stream				
Non - HRA	7.21%	7.21%	7.03%	6.61%
Net borrowing requirement				
brought forward 1 April *	318,341	257,324	336,094	336,912
carried forward 31 March *	336,094	304,627	336,912	324,766
in year borrowing requirement	17,753	47,303	818	(12,146)
In year Capital Financing Requirement				
Non - HRA	17,753	47,303	818	(12,146)
TOTAL	17,753	47,303	818	(12,146)
Capital Financing Requirement as at 31 March				
Non - HRA	336,094	304,627	336,912	324,766
TOTAL	336,094	304,627	336,912	324,766
Incremental impact of capital investment decisions				
Increase in Council Tax (band D) per annum	£ p 128.26	£ p 15.72	£ p 16.34	£ p (4.03)

PRUDENTIAL INDICATOR	2018/19	2019/20	2020/21
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	208	208	199
other long term liabilities	133	133	133
TOTAL	341	341	332
Operational boundary for external debt -			
borrowing	203	203	194
other long term liabilities	130	130	130
TOTAL	333	333	324
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

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

RESERVES AND BALANCES – UPDATE AS AT 31 AUGUST 2018

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £240.962m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 The Council has a total of £56.183m usable reserves as at the end of 31 March 2018. Of this balance, £1.515m relates to the Repairs and Renewals Fund, £4.326m relates to Capital Funds and the remainder is held in the General Fund, with £43.717m of the balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £43.717m:
- £22.612m is invested or committed for major initiatives
 - £2.314m has already been drawn down as at the end of August
 - £13.675m is still to be drawn down in 2018-19
 - £5.116m is planned to be spent in future years.

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The General Fund contingency is set at 2% of net expenditure for 2018-19 and amounts to £4.726m. At the beginning of the financial year there was £1.899m of unallocated General Fund Balance (over and above contingency). After taking into consideration the forecast outturn for 2018-19 and if the forecast outturn remains by the year end, the Council will be using £0.808m of its contingency balance.

RESERVES AND BALANCES - UPDATE AS AT 31 AUGUST 2018**2. INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances At 31 March 2018

- 3.2.1 The balances on each type of reserve at 31 March 2018 are set out in the table below, updated as per the Audited Accounts for 2017-18.

Reserve	£000
Unusable Reserves	
Revaluation Reserve	108,820
Capital Adjustment Account	196,126
Financial Instruments Adjustment Account	(3,506)
Pensions Reserve	(56,442)
Accumulated Absences Account	(4,036)
Total Unusable Reserves	240,962
Usable Reserves.....on next page	

Reserve	£000
Usable Reserves	
Repairs and Renewals Fund	1,515
Capital Fund and Usable Capital Receipts Reserve	4,326
General Fund	50,342
Total Usable Reserves	56,183
Total Reserves	297,145

3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed assets. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken at 31 March.

3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.

3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.

3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

3.3 General Fund

3.3.1 The General Fund balance at 31 March 2018 can be analysed as follows:

	Balance 31/03/18 £000
Balance on General Fund as at 31 March 2017	53,489
Decrease to General Fund balance at end of 2017-18	(3,147)
Earmarked Balances	(43,717)
Contingency allowance at 2% of net expenditure	(4,726)
Unallocated balance as at 31 March 2018	1,899

3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later

years. The table below shows the balance at 31 March 2018, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/18	Invested or committed for major initiatives	Drawn-down to 2018-19 Budget as at 31/08/18	Still to be drawn-down in 2018-19	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	5,898	5,220	678	0	0	0
Investment in Affordable Housing	5,000	5,000	0	0	0	0
Helensburgh Waterfront	5,579	5,579	0	0	0	0
Lochgilphead and Tarbert Regeneration	2,995	2,990	5	0	0	0
Inward Investment Fund	960	960	0	0	0	0
Rural Resettlement Fund	328	249	79	0	0	0
Asset Management Investment	2,507	2,507				
Piers and Harbours Investment Fund	107	107	0	0	0	0
Severance	1,238	0	0	0	1,238	0
Scottish Government Initiatives	566	0	50	336	180	0
Transformation	83	0	0	0	83	0
CHORD	333	0	0	237	96	0
DMR – Schools	752	0	64	623	65	0
Energy Efficiency Fund	137	0	0	0	137	0
Existing Legal Commitments	920	0	80	0	840	0
Unspent Grant	1,295	0	857	108	330	0
Unspent Third Party Contributions	170	0	15	21	134	0
Other Previous Council Decisions	9,350	0	123	8,770	457	0
Unspent Budget	5,499	0	363	3,580	1,556	0
Total	43,717	22,612	2,314	13,675	5,116	0

3.3.3 The General Fund contingency is set at 2% of net expenditure for 2018-19 and amounts to £4.726m. At the beginning of the financial year there was £1.899m of unallocated General Fund Balance (over and above contingency). After taking into consideration the forecast outturn for 2018-19 and if the forecast outturn remains by the year end, the Council will be using £0.808m of its contingency balance.

	£000
Unallocated balance as at 31 March 2018	1,899
Current Forecast Outturn for 2018-19 as at 31 August 2018	(2,707)
Estimated Unallocated balance as at 31 March 2019	(808)

3.3.4 The forecast outturn position needs to be closely monitored, particularly the forecast outturn for Social Work and departments will be actively pursuing options to reduce any forecast overspend. If there is no improvement in the forecast outturn then consideration will need to be given to putting in place a recovery plan.

4. CONCLUSION

4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.

4.2 As at 31 August 2018 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2018-19 is a deficit of £0.808m.

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2018

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	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
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	54,919			54,919	40,253	14,666	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 succession 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
002	Community Services	Education	Youth Employment Opportunities Fund	30,270	12,298		17,972	702	17,270	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	13,000	17,270	0
003	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	43,122	43,122		0	0	0	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			75,000	75,000	0	To fund the provision of a soft play area required as part of the CHOR0 redevelopment of the Queen's Hall.	75,000	0	0
005	Customer Services	Customer and Support Services	WSUS Servers	9,448			9,448	9,448	0	To fund the introduction of local Windows Services Update Servers (WSUS) to assist the Council with ensuring that essential updates are installed across the desktop and laptop estate much more quickly, thereby increasing IT security and with less adverse impact on bandwidth and user performance.	9,448	0	0
006	Customer Services	Customer and Support Services	Discretionary Housing Payments	38,939			38,939	38,939	0	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	38,939	0	0
007	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	18,595	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2017.	18,595	0	0
008	Customer Services	Customer and Support Services	Digital Transformation	119,870	26,480		93,390	93,390	0	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
009	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	115,000			115,000	115,000	0	To meet the cost of appealing NDR revaluations which will be imposed from 1st April 2017.	115,000	0	0
010	Customer Services	Customer Services	New Schools Project - Additional Monitoring	170,000			170,000	85,000	85,000	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance.	85,000	85,000	0
011	Customer Services	Facility Services	Management of Asbestos	236,961	11,303		225,658	135,658	90,000	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	146,961	90,000	0
012	Customer Services	Improvement and HR	Training Centre Improvements	16,700			16,700	16,700	0	To fund the improvement of the Council's training facilities, including the purchase of new IT equipment which would increase the Council's training offering, allowing access to online, remote and multiple location webinar based learning.	16,700	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	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
013	Customer Services	Improvement and HR	Resourcelink Review	40,827	25,644		15,183	15,183	0	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 HRD through automation and the removal of paper processes.	40,827	0	0
014	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	6,354			6,354	6,354	0	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
015	Customer Services	Improvement and HR	Learning and Development	44,147			44,147	44,147	0	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
016	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	157,867	19,797		138,070	138,070	0	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. Includes funding for a temporary Growing Our Own development officer, who has been in post since September 2016 to co-ordinate the programme.	157,867	0	0
017	Customer Services	Improvement and HR	Leadership Development	32,282			32,282	32,282	0	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
018	Customer Services	Improvement and HR	Service Choices HR Team	32,624	7,515		25,109	25,109	0	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
019	Development & Infrastructure Services	Development & Infrastructure Services	Hermitage Park Pavilion	100,000			100,000	100,000	0	Funding to meet the unexpected additional cost associated with the construction of a new pavilion at Hermitage Park in Helensburgh.	100,000	0	0
020	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen Inveraray Arches Re-tender	150,000			150,000	150,000	0	Essential maintenance work to be required out on the Arches in Inveraray. 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.	150,000	0	0
021	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40,000			40,000	40,000	0	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

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	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
022	Development & Infrastructure Services	Economic Development	Hermitage Park HLF	45,000	45,000		0	0	0	The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities This will be achieved through the following : 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls, 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors, 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park, 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.	45,000	0	0
023	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306,400			306,400	306,400	0	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
024	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	1,005,171			1,005,171	1,005,171	0	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
025	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	19,910			19,910	19,910	0	To be used for the Marine Related Infrastructure Requirements Study which was mentioned in the Oban Strategic Development Framework and the Main Issue report (FO4 2017/18). Remainder will be used for publicity and printing for the proposed LDP & associated documents.	19,910	0	0
026	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	144,156	32,018		112,138	0	112,138	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. 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.	32,018	77,138	35,000
027	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	81,017	22,866		58,151	58,151	0	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
028	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194,361			194,361	194,361	0	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. 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.	194,361	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	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
029	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	448,679			448,679	397,000	51,679	Maintenance of 3G Pitches across Argyll & Bute.	397,000	51,679	0
030	HQ, Non Dept	n/a	Community Resilience Fund	82,256			82,256	0	82,256	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
031	Social Work	Adult Care	Autism Strategy	8,068			8,068	8,068	0	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2017-18 on planned training.	8,068	0	0
032	Other	Other	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000,000	0
033	Customer Services	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	137,845			137,845	130,953	6,892	The parking capacity at Kilmory is proving to be insufficient, pa	130,953	6,892	0
034	Customer Services	Improvement and HR	Living Wage Consolidation Team	94,108			94,108	62,739	31,369	This proposal relates to the first of a two stage project to review	62,739	31,369	0
035	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	49,774	36,525		13,249	-3,342	16,591	This proposal seeks earmarked funding for temporary addition	33,183	16,591	0
036	Customer Services	Improvement and HR	Business Development Training	77,250			77,250	38,625	38,625	This proposal is to invest in leadership development in support	38,625	38,625	0
037	Development & Infrastructure Services	Roads and Amenity Services	Continuation of Transformation Project Managers	60,000	56,275		3,725	3,725	0	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
038	Development & Infrastructure Services	Planning, Housing and Regulatory Services	Housing Case Management System	24,000	24,000		0	0	0	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
039	Development & Infrastructure Services	Roads and Amenity Services	Cardross Crematorium Essential DDA Works	103,000			103,000	103,000	0	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
040	Development & Infrastructure Services	Roads and Amenity Services	Dalninglangart Forestry Plan	11,000			11,000	0	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 Tihill 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 obligation to restock the site.	0	0	11,000
041	Development & Infrastructure Services	Economic Development	Oban Strategic Development Framework	75,000			75,000	75,000	0	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network usage and parking arrangements in Oban town centre.	75,000	0	0
				5,499,920	362,843	0	5,137,077	3,579,591	1,557,486		3,942,434	1,429,230	128,256

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****18 OCTOBER 2018**

BUDGET OUTLOOK 2019-20 TO 2021-22

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget outlook 2019-20 to 2021-22, reported to Policy and Resources Committee on 16 August 2018. It summarises the position based on previous assumptions that haven't changed and provides information on any assumptions that have changed. The changes in assumptions are summarised in the paragraphs that follow.
- 1.2 Increase to base budget for potential shortfall in 2018-19 pay award budget. As negotiations are ongoing, this will be kept under review.
- 1.3 Increase to future pay award assumption. Previously assumed to be between 1.5% and 2.5% with mid-range 2%, now updated to be between 2% and 3% with a mid-range of 2.6% which represents the overall average increase for the public sector pay commitment.
- 1.4 Increase to unavoidable/inescapable non-pay inflation of £0.066m. Following a review all the non-pay inflation, this has increased mainly as a result of utilities inflation. In 2018-19 no utilities inflation was provided for on the basis that the budget was deemed to be sufficient, however, at this stage inflation has been assumed for this category of expenditure.
- 1.5 Changes to existing cost and demand pressures in respect of:
- Increase to renewal of school and public transport now in Mid Argyll and Lorn
 - Update to Waste PPP Financial Model
 - Increase to Catering and Cleaning Services Choices shortfall
 - Removal of allowance for unidentified cost and demand pressures in 2019-20 as review has now taken place.
- 1.6 Two new cost pressures in respect of:
- Council anti-virus software
 - ASN Demand.
- 1.7 Transfer between the Council's base budget and the Live Argyll Management Fee in respect of a budget allowance for the apprenticeship levy.
- 1.8 In the mid-range scenario the budget gap, prior to factoring in previous savings decisions or potential options towards balancing the budget, is estimated, over the three year period 2019-20 to 2021-22, to be £25.583m with a gap of £7.817m in 2019-20.
- 1.9 After factoring in previous savings decisions or potential options towards

balancing the budget this reduces the gap to £16.231m over the three year period with a gap of £3.760m in 2019-20.

- 1.10 There is one further potential pressure not included within the budget gap, at this stage, in relation to teachers' pensions. Following the valuation of the teachers' pension scheme, HM Treasury have advised of a change to the discount rate which results in an increase of 30% to the employer contribution rate from 17.2% to 22.4% which will take effect from 1 April 2019. The additional cost for our Council is estimated at £1.8m but the Government have stated that they will provide support for some of the additional cost but how much that might be and how this would filter through to the Scottish Government and be distributed is still an unknown.
- 1.11 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2019-20 to 2021-22.

BUDGET OUTLOOK 2019-20 TO 2021-22**2. INTRODUCTION**

- 2.1 This report provides an update to the budget outlook 2019-20 to 2021-22, reported to Policy and Resources Committee on 16 August 2018. It summarises the position based on previous assumptions that haven't changed and provides information on any assumptions that have changed.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2019-20 to 2021-22.

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

- 4.1.1 There are no changes to my previous assumptions around the level of Scottish Government (SG) funding. I consider a prudent assumption still to be within the range of a reduction of between 1.5% (best case) and 3.2% (worst case) with a mid-range of 2.5%.
- 4.1.2 The distribution of the supporting people grant was reviewed this year and COSLA Leaders have agreed that there will continue to be a dampening percentage applied to any reduction in supporting people grant which will be phased out over a 5 year period. This is the best outcome for Argyll and Bute Council and although we will receive a reduction in supporting people grant it will be in line with previous year's reductions.
- 4.1.3 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

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

4.2 Council Tax

4.2.1 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario there will be a growth in the Council Tax base of 0.75%, worst case 0.25% and mid-range 0.5%. The Council tax increase is included within paragraph 4.10.1 of this report.

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

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

4.3 Base Budget

4.3.1 The starting point for the base budget for 2019-20 budget is the 2018-19 approved budget adjusted for any one-off items as well as any other items that have an impact on the base.

4.3.2 Within my report to the Policy and Resources Committee in May, I advised of two one off adjustments in respect of the One Council approach to property and the one-off project savings. There was also an adjustment reflecting a previous decision on the funding of Argyll and the Isles Tourism Co-operative (AITC).

4.3.3 There is a possible adjustment to the base budget in respect of the pay award. The negotiations are still ongoing for 2018-19, however, there is currently a 3% offer on the table for all employee groups. The budget within 2018-19 was based on the public sector pay commitment of 3% for those earning below £36,500, 2% for those earning above £36,500 with a cap of a £1,600 rise for those earning above £80,000. If a 3% pay award was agreed for all employees up to £80,000, then this would cost an additional £0.090m for local government employees plus an additional £0.215m for teachers. As well as this being a pressure in 2018-19, this would need to be added into the base budget for 2019-20. The Scottish Government have given a commitment to provide £10m of funding towards the teachers pay award, but nothing for other local government employees. What is unclear is whether this £10m funding will be baselined for future years. The budget outlook assumes no further increase beyond the public sector pay commitment within the best case scenario, an additional cost of £0.090m in respect of local government employees in the mid-range scenario and an additional cost of £0.305m in the worst case scenario. It is also possible that the £10m funding when distributed may not cover the full cost of applying the 3% increase within Argyll and Bute and this will be kept under review.

4.3.4 The other change to the base budget relates to an accounting transfer between Live Argyll and the Council budget in respect of the apprenticeship levy. There

is no bottom line impact on the Council position. The Council had budgeted for the cost of the apprenticeship levy for all staff, but an allocation had never been included within the management fee for Live Argyll. The apprenticeship levy for Live Argyll employees at the date of transfer amounted to £0.020m and it is now proposed that this should be added to the management fee and the base Council budget reduced by the corresponding amount.

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

	2019-20 £000	2020-21 £000	2021-22 £000
Base Budget 2018-19	236,303	236,303	236,303
Remove budget allocation for One Council approach to property	(260)	(260)	(260)
Add back one-off project savings	249	249	249
AITC	(10)	(10)	(10)
2018-19 pay award shortfall	90	90	90
Reduce Apprenticeship Levy budget (transfer to Live Argyll see para 4.8.2)	(20)	(20)	(20)
Revised Base Budget	236,352	236,352	236,352

4.4 Employee Cost Changes

4.4.1 There are no changes to the assumption around the cost of employee increments. It has been assumed that for the best case scenario the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2018-19 and the mid-range is between the two.

4.4.2 In terms of the assumption on future years pay award, I had been assuming the pay award would be between a range of 1.5% (best case) and 2.5% (worst case) with the mid-range being 2%. This was on the basis that whilst it was expected that the Trade Unions will look to negotiate “restorative” pay awards, anything above these planning assumptions would be considered to be unaffordable for Local Authorities unless there is additional funding from Scottish Government.

4.4.3 However, it is now becoming apparent that the public sector pay commitment is a starting point for any pay negotiations and as noted in paragraph 4.3.3, the current offer on the table for the 2018-19 pay award is 3%. No additional funding appears to be forthcoming for local government employees, although there is a commitment to fund the teachers pay award.

4.4.4 It would now be prudent to increase the pay award assumption. The public sector pay commitment averages out at an additional increase equal to 2.6% of pay costs and this has been assumed within the mid-range scenario. The worst case scenario has been increased to a 3% flat rate and the best case scenario been increased to a 2% flat rate.

Teachers' Pensions

- 4.4.5 There is a further pressure in relation to teachers' pensions. The Government Actuary Department (GAD) has been undertaking the 2016 valuation of the Scottish teachers' pension scheme. This work started in 2017, but announcements on changes were delayed due to HM Treasury not wishing to give direction on the valuation until GAD assumptions had been concluded for all similar public pension schemes.
- 4.4.6 We have now been advised that as a result of the Treasury decision to adjust the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate for the Scottish Teachers' Pension Scheme, this will mean that the employer contribution rate will increase by 5.2% (currently 17.2% increasing to 22.4%) and this will apply from 1 April 2019, meaning that the employer's contributions figure will increase by 30%.
- 4.4.7 There was an announcement as part of the UK Budget 2016 that the SCAPE discount rate would be reduced from 3% to 2.8%. The HM Treasury are now proposing a further change to the SCAPE rate from 2.8% to 2.4%. A lower discount rate results in a higher contribution rate.
- 4.4.8 In a House of Commons paper published in September 2018, it outlines that Departments and devolved administrations would need to meet the increase in costs from the 2016 Budget announcement in full. The Government will support the increased cost associated with the latest announcement to reduce the SCAPE rate further in 2019-20 but not necessarily beyond that. Further discussions will take place as part of the spending review. Any additional funding provided by HM Treasury will find its way through the Barnett Formula and this is an issue that COSLA will be raising with Scottish Government.
- 4.4.9 As it is currently unclear as to whether there will be additional funding that will fund this additional cost, I have not included it within the budget gap at this stage. The estimated pressure on teachers' pensions is calculated at approximately £1.8m based on current teachers' pensions costs, however, this figure could increase depending on the conclusion of the pay award negotiations. There is also a risk that even if additional funding is provided, it may not meet the actual cost in full due to the distribution methodology.
- 4.4.10 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to the Health and Social Care Partnership are summarised within paragraph 4.7.2.

	2019-20	2020-21	2021-22
	£000	£000	£000
Pay Award at 2%	2,245	4,455	6,710
Increase based on 2.6%	570	1,248	1,956
Increments	332	664	996
Total Employee Cost Changes	3,147	6,367	9,662

4.5 Non-Pay Inflation

4.5.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2019-20 was carried out during September by Strategic Finance staff in consultation with services. The table below summarises the inflation required, with further information contained within Appendix 2.

Department	Service	Inflation Category	Inflation Required £000
Council Wide	Council Wide	Utilities – Electricity and Heating	74
Council Wide	Council Wide	Utilities – Water	12
Council Wide	Council Wide	Non-Domestic Rates	138
Education	Education	Pre-Primary Partner Provider Uplift	16
Customer Services	Facility Services	Catering Purchases and Milk	139
Customer Services	Facility Services	School and Public Transport Contract Fuel	50
Customer Services	Special Projects	Community Pool Subsidies	20
Customer Services	Special Projects	NPDO Schools	246
Customer Services	Special Projects	Hub-DBFM Schools	79
DIS	Economic Development	Events and Festivals	2
DIS	Roads and Amenity Services	Landfill Tax	85
DIS	Roads and Amenity Services	Waste PPP Contract	154
DIS	Roads and Amenity Services	Street Lighting Electricity	18
Total			1,033

4.5.2 The non-pay inflation previously estimated within the budget outlook was £0.967m; this new estimate reflects an increase of £0.066m. The most significant change is in respect of utilities inflation as in 2018-19 no inflation was provided for on the basis that the budget was deemed to be sufficient, however, at this stage inflation has been assumed for these costs.

4.5.3 As with the previous estimate, the worst case scenario also includes a 1% general inflation over and above the unavoidable/inescapable inflation amount.

4.6 Cost and Demand Pressures

4.6.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, a number of

cost and demand pressures already identified for the period 2019-20 to 2021-22 were reported within the previous budget outlook report. The table below notes the existing cost and demand pressures identified within the mid-range scenario.

	2019-20 £000	2020-21 £000	2021-22 £000
HB Admin Grant	50	100	150
New Schools Unitary Charge	349	349	349
Asbestos Management Plan	0	40	40
Carbon Reduction Scheme	13	13	13
Renewal of School and Public Transport Contracts Mid Argyll	5	5	5
Local Plan Enquiry	90	0	0
Waste PPP Financial Model	306	306	306
Catering and Cleaning Service Choices shortfall	48	48	48
General provision for unidentified cost and demand pressures	250	500	750
Total	1,111	1,361	1,661

- 4.6.2 A review of cost and demand pressures was carried out during September by Strategic Finance staff in consultation with services. The table below notes the updated cost and demand pressures identified within the mid-range scenario.

	2019-20 £000	2020-21 £000	2021-22 £000
Renewal of School and Public Transport Contracts Mid Argyll	5	5	5
Revised – now also in Lorn	54	54	54
Increase/(Decrease)	49	49	49
Waste PPP Financial Model	306	306	306
Revised	266	266	266
Increase/(Decrease)	(40)	(40)	(40)
Catering and Cleaning Services Choices shortfall	48	48	48
Revised	83	83	83
Increase/(Decrease)	35	35	35
General provision for unidentified cost and demand pressures	250	500	750
Revised	0	250	500
Increase/(Decrease)	(250)	(250)	(250)
Total Increase/(Decrease)	(206)	(206)	(206)

- 4.6.3 The review also identified two new cost and demand pressures as noted in the

table below. The most significant new pressure relates to ASN Demand and the pressure reflects the position if no action is taken. There has been an ongoing review of ASN provision for the last 2 years and the Director of Customer Services has asked for interim conclusions in the next few weeks. It is hoped that mitigating actions can be put in place to reduce the demand pressure and if this is the case, the demand pressure will be updated within a future budget outlook. Further information on all cost and demand pressures across all three scenarios is included within Appendix 3.

	2019-20 £000	2020-21 £000	2021-22 £000
Council anti-virus software	19	19	19
ASN Demand	708	837	965
Total	727	856	984

- 4.6.4 The table below summarises the cost and demand pressures in the mid-range scenario for Council services. The cost and demand pressures relating to the Health and Social Care Partnership are summarised within paragraph 4.7.2.

	2019-20 £000	2020-21 £000	2021-22 £000
Previously Identified Cost and Demand Pressures	1,111	1,361	1,661
Updated Cost and Demand Pressures	(206)	(206)	(206)
New Cost and Demand Pressures	727	856	984
Total Cost and Demand Pressures	1,632	2,011	2,439

4.7 Health and Social Care Partnership (HSCP)

- 4.7.1 There remains a political decision to be made as to the future allocation to the HSCP and there is no change to my previous assumption. As part of the budget agreed in February 2018 indicative allocations equal to the 2018-19 allocation were agreed for 2019-20 and 2020-21. This flat cash basis has been reflected within the mid-range scenario. In order to demonstrate different scenario options, I have assumed a reduction to the HSCP equal to the Scottish Government estimated funding reduction for the best case scenario and for the worst case scenario, assumed a year on year increase equal to the increased funding in 2018-19 (£0.844m). These are only assumptions and there also needs to be recognition that Social Work services cost pressures are proportionately higher than other Council Services due to more older people and those with greater complex needs.
- 4.7.2 As with Council services, a review of current non-pay inflation and cost and demand pressures has been carried out during September and these are summarised in the table below and included within Appendix 4 for information purposes.

	2019-20 £000	2020-21 £000	2021-22 £000
Pay Inflation	705	1,428	2,170
Pay Increments	44	87	131
Non-Pay Inflation	1,260	2,520	3,780
Base Adjustment 2018-19 Potential Pay Award shortfall	43	43	43
Older People Growth	322	649	982
Care Services for Younger Adults	179	361	540
Sleepovers Night Rates	185	185	185
National Care Home Contract	336	687	1,054
Children and Young People Act	226	463	712
Total Social Work Cost and Demand Pressures	3,300	6,423	9,597
Plus Additional cost pressure that should be fully funded by SG:			
Carer's Act	530	760	1,294

4.8 Live Argyll

- 4.8.1 There is one small change to my previous assumption in respect of the management fee. A report on the Leisure and Libraries Trust Financial Agreement was presented to the Policy and Resources Committee on 17 August 2017. The Committee agreed the management fee for three full financial years to 2020-21. The increase between 2018-19 and 2019-20 is £0.093m and a further increase of £0.096m in 2020-21. This represents a 2.6% increase year on year and this has been assumed for 2021-22.
- 4.8.2 As noted in paragraph 4.3.4, the Council had budgeted for the cost of the apprenticeship levy for all staff, but an allocation had never been included within the management fee for Live Argyll. The apprenticeship levy for Live Argyll employees at the date of transfer amounted to £0.020m and it is now proposed that this should be added to the Live Argyll management fee and the base Council budget reduced by the corresponding amount.

4.9 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.9.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below.

	2019-20 £000	2020-21 £000	2021-22 £000
Base Budget	236,352	236,352	236,352
Employee Cost Changes	3,147	6,367	9,662
Non-Pay Inflation	1,033	2,066	3,099
Cost and Demand Pressures	1,632	2,011	2,439
Increase/(Decrease) to HSCP allocation	0	0	0
Increase/(Decrease) to Live Argyll	113	209	307

payment			
Total Estimated Expenditure	242,277	247,005	251,859
Estimated Funding	234,460	230,316	226,276
Estimated Budget Surplus / (Gap) Cumulative	(7,817)	(16,689)	(25,583)

4.9.2 In the mid-range scenario the budget gap prior to factoring in previous savings decisions or potential options towards balancing the budget is estimated over the three year period 2019-20 to 2021-22 to be £25.583m with a gap of £7.817m in 2019-20.

4.9.3 In contrast, the budget gap prior to factoring in previous savings decisions or potential options towards balancing the budget, in the best case scenario over the three years is £13.963 with a gap of £4.015m in 2019-20 and in the worst case scenario, the budget gap over the three years is £37.918m with a gap of £11.482m in 2019-20.

4.10 Measures to Balance the Budget

4.10.1 There is one change to my previous assumptions on the measures to balance the budget in respect of the fees and charges inflationary increase. The 3% increase in the mid-range scenario has been estimated to equate to a monetary increase of £0.277m each year, however, after further analysis of the fees and charges budget, this has reduced to £0.270m. There are no further changes to the assumptions previously advised. It should be noted that the Fees and Charges Inflationary increase and Council Tax increase, whilst included with the estimates, will require Council approval.

	2019-20 £000	2020-21 £000	2021-22 £000
Loans Charges profiling	900	800	800
Fees and Charges Inflationary Increase	270	540	810
Catering and Cleaning Service Choices	0	0	172
Management/Operational Savings Agreed October 2017	299	625	625
Policy Savings Agreed Feb 2018	1,151	2,437	2,437
Council Tax Increase at 3%	1,437	2,939	4,508
Total Savings	4,057	7,341	9,352

4.11 Estimated Budget Gap AFTER Measures to Balance the Budget

4.11.1 The table below summarises the estimated budget gap in the mid-range scenario after factoring in any previous savings decisions or potential options towards balancing the budget.

	2019-20 £000	2020-21 £000	2021-22 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(7,817)	(16,689)	(25,583)
Savings Measures	4,057	7,341	9,352
Estimated Budget Surplus / (Gap) Cumulative	(3,760)	(9,348)	(16,231)
Estimated Budget Surplus / (Gap) In Year	(3,760)	(5,588)	(6,883)

- 4.11.2 In the mid-range scenario the budget gap after factoring in previous savings decisions or potential options towards balancing the budget is estimated over the three year period 2019-20 to 2021-22 to be £16.231m with a gap of £3.760m in 2019-20.
- 4.11.3 In contrast, the budget gap after factoring in previous savings decisions or potential options towards balancing the budget, in the best case scenario over the three years is £3.752m with a surplus of £0.226m in 2019-20 and in the worst case scenario, the budget gap over the three years is £33.614m with a gap of £9.042m in 2019-20.
- 4.11.4 The changes from the previous reported budget outlook are summarised in the table below:

	2019-20 £000	2020-21 £000	2021-22 £000
Previous reported budget gap (mid-range)	(2,506)	(7,214)	(13,188)
Revision to Base in respect of 2018-19 Pay Award shortfall	(90)	(90)	(90)
Increase to future Pay Award assumption	(570)	(1,248)	(1,956)
Increase to Non-Pay Inflation	(66)	(132)	(198)
Increase to Cost and Demand Pressures	(521)	(650)	(778)
Revision to Fees and Charges Inflationary Increase calculation	(7)	(14)	(21)
Total Savings	(3,760)	(9,348)	(16,231)

4.12 Budget Process Timetable

- 4.12.1 The budget process timetable for 2019-20 is included in Appendix 5. The key dates are noted as follows:
- 29 October 2018 – UK Government Autumn Statement
 - 12 December 2018 – Scottish Government Draft Budget
 - 13 December 2018 – P&R Committee and Members Development Session that will advise of savings options being considered as part of the budget.
 - 21 February 2019 – Council budget meeting.

5. CONCLUSION

- 5.1 This report provides an update to the budget outlook, covering the period 2019-20 to 2021-22, reported to Policy and Resources Committee on 17 May 2018 and 16 August 2018. In the mid-range scenario the budget gap after factoring in previous savings decisions or potential options towards balancing the budget is estimated over the three year period 2019-20 to 2021-22 to be £16.231m with a gap of £3.760m in 2019-20. The Transformation Board have been exploring opportunities to protect/mitigate against future budget gaps and proposals will be brought forward in due course.

6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being developed and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
- 6.3 Legal - None directly from this report but Council will need to balance the budget.
- 6.4 HR - None directly from this report but there is a strong link between HR and budgets.
- 6.5 Equalities - None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.
- 6.6 Risk - None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
- 6.7 Customer Service - None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

Kirsty Flanagan
Head of Strategic Finance
5 October 2018

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

APPENDICES:

- Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
- Appendix 2 – Council Non-Pay Inflation
- Appendix 3 – Council Cost and Demand Pressures
- Appendix 4 – Social Work Pressures
- Appendix 5 – Budget Process Timetable 2019-20

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	236,303	236,303	236,303	236,303	236,303	236,303	236,303	236,303	236,303
Base Budget Adjustments	(41)	(71)	(71)	49	49	49	264	264	264
Revised Base Budget	236,262	236,232	236,232	236,352	236,352	236,352	236,567	236,567	236,567
Pay Award	2,165	4,374	6,627	2,815	5,703	8,666	3,248	6,594	10,040
Pay Increments	0	0	0	332	664	996	664	1,328	1,992
Total Employee Cost Changes (Council Services)	2,165	4,374	6,627	3,147	6,367	9,662	3,912	7,922	12,032
Non-Pay Inflation - Council Services	1,033	2,066	3,099	1,033	2,066	3,099	1,033	2,798	4,563
Universal Credit - HB Admin Grant	50	100	150	50	100	150	50	100	150
New Schools Unitary Charges	349	349	349	349	349	349	349	349	349
Asbestos Management Plan	0	20	20	0	40	40	0	60	60
Carbon Reduction Scheme	0	0	0	13	13	13	25	25	25
Renewal of School and Public Transport Contracts Mid Argyll and Lorn	54	54	54	54	54	54	54	54	54
Local Plan Enquiry	90	0	0	90	0	0	90	0	0
Waste PPP Financial Model	266	266	266	266	266	266	266	266	266
Catering Hub (Catering and Cleaning Service Choices) - undeliverable Saving	83	83	83	83	83	83	83	83	83
Anti-Virus Software	19	19	19	19	19	19	19	19	19
ASN Demand	580	580	580	708	837	965	794	1,008	1,221
General Allowance for Unidentified Cost and Demand Pressures	0	0	0	0	250	500	0	500	1,000
Total Cost and Demand Pressures	1,491	1,471	1,521	1,632	2,011	2,439	1,730	2,464	3,227
Adjustment to Health and Social Care Partnership Payment	(846)	(1,679)	(2,500)	0	0	0	844	1,688	2,532
Adjustment to Live Argyll Management Fee	113	209	307	113	209	307	113	209	307
Total Estimated Expenditure PRIOR to measures to balance the budget	240,218	242,673	245,286	242,277	247,005	251,859	244,199	251,648	259,228
Scottish Government Grant	188,171	185,348	182,568	186,548	182,164	177,883	184,924	179,006	173,278
Council Tax	48,032	48,392	48,755	47,912	48,152	48,393	47,793	47,912	48,032
Total Funding	236,203	233,740	231,323	234,460	230,316	226,276	232,717	226,918	221,310
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(4,015)	(8,933)	(13,963)	(7,817)	(16,689)	(25,583)	(11,482)	(24,730)	(37,918)
Measures to Balance the Budget:									
Loans Charges Profile Adjustment and Savings	900	800	800	900	800	800	900	800	800
Fees and Charges	450	900	1,350	270	540	810	90	180	270
Catering and Cleaning Longer Term Redesign (Service Choices February 2016)	0	0	446	0	0	172	0	0	172
Management/Operational Savings Identified October 2017	299	625	625	299	625	625	299	625	625
Policy Savings Options agreed February 2018	1,151	2,437	2,437	1,151	2,437	2,437	1,151	2,437	2,437
Council Tax Increase	1,441	2,958	4,553	1,437	2,939	4,508	0	0	0
Total Measures to Balance the Budget	4,241	7,720	10,211	4,057	7,341	9,352	2,440	4,042	4,304
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	226	(1,213)	(3,752)	(3,760)	(9,348)	(16,231)	(9,042)	(20,688)	(33,614)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	226	(1,439)	(2,539)	(3,760)	(5,588)	(6,883)	(9,042)	(11,646)	(12,926)

Department	Service	Inflation Category	Basis of Inflation	2019-20 Inflation %	Inflation 2019-20 £000
Council Wide	Council Wide	Utilities - Electricity and Heating	This is a volatile area and it is difficult to predict the inflation. No inflation was applied in 2018-19 as the base budget was deemed to be sufficient, but have assumed inflation at CPI rate of 2.5% (July 2018) for 2019-20.	2.50%	74
Council Wide	Council Wide	Utilities - Water	This is a volatile area and it is difficult to predict the inflation. No inflation was applied in 2018-19 as the base budget was deemed to be sufficient, but have assumed inflation at CPI rate of 2.5% (July 2018) for 2019-20.	2.50%	12
Council Wide	Council Wide	Non Domestic Rates	Based on current RPI as at end of July 2018	3.20%	138
Council Wide Total					224
Community Services	Education	Pre-Primary Partner Provider Uplift	Inflationary increase agreed as per service choices	1.00%	16
Community Services Total					16
Customer Services	Facility Services	Catering Purchases and Milk	Estimated 8% increase predicted as a result of Brexit and weather - there is a risk that this could be substantially higher.	8.00%	139
Customer Services	Facility Services	School and Public Transport Contract Fuel Uplifts	Inflation to fuel element of transport contracts based on projected fuel price increases. Only the fuel element of the contracts would be affected by this uplift.		50
Customer Services	Special Projects	Community Pool Subsidies	Based on current RPI as at end of July 2018	3.20%	20
Customer Services	Special Projects	NPDO Schools	NPDO Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, applied to the payments only i.e. account code 44000 as the income is linked to Education FM payment.	1.62%	246
Customer Services	Special Projects	Hub Schools	Hub-DBFM Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, is applied to the payments only i.e. account code 44000 as the grant income is fixed for the term of the contract.	1.62%	79
Customer Services Total					534
Development and Infrastructure	Economic Development	Events and Festivals	Based on CPI to support Service Level Agreements for Major Events & Festivals	2.40%	2
Development and Infrastructure	Roads and Amenities	Landfill Tax	Calculation is based on a formula approach similar to last year.	2.89%	85
Development and Infrastructure	Roads and Amenities	Waste PPP Contract	85% of RPIX as at end of Q2 2018	2.77%	154
Development and Infrastructure	Roads and Amenities	Street Lighting Electricity	This is a volatile area and it is difficult to predict the inflation. No inflation was applied in 2018-19 as the base budget was deemed to be sufficient, but have assumed inflation at CPI rate of 2.5 (July 2018) for 2019-20.	2.50%	18
Development and Infrastructure Total					259
Grand Total					1,033

COUNCIL COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case			
			2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	
Customer Services	Customer and Support Services	Universal Credit "Full" Service goes live in May 2018. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council from 2018/2019 as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. It is too early to predict what the impact will be on the Council's caseload and at this stage we will not know the size of the funding reduction from DWP until December 2018. These figures represent our best estimates at this time.	50	100	150	50	100	150	50	100	150	
Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools.	349	349	349	349	349	349	349	349	349	
Customer Services	Facility Services	There is an ongoing need for the Council to manage the activities associated with delivery of the Asbestos Management Plan. An earmarked reserve equivalent to £90k per annum was agreed by the Council in FQ2 2017 which should allow the management arrangements to be funded until FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the worst case scenario is that funding of the anticipated staff resource will continue to be required beyond 2020.	0	20	20	0	40	40	0	60	60	
Customer Services	Facility Services	The annual payment of allowances under the Carbon Reduction Commitment scheme ends in its present form on 31 March 2019. There is the risk that this may lead to the introduction of a more punitive regime.	0	0	0	13	13	13	25	25	25	
Customer Services	Facility Services	Renewal of school and public transport contracts in Mid Argyll and Lorn in July 2018	54	54	54	54	54	54	54	54	54	UPDATED
Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry. There is a requirement for the Council to have a local plan enquiry every 5 years as part of legislation - as this is a one-off cost every five years there is no resource included within the current budget.	90	0	0	90	0	0	90	0	0	
Development and Infrastructure	Roads and Amenity	Waste Financial Model - This relates to the financial model that has been updated to reflect waste costs until 2027-28. The estimated cost pressure for 2019-20 is £266k. The bio-municipal waste landfill ban comes into place in January 2021 and it should be noted that this could lead to possible variations with the Renewi contract.	266	266	266	266	266	266	266	266	266	UPDATED
Customer Services	Facility Services	The Council agreed to a number of Service Choices savings at the budget meeting in February 2016. One of the savings options was the longer term redesign of catering and cleaning and it was expected that savings for Phase 1 circa £0.331m could be achieved by March 2018-19 and a further £0.446m of savings for Phase 2 to be achieved by 2021-22. Included in the savings for 2018-19 was £0.048m for the development of the catering distribution hub and also £0.035m for drinks provision increase. This distribution hub project is on hold indefinitely and will only be delivered should other external funding be available to enable it. The drinks provision charge was lower than recommended creating this ongoing shortfall. A cost pressure has been build into all three scenarios for this undeliverable saving.	83	83	83	83	83	83	83	83	83	UPDATED
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	250	500	0	500	1,000	UPDATED
Customer Services	Customer and Support Services	Additional resource required to ensure all Council IT software, including Education, has appropriate anti-virus protection.	19	19	19	19	19	19	19	19	19	NEW

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case			
			2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	
Education	Education	<p>The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. In 2018-19, there has been a substantial increase in ASN provision, resulting in a forecast overspend for the financial year. It is anticipated that growth continues over the next 3 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.</p> <p>Within Argyll and Bute, resources require to be directed to support children and young people in their mainstream schools and therefore there is little capacity for effective sharing of resources. In addition, the continued success in retaining children and young people within their local schools and communities has an associated budgetary cost. The Council and the Education service are bound by statutory requirements, as prescribed within legislation, including the Education (Additional Support for Learning) Scotland Act 2004, Children and Young Persons Act and the recently introduced GIRFEC duty. The inability to respond to the identified needs of children as requested by parents and professionals, including health and social care, would be detrimental and a failure in meeting the statutory duties associated with the identified legislation.</p> <p>The demand pressure reflects the position if no action is taken. There has been an ongoing review of ASN provision for the last 2 years and the Director of Customer Services has asked for interim conclusions in the next few weeks. It is hoped that mitigating actions can be put in place to reduce the demand pressure and if this is the case, the demand pressure will be updated within a future budget outlook.</p>	580	580	580	708	837	965	794	1,008	1,221	NEW
TOTAL			1,491	1,471	1,521	1,632	2,011	2,439	1,730	2,464	3,227	

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

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case			
		2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	
All Social Work	Estimated Pay inflation, best case 2%, mid-range 2.6% (based on public sector pay commitment average), worst case 3%	542	1,095	1,659	705	1,428	2,170	813	4,086	7,457	Updated
All Social Work	Estimated Pay increments, best case absorbed in current staff changes, mid-range, half of 2018-19 cost and worst case same as 2018-19 cost.	0	0	0	44	87	131	87	174	261	
All Social Work	Base budget adjustment - possible additional costs if 3% pay award agreed for 2018-19 - budgeted position is the public sector pay commitment. The best case assumes that there is no additional cost over and above the public sector pay commitment.	0	0	0	43	43	43	43	43	43	New
All Social Work	Non-pay inflation, best and mid-range based on unavoidable/inescapable (with some small variables in terms of the estimated inflation increase) and worst case, adds on a general 1% inflation	1,087	2,174	3,261	1,260	2,520	3,780	1,432	2,865	4,298	Updated
Adult Care	The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case recognises the current capacity limits, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	0	0	0	322	649	982	645	1,310	1,996	Updated
Adult Care	There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes new demand will be met from attrition or reductions in existing services, the mid-range reflects demand of 1.5% and the worst case reflects demand of 3%.	0	0	0	179	361	540	358	727	1,085	Updated
Adult Services	Reflects the cost of bringing sleepovers for commissioned social care providers into line with the Scottish Living Wage (SLW) by 2019-20. There may be some reduction in the best case scenario if the number of sleepovers can be reduced, this will be kept under review. Note: after the switch to a SLW based rate, year on year increases will be included within the annual non-pay inflation estimate.	173	173	173	185	185	185	203	203	203	Updated
Adult Services	National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 3.5% (in-line with the 2018/19 increase in the Scottish Living Wage), the mid range reflects an increase of 4.5% and the worst case 5.5%.	261	531	811	336	687	1,054	411	844	1,301	Updated

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

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case			
		2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	2019-20 £000	2020-21 £000	2021-22 £000	
Children and Families	Continuing Care of Looked After Children: Part 11 of the Children and Young People (Scotland) Act 2014 introduced new provisions requiring Social Work to continue to provide accommodation for Looked After and Accommodated Children (LAAC) born after 1 April 1999 from their 16th birthday until they reach 21 years if the child chooses to remain in their current or equivalent alternative accommodation. Based on the expenditure trend over the period 2014/15 to 2018/19. the average annual increase in spending is 5%. The best case reflects an increase of 2.5%, the mid range 5% and the worst case 7.5%.	113	229	348	226	463	712	339	703	1,095	New
TOTAL UNFUNDED COST AND DEMAND PRESSURES		2,176	4,202	6,252	3,300	6,423	9,597	4,331	10,955	17,739	

Additional Cost Pressure that should be fully funded by Scottish Government:

Adult Services	Carer's Act: Carers Act commenced on 1 April 2018. Funding allocated as part of the £66m social care funding, the cost pressure represents the share of funding in relation to the Carers Act and this funding will be the basis of the agreement of the eligibility criteria. There are concerns re the Scottish Government fully funding the commitment and implications of the Act and there is no funding allocation for replacement care, costs will be closely monitored during 2018-19.	530	760	1,294	530	760	1,294	530	760	1,294
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Appendix 5

Budget Process 2019-20

Timetable

Date	Event	Purpose/Agenda
18 October 2018	P&R Committee	Updated Budget Outlook 2019-20 to 2021-22 – this will include an update to cost and demand pressures and inflation assumptions.
October/November 2018	Budget Consultation	Seeks views from the public on general consultation.
29 October 2018	UK Government Autumn Statement	
12 December 2018	Scottish Government Draft Budget Announcement (not expecting individual council allocations on this day)	
13 December 2018	Development Session for All Members	To advise all Members on progress with the budget and the savings options being considered.
13 December 2018	P&R Committee	Updated Budget Outlook 2019-20 to 2021-22 – this will include an update on employee costs following salary template exercise. Report on savings options being considered for the 2019-20 budget process.
w/c 17 December 2018	Settlement at individual Council level known (this could be delayed into January)	
7 February 2019	Budget pack goes public	Budget pack included in release of P&R Papers.
14 February 2019	P&R Committee	Consider budget proposals and make recommendation to Council.
21 February 2019	Council	Set Budget

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES****CUSTOMER SERVICES****18 OCTOBER 2018**

COUNCIL TAX ON EMPTY PROPERTIES

1.0 EXECUTIVE SUMMARY

- 1.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.
- 1.2 On 20 August 2015 the committee approved an amendment to the policy to give 10% discount for a further 6 months where major repairs are continuing, and only to apply the double charge after the new owner has owned the property for a 12 months' period.
- 1.3 Recently there have been some cases of new property owners of homes that have been left empty for a considerable period of time where the properties needed a significant investment of time and money to bring them back into use. In these circumstances 12 months (6 months at 50% discount followed by 6 months at 10% discount) has not been long enough to allow a new home owner to negotiate the Planning and Building Control process and complete the works to make the property habitable.
- 1.4 Committee is asked to approve a policy amendment which would allow officers to grant up to an additional 12 months' 10% Council Tax discount to accounts where the Planning and Building Control process has taken a significant period of time and there is clear evidence of building works having started.

COUNCIL TAX ON EMPTY PROPERTIES

2.0 INTRODUCTION

- 2.1 On 27 June 2013 the Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 which came into effect from 1 April 2014.
- 2.2 Over the last 5 years there has been three amendments made to the policy. The first amendment was for the introduction of transitional reliefs around the time of the implementation of the policy. These reliefs were temporary and subsequently expired. There has been two further amendments which have dealt with cases where buildings are under repair so that where major repairs are underway which require planning permission and/or building warrant, the double charge is only applied after the property has been empty for two years. For new owners where properties have already been empty for some time the double charge is applied 12 months after purchase. This paper now proposes to extend this period in a restricted set of circumstances to provide further some extra assistance to a small number of purchasers of long-term empty properties.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee approves an amendment to the policy for charging double council tax on long term empty properties so that where major repairs are still underway which require planning permission and/or building warrant, and the property has recently been purchased by a new owner, the double charge is only applied after a 24 month period in particular circumstances where senior management approve such measures and conclusive evidence is provided showing no unreasonable delays to works by the parties liable for Council Tax.

4.0 DETAIL

- 4.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.

- 4.2 Policy and Resources Committee on 19 March 2015 agreed to remove the 6 month transitional exemption from the double charge for buildings under repair and instead amended the policy so as to provide a 24 month period before the double charge would be applied in such cases.
- 4.3 In August 2015 it was agreed to make a further change to the policy to provide a modest relaxation of the policy. This applied only to dwellings which have received a 50% discount under regulation 5 (c) The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45), and where evidence is provided that such major repair work or structural alteration has commenced within that 6 month period and is continuing or has been completed. In such cases 10% discount would be available for up to a 6 month period after the 6 months' 50% discount, provided the property remains unoccupied.
- 4.4 The 50% discount applies where major repairs are required to render a property habitable but they do not actually have to have commenced. The 10% discount for the following 6 months is only available if the repairs have actually commenced and evidence of this would need to be provided.
- 4.5 Whilst this change was welcomed and has worked well generally there has recently been a couple of cases where the purchaser of long-term empty properties has been unable to complete the renovation works within 12 months of purchase of the property.
- 4.6 In the first case the purchaser was converting a long-term empty property to bring it back into use. The property had not been lived in for 18 months and the renovation works required were considerable. The second case involved a property where Historic Environment Scotland were involved in the Planning and Building Control process. Planning permission was eventually granted after a period of around 18 months.
- 4.7 Under both sets of circumstances a total of 24 months from the date of purchase before the double charge is levied would have been more appropriate given the positive intent of the purchasers to bring these long-term empty properties back into use. This also allows time for any lengthy Planning and Building Control issues and for any extensive renovation works to be carried out.
- 4.8 If Committee agree to amend the policy to grant an additional 12 months discount at 10% in such unusual circumstances it would be a further positive move in applying the policy.
- 4.9 The proposal is that the Council grant an additional 10% Council Tax discount for properties under repair for an additional 12 months. This would take the total time period for discount up to a maximum of 24 months in circumstances where;
- 50% discount under regulation 5 (c) The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45) has been applied and,
 - the major repairs works or structural alterations have commenced and are continuing or are completed within a 24 month period
- 4.10 This would give up to two years relief for the whole process to be completed before a double charge kicks in. That is the same amount of time offered to an existing owner who is granted an exemption for buildings under repair and then a further 12 months 10% property discount to complete works before the double charge is imposed.

4.12 There are currently a maximum of three council tax accounts where the double charge is being levied that could benefit from this policy change and it is estimated that this would be typical of any Council Tax year. The total amount of Council Tax that would not be billed because of the change is £3,000 per annum. In the interests of fairness, this change should be backdated to 1 April 2018 being the start of the financial year that the amendment was approved.

5.0 CONCLUSIONS

5.1 This paper asks the committee to amend the imposition of a double council tax charge on a long term empty property to provide Senior Officers delegated authority to provide a new owner up to a 24 month period from the date of purchase before the double charge is imposed where it is undergoing major repairs or structural alteration. This is likely to provide a modest reduction of the income from the double charge.

6.0 IMPLICATIONS

- | | | |
|-----|---------------------------------------|---|
| 6.1 | Policy: | This proposes a change to the policy for charging double council tax on long term empty properties where major repairs are underway, the double charge is only applied after a new owner has owned the property for up to 24 months in certain circumstances. |
| 6.2 | Financial: | A small loss of council tax income estimated at £3,000 per annum. |
| 6.3 | Legal: | Proposals are in accordance with legislation for council tax which came into effect from 1 April 2013. |
| 6.4 | HR: | None |
| 6.5 | Equalities and Socio-Economic impact: | Owners of these unoccupied properties are not expected to fall disproportionately into any particular equalities group. Positive socio-economic impact anticipated. |
| 6.6 | Risk: | Reduces risk of further similar appeals being lost at VAC hearings. |
| 6.7 | Customer Service: | None. |

Douglas Hendry
Executive Director Customer Services
7 September 2018

Policy Lead: Councillor Rory Colville

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

Background papers

Background papers

Council tax on empty properties: Council 27 June 2013, reconvened on 8 August 2013

Council tax on empty properties: Council 23 January 2014

Council tax on empty properties: Policy & Resources Committee 19 March 2015

Council tax on empty properties: Policy & Resources Committee 20 August 2015

Appendix 1

Draft revised policy for council tax on long term empty properties

The council exercises its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulation 2013 to increase the council tax charge on the following categories of unoccupied property by 100% across the whole of the council area with effect from 1 April 2015, as follows:

1. any property which has been unoccupied for over 24 months.

2. any property which has been unoccupied for over 12 months and:
(a) is not being actively marketed for sale or let under appropriate conditions and;

(b) is not the subject of major repair works or structural alteration which require planning permission and/or building warrant, and such works or structural alteration commence before the property has been unoccupied for 24 months.

3 provided that no property above falls under either:

(a) regulations 5 and 6 "Limitations on local authorities' power to modify the application of these regulations" or;

(b) the class of dwelling which falls under regulation 5 (c) for the period of 18 months following the period therein specified and provided that the major repairs works or structural alterations have commenced and are continuing or are completed within that 18 month period.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

Customer Services

18th October 2018

**Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20 –
Draft documents and consultation**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to seek approval for the draft revised Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20.
- 1.2 This report outlines the requirement for the annual updates and the key changes that have been made to both the Procurement Strategy and the Sustainable Procurement Policy.
- 1.3 The first drafts of both documents were approved by the Procurement Board to go to consultation with key stakeholders and the public via a web-based survey. The consultation closed on 28th September.
- 1.4 This report recommends that Policy and Resources Committee note the key changes to the document and the outcome of the consultation and agree the documents to be submitted to Full Council for approval.
- 1.5 The final versions of the documents will be published on the Council's website in March 2019.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

Customer Services

18th October 2018

**Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20 –
Draft documents and consultation**

2.0 INTRODUCTION

2.1 The purpose of this paper is to seek approval for the revised draft Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20.

3.0 RECOMMENDATIONS

3.1 That Policy and Resources Committee note the key changes to the Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20 and the outcome of the consultation.

3.2 That Policy and Resources Committee agree the revised draft Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20 to be submitted to Full Council for approval.

4.0 DETAIL

4.1 The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

4.2 The Council also has a requirement to consult with key stakeholder groups for both of these documents. This gives the Council the opportunity to raise awareness, attain buy-in, inform the contents of the documents and further develop engagement with key stakeholder groups.

4.3 Procurement Strategy

The Argyll and Bute Council Procurement Strategy 2019/20 will set out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Building capacity and skills within the Council to continue to improve commissioning and procurement activity;

- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
- Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
- Working cooperatively in everything we do to support SMEs and the third sector;
- Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.

4.4 Summary of key changes to the Procurement Strategy 2019/20

The Argyll and Bute Council Procurement Strategy 2019/20 has been updated from the previous version in the following areas, after internal and external research was undertaken and as a result of feedback received during the consultation period:

- The Strategy Rationale/Context has been updated to reflect the current context for this strategy;
- The Strategic Aims & Key Priorities section has been updated to reflect the Council's new Corporate Plan's outcomes and the Action Plan has been updated for 2019/20 and incorporated within this section;
- Procurement Strategies by Function have been updated to reflect the new Category structure within the team as well as current priorities and have been incorporated within the main body of the Strategy;
- The Financial Analysis section has been updated with 2017/18 figures and Key Performance indicators, now incorporated within this section, have been updated to reflect current figures and targets;
- The Policies, Tools and Procedures section has been updated with current links.

4.5 Sustainable Procurement Policy

The Argyll and Bute Council Sustainable Procurement Policy 2019/20 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

4.6 Summary of key changes to the Sustainable Procurement Policy 2019/20

The Argyll and Bute Council Sustainable Procurement Policy 2019/20 has only had minor updates from the previous version, after internal and external research was undertaken and as a result of feedback received during the

consultation period:

- The Local Landscape and Sustainable Procurement section has been updated to ensure it is up to date.

- 4.7 No major amendments have been made to these documents this year, as due to the required publication timescales, the outcomes in relation to the previous Strategy's action plan will not be available until the 2020/21 strategy and policy development period. Therefore it is anticipated that although the Council is required to publish a Strategy annually, every second year (including 2019/20) only minor amendments will be made, to allow an informed decision making process to be undertaken for any significant changes.
- 4.8 The revised draft Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20 are attached as Appendix 1.
- 4.9 The Stakeholder Consultation report details the outcome of the consultation. This is attached at Appendix 2 and will be published on the Council's website in order to provide feedback the consultees.

5.0 CONCLUSION

- 5.1 The Procurement Strategy and Sustainable Procurement Policy have been revised in line with the Council's statutory requirement to do so on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

6.0 IMPLICATIONS

- 6.1 Policy – The Procurement Strategy and the Sustainable Procurement Policy are existing policies to which no major amendments have been made.
- 6.2 Financial – None at present
- 6.3 Legal – This paper ensures the Council meets the statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis.
- 6.4 HR – None at present
- 6.5 Equality and Socio-Economic Impact – None at present
- 6.6 Risk – None at present
- 6.7 Customer Service – None at present

Douglas Hendry
Executive Director – Customer Services

For further information contact:

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Appendixes

Appendix 1 – Draft Procurement Strategy 2019/20 and Sustainable Procurement Policy 2019/20

Appendix 2 – Stakeholder Consultation Report 2018

Rory Colville
Policy Lead

4th October 2018

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ARGYLL AND BUTE COUNCIL



PROCUREMENT STRATEGY

2019/20

V0.3

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Section 2 – Introduction

- 1.1. The Argyll and Bute Council Procurement Strategy 2019/20 relates to our overall procurement approach, with specific focus on regulated procurements. Regulated procurements are defined as works contracts over £2million in value, and supplies and services contracts over £50,000 in value.
- 1.2. This strategy sets out a framework, which is designed to enable the Council to continue on its journey of change and innovation through:
 - Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
 - Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
 - Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
 - Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
 - Working cooperatively in everything we do to support SMEs and the third sector;
 - Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.
- 1.3. This Procurement Strategy has been prepared in response to the changing procurement agenda and the current financial climate. The strategy sets out the procurement aims and goals of the Council for 2019/20 and will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities. Through adhering to the Procurement Strategy, the Council will manage and mitigate the potential risks associated with public sector procurement. Such risks include the potential for challenge from unsuccessful tenderers, the risk of not achieving best value for Council Services, and failing to support the Council's strategic aims.
- 1.4. The strategy is aimed at ensuring the Council procures the goods, services and works it needs in the most economically advantageous manner. This recognises the importance of a procurement strategy towards meeting the Council's statutory duty of best value.
- 1.5. Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The strategy aims to help remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council. The Procurement and Commissioning Team has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

Section 3 – Procurement Vision & Principles

Our vision

- To provide best value to the Council from all procurement and commissioning activities
- To embed commercial excellence, by improving commercial decision making throughout the organisation, ensuring that our Services always deliver Best Value
- To be recognised as having leading commercial, procurement and commissioning practices and skills delivering outstanding outcomes
- To have the citizens of Argyll and Bute and service users at the heart of what we do

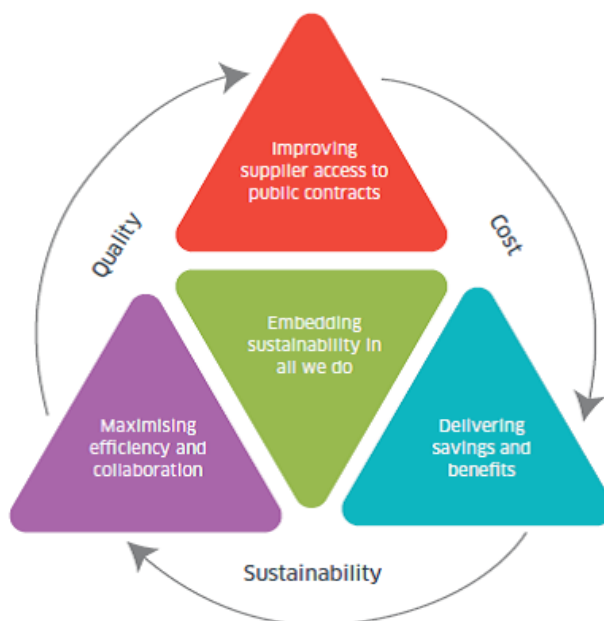
Procurement Principles

These are the basic tenets of how the Council intends to conduct its procurement. Nine procurement principles have been identified as follows:

1. Procurement should be a viable tool in the promotion of the Council's Goals and Values and in delivering the aims and objectives contained within the Corporate Plan and Single Outcome Agreement.
2. Procurement will be carried out under the terms of the Council's Standing Orders and will be guided by the detailed procedures for purchasing developed by the Council via the Procurement Manual.
3. Procurement should be carried out in line with current legislation to deliver competition, sustainability, equal opportunities and ultimately best value for the Council. The process will be transparent and allow accountability.
4. Best Value will be achieved by obtaining Most Economically Advantageous Tender, taking into account whole life costs and non-financial aspects of the purchase. Purchasing will be driven by desired outputs and results, including acceptable health and safety performance.
5. Suppliers should be able to meet the current and future needs of the Council and in arranging procurement; the needs of the local economy should be taken into account, as permitted by existing legislation and always in pursuit of best value.
6. Officers managing major contracts should be capable through qualification and experience, or have access to professional guidance, to be able to ensure the sound management and monitoring of contracts. The Council will put in place a training programme for all staff required to undertake procurement duties. Staff completing this programme will become "authorised to procure".
7. The procurement function should be carried out in an effective but streamlined manner, which delivers added value without duplication of effort.
8. Where a local or national contract is in place for a commodity this will be used in all but exceptional circumstances.
9. Suppliers and contractors to the Council are part of the resources of the Council and are not adversaries but partners in the delivery of services for the citizens of Argyll and Bute. The Council will work to encourage continued participation in contracts by high quality suppliers.

Section 4 – Strategy Rationale & Context

- 4.1 The Council's new Procurement Strategy for 2019/20 takes account of the Annual Procurement Report 2017/18 which detailed the progress that the Council has made since the previous strategy was published. This allows us to reflect on the progress made as well as highlighting the opportunities and challenges now facing the Council, and how Procurement can support the organisation's overall objectives.
- 4.2 Current external impacts on the Council's Procurement Strategy include demographic changes within Argyll and Bute, increasing service user expectations, environmental and social challenges, and the need to ensure our processes are in line with current best practice. Upcoming external challenges include influences such as Brexit and the unknown implications surrounding this.
- 4.3 Internal impacts on this Strategy and the Council's Procurement and Commissioning Team include the need to take account of the requirements of the new Constitution and Corporate Plan, the provision of support to the service departments to meet their budgetary requirements, as well as the support provided to them to deliver transformational change in how they provide their services to the citizens of Argyll and Bute.
- 4.4 The Council will continue to deliver its procurement activities and meet the above opportunities and challenges in line with the Scottish Model of Procurement:



Section 5 – Strategic Aims, Key Priorities & Action Plan

5.1 Our strategic aims

The Strategic Aims of the Procurement and Commissioning Team support the overall Argyll and Bute Council Corporate Plan 2018-2022, specifically to support the Council in its mission to deliver our 6 outcomes and make Argyll and Bute a place people choose to Live, Learn, Work and Do Business:

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

The team recognises the strategic importance of maximising the economic benefits from directing Council spend to local businesses in terms of benefiting the local economy. Whilst it would not be acceptable to give preference to local businesses during any particular procurement, efforts will be made to ensure that local businesses are upskilled so as to have the greatest chance of being successful in winning Council and other public sector business.

5.2 For all of our procurement activity we aim to:

- 1 Provide a value for money procurement service that delivers financial savings;
- 2 Provide a quality service which delivers quality outcomes to the citizens of Argyll and Bute;
- 3 Procure goods, services and works in a lawful and ethical manner which encourages participation, collaboration and sustainable economic growth;
- 4 Continue to improve the Council's procurement performance which will be assessed by Scotland Excel through the Procurement and Commercial Improvement Programme assessment;
- 5 Secure the ongoing commitment of internal stakeholders to implement the Strategy, through continuing to increase the profile of procurement and senior sponsorship within the Council;
- 6 Ensure the Procurement Strategy is aligned with the Council's corporate priorities;
- 7 Continue to improve our Purchase to Pay (P2P) processes with due consideration for local and national ICT Strategy requirements, existing budget constraints and the need to ensure best value, whilst reducing purchase to pay costs. The aim is to strengthen controls, increase efficiency and provide useful and up-to-date management information

5.3 Our key priorities for our regulated procurements are:

a. Improve procurement processes and policies

We will do this by:

#	Priority	Activities	Owner	Timescale
1	Increasing levels of contracted spend throughout the Council	Ongoing activity to continue - Work with departments to put regulated contracts in place where possible to reduce levels of addressable non-contracted spend	PCT	31/03/2020
2	Supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with protected characteristics under the Equality Act 2010	Ongoing activity to continue - Inclusion of a mandatory sub-contracting clause in regulated procurements where relevant and proportionate	PCT	31/03/2020
		Investigate the use of project bank accounts	PCT	31/03/2020
		Promote sub-contracting opportunities to SMEs through promoting the use of PCS on the Council's website	PCT	31/03/2020
		Share knowledge and participate in events aimed specifically at local SMEs and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway	PCT/ Business Gateway	31/03/2020
3	Reducing bureaucracy - ensuring our processes and templates are accessible as well as standard, simple, transparent and consistent in line with best practice	Ongoing activity to continue - Ensure processes and templates for regulated procurements reflect requirements of the Procurement Journey for tender processes and contract management	PCT	31/03/2020
4	Protecting public spending – ensuring tax payers' money is spent properly, ensuring integrity and accountability	Ongoing activity to continue - Carry out SOCO checks for all regulated procurements to limit opportunities for anyone involved in serious organised crime activities from being awarded public sector contracts	PCT	31/03/2020
5	Regular reporting of procurement performance and compliance in relation to regulated procurements	Ongoing activity to continue - SMT Bulletins to cover regulated procurements	PCT	31/03/2020
6	Categorising areas of spend to	Fully implement Category	PCT	31/03/2020

	ensure we achieve the best balance of quality and price for our regulated procurements	Management approach for all regulated procurements		
7	Working collaboratively with other public sector organisations on regulated procurements where appropriate, ensuring that our partner organisations are committed to equality of opportunity for all sectors of society, and that their commitments reflect the Council's Public Sector Equality Duty and its general equality duty	Consider collaboration with Live Argyll and NHS Highland in Commodity Sourcing Strategies for all regulated procurements	PCT	31/03/2020
		Ongoing activity to continue - Participate in Scotland Excel and Scottish Procurement frameworks, where relevant	PCT	31/03/2020

b. Increase expertise, capacity and effectiveness

We will do this by:

#	Priority	Activities	Owner	Timescale
1	Developing and professionalising contract and supplier management practices to ensure that we are getting the most value and innovation from our contractual relationships while maintaining appropriate standards; and improving commercial awareness across the Council	Contract management training sessions for departmental staff who manage regulated contracts to be held in 2019/20	PCT	31/03/2020
2	Developing staff in Procurement and Commissioning who lead on regulated procurements; through training, secondments and mentoring	PCT staff complete Procurement Competency Assessment in 2019/20 to identify areas for improvement and training needs	PCT	31/03/2019
		Ongoing activity to continue - Trainee Purchasing Officers working towards MCIPS	PCT	31/03/2020
		Ongoing activity to continue - Internal mentoring and secondments	PCT	31/03/2020
3	Developing relationships with staff within Live Argyll and NHS Highland to increase the potential for collaborative working that will benefit both organisations	Ongoing work with Live Argyll and NHS Highland to include their requirements within relevant regulated procurements within the Council	PCT	31/03/2020

c. Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance

We will do this as outlined in the following statements with reference to Section 15(5) of the Procurement Reform (Scotland) Act 2014:

#	Priority	Activities	Owner	Timescale
1	Ensuring that the Council's regulated procurements will deliver value for money, through applying the following key principles: Increasing our collaboration with other organisations where possible; Ensuring that all opportunities are thoroughly considered and all implications of change in service areas are fully appraised; Developing contract plans of future procurements to improve our services; Maintaining consistency and transparency in our procurement processes; and Considering where appropriate the whole-life cost of what is being procured and when applying the principle of value for money, ensure that we do so in a clear, transparent and proportionate manner.	Consider collaboration with Live Argyll and NHS Highland in Commodity Sourcing Strategies for all regulated procurements	PCT	31/03/2020
		Ongoing activity to continue - Commodity Sourcing Strategy templates ensure thorough consideration of all opportunities for regulated procurements	PCT	31/03/2020
		Ongoing activity to continue - Contract Plans of future regulated procurements to be included in Annual Procurement Reports	PCT	31/03/2020
		Ongoing activity to continue - All regulated procurements to be published via PCS/PCS-T to maintain consistency and transparency	PCT	31/03/2020
		Ongoing activity to continue - Whole-life costing is included within Commodity Sourcing Strategy templates, to be considered where appropriate for regulated procurements	PCT	31/03/2020
2	Ensuring that the Council's regulated procurements will be carried out in compliance with our duty to act in a transparent and proportionate manner, at each stage of the procurement process, through: using electronic communications for all procurement activity, while providing alternative communications methods if requested; ensuring open public and market engagement; using clear and precise language to ensure a common understanding of the requirements; and utilising Council thresholds to ensure proportionality regarding the appropriate type of	Ongoing activity to continue - All regulated procurements to be published via PCS/PCS-T to maintain consistency and transparency	PCT	31/03/2020
		PINs will be published for all appropriate regulated procurements in 2019/20	PCT	31/03/2020
		Ongoing activity to continue - Specifications within regulated procurements will include references to EU and British standards where appropriate	PCT	31/03/2020
		Ongoing activity to continue - All Council value thresholds for procurements will be complied with for regulated procurements	PCT	31/03/2020

	procurement process.			
3	Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor, by: including a standard contract clause to this effect in our regulated procurement contracts; including a clause regarding the prompt payment of sub-contractors within our regulated procurement contracts; and through ensuring effective contract management and monitoring is undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract and taking any necessary steps to rectify any prompt payment issues experienced.	We will aim to meet the target of 95% of invoices paid within 30 days during 2019/20	PCT	31/03/2020
		Ongoing activity to continue - All regulated procurements in 2019/20 will include the standard clause in relation to payments	PCT	31/03/2020
		Ongoing activity to continue - All regulated procurements in 2019/20 will include a clause regarding the prompt payment of sub-contractors	PCT	31/03/2020
4	Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes, through considering the Council's approach to procurement and commissioning in the context of the wide range of joint plans and strategies developed internally and externally, with other local authorities and partner organisations; by utilising effective and relevant consultation when developing and aligning our procurement strategy with these plans and strategies, and for individual regulated procurements as required; and through promoting effective contract and supplier management to monitor the effectiveness of regulated procurements in achieving their purposes.	Ongoing activity to continue - Carry out external and internal research when developing PS and SPP 2020/21	PCT	31/03/2020
		Ongoing activity to continue - Carrying out consultation for PS and SPP 2020/21 as per Section 8	PCT	31/03/2020
		Ongoing activity to continue - Carry out consultations for individual regulated procurements as relevant and appropriate	PCT	31/03/2020
		Contract management training sessions for departmental staff who manage regulated contracts to be held in 2019/20	PCT	31/03/2020

5	Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements; through contributing towards improving the social wellbeing element - in particular reducing inequality in Argyll and Bute - of our sustainable procurement duty by promoting the Living Wage and fair work practices in regulated procurements; while ensuring a proportionate approach which provides an appropriate balance between quality and cost.	Ongoing activity to continue - Consideration will be given at the initial stages of individual regulated procurements to whether it is relevant to address living wage and fair work practices	PCT	31/03/2020
6	Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination by, where relevant and proportionate, considering early market engagement prior to the publication of a contract notice on Public Contracts Scotland (PCS); considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots; and by using clear and precise language preventing broad interpretation as well as offering alternative language formats if requested.	PINs will be published on PCS for all appropriate regulated procurements in 2019/20	PCT	31/03/2020
		Ongoing activity to continue - Consideration will be given within the initial Commodity Sourcing Strategies to lotting all regulated contracts in 2019/20	PCT	31/03/2020
		Ongoing activity to continue - We will offer alternative language formats when requested	PCT/ Comm nication s Team	31/03/2020
7	Complying with the Council's Sustainable Procurement Policy (Appendix 2) in relation to the use of community benefit requirements.	Ongoing activity to continue - Community Benefits Clauses will be included in regulated procurements as outlined in the Sustainable Procurement Policy 2019/20	PCT	31/03/2020
8	Complying with the Council's Corporate Health and Safety Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act, through assessing the potential health and safety risks arising from	Ongoing activity to continue - Health and Safety considerations will be included at all stages of regulated procurement processes in 2019/20	PCT	31/03/2020
		Ongoing activity to continue - All regulated works	PCT	31/03/2020

	regulated contracts and considering this throughout the procurement process; and through ensuring that our requirements for individual contracts meet current legislation as a minimum.	procurements in 2019/20 will include reference to the current CDM regulations		
9	Complying with the Council's Sustainable Procurement Policy (Appendix 2) in relation to the procurement of fairly and ethically traded goods and services.	Ongoing activity to continue - The procurement of fairly and ethically traded goods and services will be considered at the initial Commodity Sourcing Strategy stage of all regulated procurements in 2019/20	PCT	31/03/2020
10	Complying with the statutory requirements on how we intend our approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare, by considering relevant national guidance.	Ongoing activity to continue - Any regulated Catering contracts carried out in 2019/20 will consider the following national guidance throughout the procurement process: 'Better Eating, Better Learning'; 'Beyond the School Gate'; 'Soil Association Food for Life Catering Mark'; 'Catering for Change: Buying Food Sustainably in the Public Sector'; and 'Becoming a Good Food Nation'	PCT	31/03/2020
11	Following the Council's standard practice on consulting and engaging with those affected by its individual regulated procurements including, where appropriate and proportional: consulting and engaging with relevant stakeholder groups at the commodity sourcing strategy stage of individual regulated procurements; considering the National Standards for Community Engagement during this process; and ensuring the outcomes of any consultations will be taken account of within our regulated procurements.	Ongoing activity to continue - Consultations with relevant stakeholder groups will be carried out at the Commodity Sourcing Strategy stage of regulated procurements in 2019/20, where relevant and proportionate.	PCT	31/03/2020
12	Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement	Ongoing activity to continue - Consideration of Sustainability issues – Social, Environmental and Economic	PCT	31/03/2020

<p>duty, through embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises; considering how individual procurement exercises can assist the Council to improve the economic, social, and environmental wellbeing of Argyll and Bute; facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in the procurement process; and by promoting innovation at the initial stage of regulated procurements.</p>	<p>– will be embedded throughout the procurement process for regulated procurements in 2019/20</p>		
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d. Support the Council's transformational changes

- The Council has been making changes to what we do and how we do it in order to protect jobs and Services in the face of reducing budgets. Our Transformation Board has been set-up to find ways in which to continue this process of change to deliver savings and generate income by redesigning Services and exploring self-funding and business cost reduction opportunities. The Procurement Strategy supports the transformation agenda.
- 5.4 Key Performance Indicators by which we will measure the success of the action plan are detailed in Section 7. Appendix 1 details the initial results of prioritisation of procurement categories across the Council in relation to sustainability.
- 5.5 The Council's Contract Plan can be found at: <https://www.argyll-bute.gov.uk/business-and-trade/find-tender>

Section 6 – Procurement Strategy by Category

CORPORATE AND EDUCATION

Scope/Key Spend Areas

The Corporate and Education Category consists of the following areas:

- Education
- Corporate (*including Customer & Support Services, Governance & Law, Finance, Improvement & I&HR*)
- ICT
- Training
- Transport (*including Bus, Air, Boats & Fleet*)
- Live Argyll
- Catering & Cleaning

Analysis of the existing spend profile across the Corporate and Education Category has identified low value spend (spends of less than £1000, account for 91% of transactions) as a priority areas of focus. Action will include:

- To support all Services to source and purchase goods and services from National and Local contracts where possible.
- To continuing to drive the roll out of the Transactional Purchasing Team (TPT) and grow the team's procurement knowledge and skill to aid Services in ensuring best value for all low value spend.
- To review PECOS to ensure catalogues and suppliers are up to date and available to for use by both the TPT and service end users.
- To work with all Services to implement the No PO No Payment Project by end of current financial year; resulting in the stopping of all manual batched payments and access to line item detail of all supplier spend.

Short/Medium Term Strategy

The short term strategy for the procurement of goods and services within Corporate and Education over the next 2-3 years is:

- **Transactional Purchasing Team (TPT):**
 - Direct the procurement of all non-contracted goods and low value services through the TPT for sourcing;
 - Using PECOS the TPT will promote the use of local and collaborative contracts to achieve best value;
 - Increase volume of Invitation to Quotes (ITQs) processed and awarded via TPT;
 - Complete the roll out of requesting Corporate purchases and T&A requests via PECOS to D&I Services.
- **National Contracts:** As new national contracts become available assess suitability and carry out Best Value review. If deemed appropriate roll out to relevant users and on PECOS.
- **Contract Implementation:** Improve communication of new/updated contracts by developing and promoting user guides.
- **Contract Management:** Continue to undertake contract and supplier management meetings with key suppliers.
- **Catering Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency. Continue to work with the service to implement local contracts as appropriate.

- **Cleaning Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.
- **HR Contracts:** The Procurement and Commissioning Team will review the contract with IT systems.
- **ICT:** Continue to use available frameworks and procurement services as required. Review current PECOS approvals process to ensure appropriate use of established frameworks and sourcing of non-contracted requirements i.e. ITQs.
- **Corporate:** Continue to utilise Scotland Excel and Scottish Procurement frameworks in order to achieve best value and process efficiency. We will work with all Services to implement demand management via the Transactional Purchasing Team for corporate goods not covered by national frameworks to ensure best value.
- **Training:** The Procurement and Commissioning Team will work with Services to consider ways of improving and streamlining the central delivery with maximise the use of training contracts and frameworks. Work with HR to develop an over-arching Training Category Strategy.
- **Transport:** Continue to provide procurement support to the Integrated and Strategic Transport Teams. Work with the service to review existing contracts and schedule tendering exercises for the coming years, engaging the market as early as possible.
- **Live Argyll:** Continue to provide procurement services as required.
- **Education:** Continue to provide procurement services as required. Specifically in relation to Early Years' Service Provision, support delivery of the Scottish Government's commitment to increase the entitlement for early learning and childcare hours from 600 per year to 1140 by 2020 by working with the service to ensure cooperation and a collaborative approach with current suppliers to build on their current capacity to ensure the commitment to increased hours is met. This will include providing support to make sure property adaptations, extensions, and relevant refurbishments or new builds are completed timeously for phasing in of 1140 hrs across localities. To provide support where necessary for the requirement for a high quality innovative and efficient service with contractual requirements for flexibility, parental choice and quality.

Longer Term Strategy

The longer term strategy for the procurement of goods and services within Corporate and Education over the next 3-5 years includes:

- **Collaboration:** Greater engagement with potential partnerships with consideration to more collaborative procurement working, shared services and outsourcing opportunities.
- **Catering & Cleaning:** Provide procurement support for Cleaning and Catering Innovation programme and closer collaboration potential development for working with NHS.
- **ICT:** Work with the service to review overarching ICT Category Strategy.
- **Corporate:** Develop an overarching Corporate Category Strategy. Expand the contract and supplier management process and record on PCS-T where appropriate.
- **Transport:** Expand the contract and supplier management process and record on PCS-T. Annually review the Passenger Transport Category Strategy and continue to explore options to implement price adjustments in contract to enable transport operators to price more competitively and spread identified contract risks between Operators and Argyll and Bute Council.

CONSTRUCTION AND ENVIRONMENT

Scope/Key Spend Areas

The Construction and Environment Category consists of the following areas:

- Construction Consultancy
- Construction Supplies
- Building Works
- Infrastructure Works
- Environment

An analysis of the existing spend profile within the Construction and Environment Category has identified a number of priority areas of focus. These key areas include:

- Procurement of all goods and low value services (up to £20k) within Development and Infrastructure Services routed through the Construction Purchasing Team via dandipurchasing@argyll-bute.gov.uk. Using PECOS the team promote the use of local and collaborative contracts across the service to achieve maximum savings. In addition, the team will also source non contracted items to achieve best value;
- Implementation of key strategic framework agreements;
- CHORD – Procurement support will be provided to ongoing and upcoming projects, including the Helensburgh Waterfront Development project and Oban projects;
- Increased insourcing of contracts as per Transformation Board objectives;
- Statutory Maintenance Contracts;
- General Maintenance Term Contracts;
- Consultancy Services Frameworks

Short/Medium Term Strategy

The short term strategy for the procurement of works, goods and services within Construction and Environment over the next 2-3 years is:

- Put in place framework agreements to cover core areas of spend, including Haulage;
- Continue to ensure adequate resource to support CHORD & TIF programme procurement;
- Increase volume of Quick Quotes raised via Construction Purchasing Team for the purposes of operation efficiency and achievement of savings;
- Roll out of process for Corporate purchases and T&A requests via Pecos to D&I Services;
- Continue use of Vendor Rating Systems for Building and Infrastructure Works Quick Quotes;
- **Statutory Maintenance Term Contracts:** The PCT is currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to buildings maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible;
- **Consultancy Services:** In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical services suited to the Council's requirements – where possible these should be created using methods to encourage local SMEs to submit tenders. New or revised frameworks could include M&E Engineers, CDM Advisors, Civil/Structural Engineers, Ecologists and QS services.

Longer Term Strategy

The longer term strategy for the procurement of works, goods and services within Construction and Environment over the next 3-5 years includes:

- With regards to Waste Management, change in legislation by 2020 will bring new requirements for the Council within the next two years (construction of new processing, sorting facilities on the islands, covering landfill sites etc.) to be confirmed by the department;
- Assist Services in increasing their commercial awareness in terms of opportunities on Public Contracts Scotland, subject to availability of adequate resource in the service;
- Assist Services to achieve the agreed Transformation Board objectives;
- Provide procurement support to assist the Property Services team with increasing levels of contracted maintenance spend from the current levels.

CARE

Scope/Key Spend Areas

The Care Category consists of the following areas:

- Adult Services
- Children's Service
- Disability Equipment
- Funerals
- Healthcare Services

An analysis of the existing spend profile within the Care Category has identified the following priority areas of focus. These key areas include:

- Care at Home and Supported Living are 2 of the highest spend areas, Scotland Excel are in the process of developing a strategy for future procurement of these services at a national level. It is our intention to engage in this work with intention of using the resulting contract only if it represents best value for the Council. The services are currently under contract and a sourcing strategy is in place to allow this to continue up to 2021 unless an option via Scotland Excel becomes available.
- Older People's Care Homes, Scotland Excel are working on a procurement strategy to continue the national approach to this contract. It is our intention to continue contracting on that basis however, we must be aware of the continuing risk that negotiations will fail. In that instance, priority will have to be given to locally negotiated contracts/collaborative arrangements with other partnerships.
- Adult and Young People's Residential Placements outside of Argyll and Bute, the HSCP are currently working on a strategy aimed at bringing people back to Argyll and Bute. This may result in some related procurement/commissioning activity in 2019-20.
- Disability Equipment, Cordia (Services) LLP run a contract for supply, delivery and maintenance of equipment which is open to all local authorities in Scotland. Argyll and Bute HSCP opted out of the current contract but work on the new contract will commence in 2020 and PCT would recommend that the HSCP signed up to it this time around.

Short/Medium Term Strategy

The short term strategy for the procurement of goods and services within the Care Category over the next 2-3 years is:

- Significant aggregated spend is captured as part of the nationally negotiated care home contract. The Council's continued participation in national care home contract is expected and recommended. Scotland Excel are now actively involved in the negotiation process with COSLA and have successfully negotiated the contract for the year 2018-19. It is expected that from 2019/20 a longer term arrangement will be negotiated. The risk of failure of negotiations must continue to be monitored.
- Scotland Excel have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected.
- Annual breaks have been incorporated into existing contracts in order to ensure contracts are flexible enough for the partnership to be in a position to take advantage of any national developments being led by Scotland Excel.
- A number of reviews are underway of current locally commissioned services and early procurement involvement in these will be key to ensure that resulting action is compliant with EU Procurement Regulations and the Council's Standing Orders.
- The Public Contract (Scotland) Regulations 2015 will have an impact on the procurement of Social Care Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making. It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process.
- Comply fully with Guidance on the Procurement of Care and Support Services 2016 (Best Practice).
- Continue to undertake contract and supplier management meetings with key suppliers.
- Improve communication of contract updates by developing and promoting user guides.
- Further explore possibilities to work collaboratively on contracts at sourcing strategy stage.
- A greater focus required during contract management on Community Benefits required to ensure that more of the provider's efforts are captured and formally recorded.
- Continue to review and revise the terms and conditions for care services as required and following feedback from providers
- Ensure comprehensive and clear process in place for new suppliers selected under Option 2 Self Directed Support SDS, allowing people to choose their care provider, contracted via HSCP.
- Ensure that suppliers providing services on behalf of the Council to vulnerable clients manage health and safety risks appropriately and implement the work control measures identified in their own risk assessments.
- The Procurement and Commissioning Team have developed the Care Service Monitoring Tool to gather information on ongoing contract compliance and performance. Procurement and Commissioning will continue to work with the service to embed this process into operational activities and ensure maximum benefits are realised from the contract.
- The new Public Contract (Scotland) Regulations 2015 will impact on the procurement of Housing Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making. It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process

Longer Term Strategy

The longer term strategy for the procurement of goods and services within the Care Category over the next 3-5 years includes:

- Develop and continue to review Commodity Sourcing Strategy coverage for all high value/high risk social care procurements
- Continue active involvement in national activity lead by Scotland Excel and other relevant bodies
- Continue to seek innovative solutions for compliant procurement processes for Services to the Person, e.g. DPS
- The team will continue to provide procurement support advice and assistance to the Health and Social Care Integration Partnership in order to ensure that the Partnership is receiving Best value quality services from its suppliers, delivered safely and without unacceptable risks to health.

Section 7 – Financial Analysis & Key Performance Indicators

- 7.1 The Council's total spend in 2017/18 on supplies, services and works was £139 million. Our core trade spend (trade suppliers we spent more than £1000 with during the year) was £126m and is given by category in the table below.

Table 1: Spend by Category for 2017/18

Category	Total Spend
Construction & Environment	£45.52m
Corporate & Education	£41.70m
Care	£39.25m
Total	£126.46m

- 7.2 The following table shows the Council's spend in more detail by vCode Business Sector, a classification system appended by the Scottish Procurement Information Hub.

Table 2: Spend by vCode Business Sector for 2017/18

vCode Business Sector	Total Spend
Social Care & Services	£37.75m
Construction	£26.25m
Facilities Management	£19.22m
Waste & Environmental Services	£9.25m
Travel & Accommodation	£6.54m
ICT	£4.53m
Vehicles	£3.91m
Utilities & Energy	£3.67m
Financial Services	£3.36m
Transport	£1.89m
Healthcare	£1.49m
Education	£1.33m
Human Resources	£1.32m
Food, Beverage & Catering	£1.06m
Professional Services	£0.80m
Arts, Sport & Leisure	£0.80m
Other Goods & Services	£0.68m
Security Equipment & Services	£0.64m
Marketing & Media	£0.48m
Business Support Services	£0.43m
Animals & Farming	£0.31m
Manufacturing & Machinery	£0.20m
Stationery & Office Products	£0.19m
Legal	£0.19m
Retail & Wholesale	£0.07m

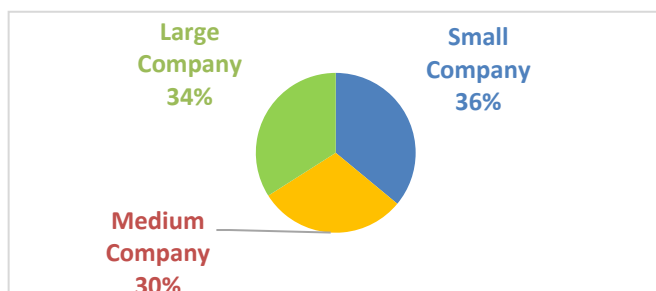
Clothing	£0.05m
Charitable & Religious Activity	£0.04m
Laboratory	£0.02m
Total	£126.46m

- 7.3 The top 20 suppliers to the Council account for 46.5% of the Council's core trade spend. The following table shows the top suppliers and spend for the year 2017/18.

Table 3: Spend with Top 20 suppliers

Supplier Name	Total Spend
ABC Schools Ltd	£14.43m
Renewi Argyll & Bute Limited (formerly Shanks Argyll & Bute Limited)	£6.60m
McLaughlin & Harvey	£6.49m
West Coast Motor Services Co	£4.53m
Enable Scotland	£4.43m
Carr-Gomm Scotland	£2.67m
Affinity Trust	£2.11m
Gael Force Engineering Ltd	£1.98m
McKenzie Care Homes Ltd	£1.83m
Carers Direct Limited	£1.74m
Crossreach	£1.39m
HC-One Ltd	£1.36m
Kiely Bros Ltd	£1.34m
Mears Care (Scotland) Ltd	£1.22m
Allied Healthcare Group Ltd	£1.20m
TSL Contractors Ltd	£1.15m
Barr Environmental	£1.11m
McKinven & Colville	£1.07m
Hawthorn Heights Ltd	£1.07m
BCA Insulation Ltd	£1.07m
Total Spend with Top 20 Suppliers	£58.81m

- 7.4 In 2017/18, spend with SMEs accounted for 66% of core trade spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2017/18.



7.5 Key Performance Indicators:

Year	Procurement Commercial Improvement Programme (PCIP) Score	Procurement spend with contracted suppliers (%)	Contracts awarded to local businesses (% of contracts awarded)	Contracts awarded to SMEs (% of contracts awarded)	Local suppliers bidding for business with the Council (% of bids received)	Tenders won by a local supplier where a local supplier has placed a bid (%)	Invoices paid within 30 days (%)
13/14	-	89	37	87	-	-	92
14/15	-	88	34	85	23	-	91.52
15/16	-	89	39	83	31	75	93.74
16/17	70	90	25	79	16	68	94.10
17/18	N/A	90	38	80	29	80	96.46
18/19 Target	75	90	-	75	20	-	95.00
Provisional 19/20 Target	75	90	-	75	20	-	95.50

The Key Performance Indicators detailed above allow the Procurement and Commissioning Team to provide evidence in support of the Council's Corporate Plan's strategic aims as identified in Section 5.

7.5.1 **The Procurement and Commercial Improvement Programme (PCIP):**

The Procurement and Commercial Improvement Programme (PCIP) Assessment is a national assessment of the Council's procurement practices, focusing on the policies and procedures driving procurement performance and, more importantly, the results they deliver as derived from the Scottish Model of Procurement. PCIP covers 3 main areas: Leadership & Governance, Development & Tender, and Contract.

The full version of the assessment took place in June 2016. A score of 70% was achieved which is within the highest banding possible for the assessment. The Council's next PCIP assessment is scheduled for November 2018.

7.5.2 **Procurement spend with contracted suppliers:**

This measure indicates the level of Council spend made within an existing contract. Best Practice requires that this figure is as high as possible. Argyll and Bute Council seek to maintain a figure of 90% or greater in order to ensure that best value is achieved and that relationships with suppliers are clearly documented for legal and monitoring purposes.

7.5.3 **Contracts awarded to local businesses and SMES:**

The Council monitors the percentage of contracts awarded to local suppliers and SMEs. The Council is a member of the Supplier Development Programme which provides free advice and training to local SMEs. Alongside this the Procurement function is continually reviewing its processes to ensure that local SMEs are not at a disadvantage when bidding for contracts. The target for contracts awarded to SMEs is determined annually, and will vary depending on the nature of the upcoming contracts in the contract plan and their

expected supply markets for main/Tier 1 contractors (rather than the full supply chain). Local businesses and SMEs will be able to access sub-contracting opportunities via engagement with the Tier 1 contractor. These targets have been lowered for 2018/19 and 2019/20 to reflect the change in mix of new or renewed contracts up expected in these years.

7.5.4 Local suppliers bidding for business:

The Council monitor the type of contracts that local suppliers are bidding for and which contracts are subsequently awarded to them. The team continues to provide accessible training and access to tender opportunities to local suppliers. The target for local suppliers bidding for tenders is determined annually, and will vary depending on the nature of the upcoming contracts in the contract plan and their expected supply markets for main/Tier 1 contractors (rather than the full supply chain).

7.5.5 Invoices paid within 30 days:

This is a national measure for which there is a sector wide target of 90% aiming to minimise delay in paying suppliers. The Council aims to exceed this target.

Section 8 – Implementation, Reviewing & Reporting

8.1 Implementation

8.1.1 Consultation

The Council will undertake relevant and proportionate consultation and engagement as part of the preparation of this Procurement Strategy. This will help to ensure that our approach and strategy takes account of stakeholders' views and that stakeholders have the opportunity to engage and contribute to the development of the strategy. This will allow us to gain a better understanding of the needs of Argyll and Bute and to tailor our strategy to reflect those needs.

The key stakeholder groups identified for inclusion in this consultation are:

- Argyll and Bute Council employees
- Argyll and Bute Councillors
- Local MSPs, MP and MEPs
- Key suppliers
- Community Planning Partners
- Other interested parties
- The general public

The full details of our consultation are included within a report to the Council's Procurement Board; this covers what will be involved in the consultation, and the inclusion of feedback to the final strategy.

8.1.2 Approval of Strategy

The Procurement Strategy will be approved in line with the Council's standard process. After the consultation is completed the draft strategy will be finalised and sent for approval by DMT, SMT, Policy and Resources Committee and finally Argyll and Bute Council.

8.1.3 Publication of Strategy

The Council will publish this Procurement Strategy on our website, and will notify Scottish Ministers of the publication of our strategy.

8.2 Reviewing

The Council will review this Procurement Strategy annually. This will help to ensure that we maintain alignment of our procurement activity with our broader priorities and will allow us to revise our strategy where necessary.

8.3 Reporting

The Council will, as soon as reasonably practicable following the end of the financial year, prepare an Annual Procurement Report which will include:

- A summary of all regulated procurements completed in the year
- A review of whether these procurements complied with this Procurement Strategy
- A statement detailing how it is intended that future compliance will be achieved where any procurements were found not to have been carried out in accordance with this Procurement Strategy
- A summary of any community benefit requirements imposed as part of a regulated procurement that was completed during the year
- A summary of steps taken to facilitate the involvement of supported business in regulated procurements completed during the year
- A summary of anticipated regulated procurements expected to commence in next two financial years
- Anticipated future procurements
- Any other information as specified by the Scottish Ministers

Section 9 – Policies, Tools & Procedures

National Policies:

- Workforce Matters (SPPN 1/2015):
<http://www.gov.scot/Resource/0046/00469535.pdf>
- Scottish Model of Procurement:
<http://www.gov.scot/Topics/Government/Procurement/about/spd-aims>
- Changes to the European Directive:
<http://www.gov.scot/Topics/Government/Procurement/policy/ProcurementReform>
- Public Procurement Reform Programme:
<http://www.gov.scot/Topics/Government/Procurement/about/Review/Background>
- Scottish Sustainable Procurement Action Plan:
<http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/sspap>
- EU Procurement Thresholds:
<http://www.gov.scot/Topics/Government/Procurement/policy/10613>
- Procurement Journey: <https://www.procurementjourney.scot/node>
- PCIP:<http://www.gov.scot/Topics/Government/Procurement/buyer-information/spdlowlevel/PCIPIntro/PCIPInfoPack>
- Public Contracts Scotland: <http://www.publiccontractsscotland.gov.uk/>
- Public Contracts Scotland Tender:
<https://www.publictendersscotland.publiccontractsscotland.gov.uk>
- Equality Act 2010: <http://www.legislation.gov.uk/ukpga/2010/15/contents>
- Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012:
<http://www.legislation.gov.uk/ssi/2012/162/made>
- Organisation for Economic Co-Operation and Development:
<http://www.oecd.org/about/>
- Scottish Procurement Information Hub:
<https://www.gov.scot/Topics/Government/Procurement/eCommerce/ScottishProcurementInformationHub>

Local Policies:

- Sustainable Procurement Policy 2019/20 (Appendix 2) – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Community Benefits Clauses in Procurement Guide – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Health and Safety Policy – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Council Constitution – <https://www.argyll-bute.gov.uk/constitution>
- Equality Policy 2013-2015 – <https://www.argyll-bute.gov.uk/equality-workplace>

Section 10 – Glossary	
Term	Description
Aggregated/ Aggregation	The adding together of the estimated value of different procurement requirements by the same contracting authority in order to ascertain whether notices (advertises) have to be placed in OJEU in accordance with the directives.
Annual Procurement Report	The Procurement Reform (Scotland) Act 2014 requires all contracting authorities obliged to publish a procurement strategy, to publish an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of its financial year.
Award	A decision to accept a tenderer's offer to supply/ provide specified goods/ services/ works according to agreed terms & conditions thereby creating a legally binding contract.
Best Value	The duty under the Local Government Act in Scotland 2003 to secure continuous improvement in the economy, efficiency and effectiveness with which they exercise their functions.
BPIs (Best Practice Indicators)	A common, core set of National Procurement Best Practice Indicators (BPIs) were developed by the Scottish Government and designed to be applicable and useful to procurement teams in all parts of the public sector in Scotland
Category	A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.
Category Management	Procurement approach used within Argyll and Bute Council to manage categories of spend to increase efficiencies and expertise
CDM Regulations	Construction (Design and Management) Regulations 2015
Collaboration	Cooperative joint working with another public sector organisation
Commodity Sourcing Strategy	A document that shows the preparatory thinking that is done about a procurement process, including sustainability considerations, stakeholders to be involved, risks etc
Community Benefits Clauses	Community Benefit Clauses provide a means of achieving sustainability in public contracts.
Contract Award Notice	A notice published on PCS that a previously advertised opportunity has been awarded.
Contract Management	The process of monitoring the performance of a supplier to contract.
Contract Notice	Advert to invite applicants to express interest & apply to tender, or to be pre-qualified.
Contractor	The provider of any supplies, services or works under contract. Or, in the context of works at any stage of the process.
COSLA	Convention of Scottish Local Authorities
Demand Management	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption.
DPS (Dynamic Purchasing System)	Electronic system that can be established to purchase goods and services, similar to a framework agreement, but where new suppliers can join at any time.
Equality Duty	Compliance with the terms of the Equality Act 2010 and any guidance provided by the Scottish Ministers for local authorities to comply with the Public Sector Equality Duties
Framework agreements	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the

	terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
HSCP	Health and Social Care Partnership, also referred to as the Argyll and Bute Integrated Joint Board being the Integration Joint Board established by Order under section 9 of Public Bodies (Joint Working) (Scotland) Act 2014
ICT	Information and Communications Technology
KPIs (Key Performance Indicators)	Measurable value that demonstrates how effectively the Council is carrying out procurements
Light Touch Regime	Reference to the process for the award of a public contract for social and other specific services
MCIPS	Member of the Chartered Institute of Procurement and Supply
MEAT (Most Economically Advantageous Tender)	Taking account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision
Notice	Advert
OJEU	Official Journal of the European Union
PCIP (Procurement Commercial Improvement Programme) Assessment	Annual assessment of public sector organisations that focuses on the policies and procedures driving procurement performance and the results they deliver.
PCS (Public Contracts Scotland)	The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
PCS-T (Public Contracts Scotland-Tender)	The national eTendering system.
PCT	Procurement and Commissioning Team
PECOS	Professional Electronic Commerce Online System – cloud based purchase to pay system used by Argyll and Bute Council.
PIN (Prior Information Notice)	Early notices on PCS to advise of the intention to advertise later
Prioritisation Tool	A tool to aid all procuring organisations across the Scottish Public Sector, it has been designed to bring a standard structured approach to the assessment of spend categories.
Procurement Competency Assessment	Assessment that identifies skills and competency levels required by staff involved in the procurement process. It helps people take ownership of their personal development through a skills assessment, identifying training and development needs and supporting career planning
Procurement Strategy	The Procurement Reform (Scotland) Act 2014 requires contracting authorities with significant procurement expenditure in the next financial year to publish a procurement strategy setting out how they intend to carry out regulated procurements, or review the current strategy and make appropriate revisions.
Procurement Exercise	Full end to end procurement exercise documentation from strategy development to contract & supplier management.
Procurement function	The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.

Procurement Journey	Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an ongoing basis with feedback from users and any other identified good practice guidance and tools where appropriate to ensure a standardised approach to the supply base.
Procurement Manual	Internal Argyll and Bute Council operational procurement guide
P2P (Purchase to Pay) Process	Entire supply chain process – from goods receipt to payment process
Quick Quote	Procurement method for lower value tenders, where the Invitation to Quote/Invitation to Tender is sent to a set distribution list of suppliers rather than being publically advertised.
Scotland Excel	Scotland Excel is the Centre of Procurement Expertise for Scotland's local government sector
Scottish Procurement	Directorate within the Scottish Government, carrying out procurements on behalf of the Scottish public sector
Services/ Supplies/ Works	A public service contract is a contract having as its object the provision of services. A public supply contract is a contract having as its object the purchase, lease, rental or hire purchase with or without an option to buy, of products. A public works contract is a contract having as its object a building or civil engineering project or piece of work.
Single Outcome Agreement	Agreement which sets priority outcomes for the area, and how local priorities contribute to national priorities
SMEs (Small & Medium Enterprises)	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
SMT	Senior Management Team, within Argyll and Bute Council
Social enterprises	Businesses whose primary objectives are social or “more than profit”
SOCO	Serious and Organised Crime Organisations
Specifications	The part of the invitation to quote or invitation to tender which details the nature and quality of the goods, services or works
Stakeholder	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.
Standing Orders	The set of rules governing the procurement and financial regulations with which the Council must comply, in terms of the Local Government Scotland Act 1973
Supplier	An entity who supplies goods or services
Supplier Development Programme	A business support initiative using training and information to improve the competitiveness of local businesses
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
Supported Business	A supported business' primary aim is the social and professional integration of disabled or disadvantaged persons. At least 30 per cent of the employees of those businesses should be disabled or disadvantaged.
Sustainability	In relation to procurement, sustainability involves understanding the potential environmental, social and economic impacts that are a result of purchasing decisions.

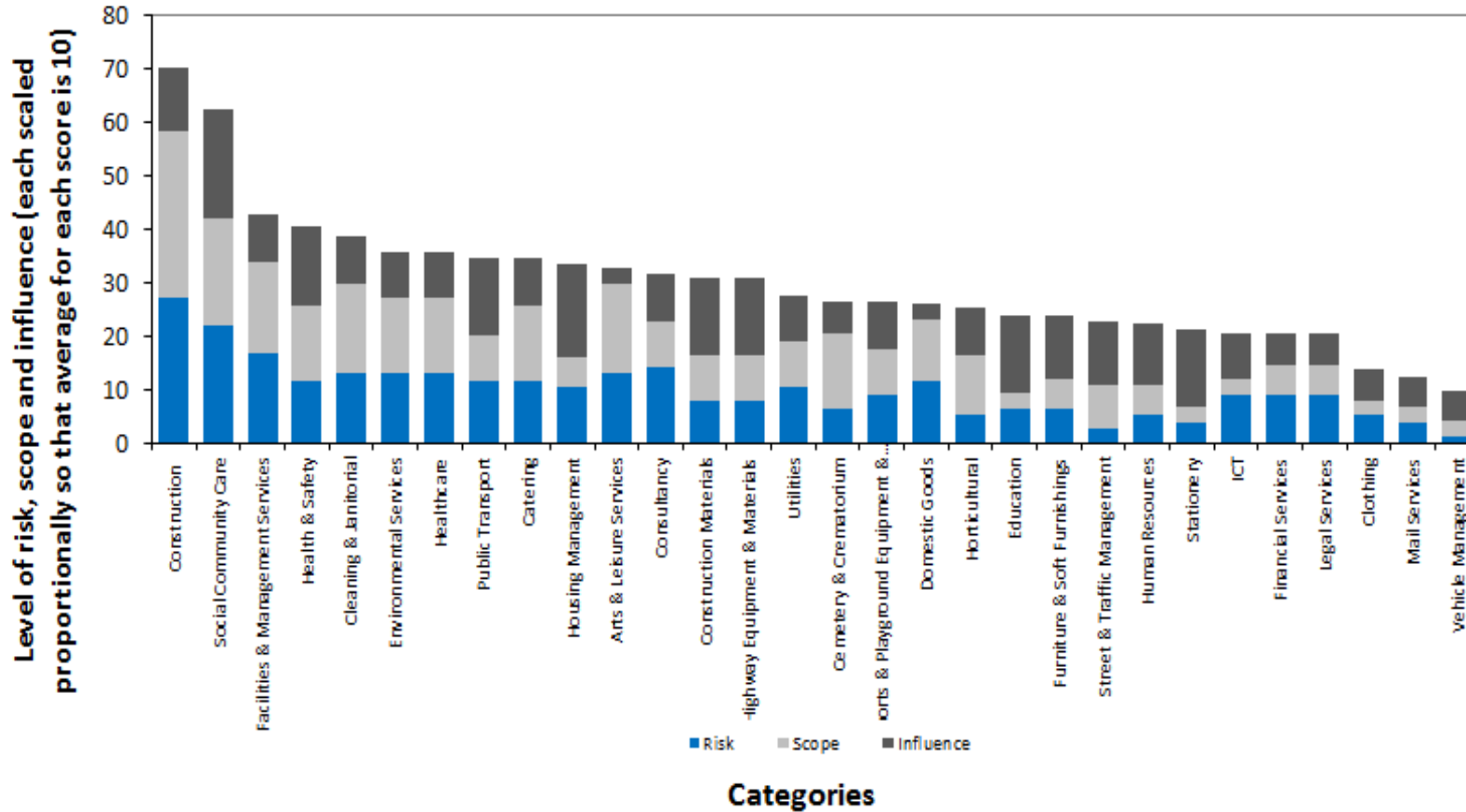
Tender	An offer, or bid, by a tenderer in response to an invitation to tender (ITT) or a mini-tender in a framework agreement
Third Sector	The third sector includes charities, social enterprises and voluntary groups; delivers essential services, helps to improve people's wellbeing and contributes to economic growth.
Value for Money	An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
Vendor Rating System	Internal Argyll and Bute Council methodology for selection of distribution lists for Works Quick Quotes
Whole life costs	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.

Section 11 – Strategy Ownership & Contact Details

- 11.1 The Argyll and Bute Council Procurement and Commissioning Team are part of the Customer and Support Services team which sits within the Customer Services Directorate.
- 11.2 The Procurement and Commissioning Team works with the Council's Services and suppliers to develop contracts and procedures to deliver Best Value.
- 11.3 The team is responsible for the procurement of works, goods and services for all Council departments; and for developing procurement processes, procedures, strategies and policies in line with national best practice.
- 11.4 If you have any queries in relation to this strategy, please contact:
- Anne MacColl-Smith, Procurement and Commissioning Manager
 - Procurement@argyll-bute.gov.uk

APPENDIX 1: Prioritisation Tool Outcome

Overall Priority Categories



This outcome from the Prioritisation Tool assists the Council to prioritise and focus on those categories of spend within the upcoming regulated procurements for 2019/20 that offer the greatest potential sustainable outcomes. The graph above highlights the initial results of prioritisation of procurement categories across the Council; based on 2016/17 spend data.

This output is used to assist the Council with informing priorities for:

- (a) a focus on sustainability within commodity sourcing strategies;
- (b) market engagement strategies; and
- (c) making sure that those responsible have relevant understanding and capability to apply sustainable procurement in these priority commodities.

The Prioritisation Tool analysis will be updated annually to reflect changes in expenditure, commodities and other relevant material changes and will allow the council to manage its procurement resources more effectively to ensure these are targeted to the appropriate categories of spend. The analysis of 2017/18 spend data is currently being carried out, and will prioritise the spend within each of the three main category areas covered by the Procurement and Commissioning Team – Corporate & Education, Construction & Environment, and Care.

APPENDIX 2: Sustainable Procurement Policy 2019/20

ARGYLL AND BUTE COUNCIL



SUSTAINABLE PROCUREMENT POLICY 2019/20

“Argyll and Bute Council recognises the significant corporate responsibilities it has as one of the area’s major purchasers and the positive social, economic and environmental influence it can have through its purchasing decisions. Argyll and Bute is a unique area that is rich in natural resources, vibrant and diverse communities and we hold those assets in our trust now and for generations to come. As a Council we are committed to sustainable procurement, and our procurement activities are not solely based on the economic factors, but aim to achieve the best value based on the whole life cost, the associated risks, measures of success and implications for society and the environment. We will also use our Sustainable Procurement Policy to help achieve population growth through the development of our local economies.”

**Cleland Sneddon
Chief Executive**

1: INTRODUCTION

- 1.1 Sustainable procurement is defined in the Scottish Government’s “Sustainable Procurement Action Plan for Scotland” (2009) as the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment.
- 1.2 In recent years, Sustainable Procurement has become an increasingly important item on the Scottish political agenda. Procuring sustainably involves understanding the potential environmental, social and economic impacts that are a result of our purchasing decisions.

- 1.3 Argyll and Bute Council's Sustainable Procurement Policy sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.
- 1.4 Argyll and Bute Council is one of the region's major purchasers, with a total spend in 2017/18 of £139 million, on a diverse range of goods, services and works from third parties, and recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come. It is important that this enormous spending power is used to support key Council objectives.
- 1.5 This Sustainable Procurement Policy has been developed to help the Council deliver its key strategic objectives and to meet a range of duties relating to sustainable development and climate change. This policy expands on the commitment to sustainable procurement which is set out in the Council's Procurement Strategy 2019/20. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. From writing sourcing strategies to evaluating bids, the Council should seek to integrate relevant sustainability issues into its everyday procurement activity.

2: POLICY STATEMENT

- 2.1 The aim of this Sustainable Procurement Policy is to ensure that Argyll and Bute Council embeds the principles of sustainability within its procurement activities to ensure that only products and services which can be described as 'best value' are selected and that in all cases a balanced consideration of economic, social, and environmental impacts are undertaken throughout the procurement process.
- 2.2 This Policy also aims to ensure that Argyll and Bute Council's employees, contractors and suppliers are aware of the Council's commitment to long-term economic, social, and environmental sustainability.
- 2.3 Adoption of this policy shall contribute to the Council's Best Value obligations, towards the Procurement & Commercial Improvement Programme (PCIP), Best Practice Indicators (BPIs) and towards Climate Change targets [the national carbon reduction target is 42% by 2020].
- 2.4 Sustainable Procurement also contributes to the Scottish Government's 7 Purpose Targets of Economic Growth, Productivity, Participation, Population, Solidarity, Cohesion and Sustainability.

2.5 Council Commitment

The Council will strive where appropriate and possible, to ensure that decisions on the procurement of resources and/or in relation to the provision of grant funding or financial assistance to any organisation or individual are undertaken in line with our sustainability commitments and that commercial relationships are formed and nurtured with supplier and partnering organisations who share our values on sustainability.

3: PUBLIC SECTOR PROCUREMENT LANDSCAPE AND SUSTAINABLE PROCUREMENT

There are various pieces of legislation/Scottish Government tools/best practice which impact on the Council's Sustainable Procurement Policy:

- Revised Flexible Framework
- The Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014 (including the Sustainable Procurement Duty)
- Zero Waste (Scotland) Regulations 2011
- Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
- Climate Change (Scotland) Act 2009 and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015
- Local Government in Scotland Act 2003

4: LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT

There are also various internal policy documents and strategies which impact on the Council's Sustainable Procurement Policy:

- Argyll and Bute Outcome Improvement Plan 2013-2023
- Argyll and Bute Council Corporate Plan for 2018-2022
- Argyll and Bute Council Procurement Strategy 2019/20
- Argyll and Bute Council Procurement Manual
- Argyll and Bute Council Community Benefits in Procurement Guide
- Carbon Management Plan (2011)

5: SUSTAINABLE PROCUREMENT METHODOLOGY

5.1 Priorities:

The Council's Sustainable Procurement Policy will give guidance and direction, whilst remaining flexible to change as the Council continues to embed sustainability into the procurement process. This policy outlines the key sustainable procurement commitments which will be applied to all procurement activity carried out by the Council. Compliance with this policy

and other linked policies set out in this document is mandatory. This will be achieved by a focus on the following priorities within the structure of the revised Flexible Framework:

1 People

- a) We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- b) We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- c) We will publicise our commitment and successes in Sustainable Procurement.

2 Objectives, Strategy & Communications

- a) We will carry out sustainable procurement whilst complying with national and EU procurement regulations that protect and encourage open and transparent public procurement.
- b) We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council's internal Strategies.
- c) We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.
- d) We will communicate this policy and accompanying guidance to all Council staff and elected members.

3 Process

- a) We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process, including within strategy documents and contract conditions and specifications.
- b) We will use Community Benefits Clauses where appropriate, in line with the Council's Community Benefits Clauses in Procurement Guide, reporting on achievements to the Council's Procurement Board on a quarterly basis.
- c) In relation to economic considerations, our priorities will be:
 - To use mandatory sub-contracting clauses in all proportionate and relevant contracts;
 - To lot contracts where appropriate to encourage Small and Medium

size organisations to bid, and to ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.

d) In relation to social considerations, our priorities will be:

- To ensure there is no intentional discrimination against specific groups of people when undertaking procurements - Equalities and Diversity considerations will be embedded throughout the procurement process;
- To ensure that our contract terms require suppliers to support the health, safety, welfare and rights of their employees and supply chain – ensuring that the Council does not support human trafficking or modern slavery;
- To promote fair trade options throughout the Council;
- To promote the use of Supported Businesses, where their prices and capacity to deliver is comparable to the rest of the market.

e) In relation to environmental considerations, our priorities will be:

- To ensure that our procurements minimise our contribution to climate change and support goods, services and works that are well-adapted to the consequences of a changing climate;
- To ensure that our procurements are necessary – where appropriate re-using, repairing or refurbishing existing goods;
- To specify fresh, seasonal, nutritious, and where possible, organic food, and to not knowingly purchase genetically modified food or food with genetically modified ingredients;
- To specify minimum packaging, reusable packaging and packaging take-back;
- To minimise any negative impacts of our procurements on biodiversity;
- To use recycled paper throughout the Council where there are no compatibility issues with existing equipment;
- To consider animal welfare when procuring; and wherever possible to not purchase goods developed using animal testing.

4 Engaging Stakeholders

- a) We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- b) We will support local and regional small and medium sized enterprises, voluntary and community groups, third sector organisations, social enterprises, charities and cooperatives, businesses involving minority individuals and groups, and individuals and groups with protected characteristics, to participate in procurement opportunities.
- c) Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.
- d) We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable

- procurement activities within their own supply chain.
- e) We will consult with stakeholders, including suppliers, Third Sector agencies and social enterprises, to ensure views are considered on sustainable outcomes sought.

5 Monitoring & Reporting

- a) The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- b) We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- c) We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- d) We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, Equality reporting requirements, and internal reporting of Community Benefits achieved
- e) We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and report on our progress.

5.2 Implementation:

- 5.2.1 All Services of the Council will be expected to support the implementation of this Policy.
- 5.2.2 To ensure the successful implementation of this policy, all procurement staff will receive training on the contents.

5.3 Monitoring:

- 5.3.1 All progress against the stated priorities within this Policy will be reported on an annual basis.

5.4 Review:

- 5.4.1 This Policy will be reviewed by the Procurement and Commissioning Team annually to ensure that it remains up to date in terms of any relevant new legislation or guidance, and to ensure that it continues to deal with the issues it was designed to address.
- 5.4.2 The Council will ensure that when the Policy is reviewed, key stakeholders are consulted by seeking their views on the content of the policy.

6: SUMMARY

Argyll and Bute Council is committed to the ongoing development and delivery of sustainable procurement for all three strands of sustainability: environmental, social and economic. By adopting the approach detailed above, this Sustainable Procurement Policy will help deliver local and national objectives which, in turn ensures a more sustainable outcome to our procurement activity.

**For Further information please contact:
Elaine Appleby, Sustainability Lead Officer, Procurement and Commissioning
Team – Elaine.appleby@argyll-bute.gov.uk**

ARGYLL AND BUTE COUNCIL



**PROCUREMENT STRATEGY 2019/20 & SUSTAINABLE
PROCUREMENT POLICY 2019/20**

STAKEHOLDER CONSULTATION REPORT

CONTENTS

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1 INTRODUCTION

Argyll and Bute Council's Procurement and Commissioning Team (PCT) would like to begin this report by thanking all stakeholders who took the time to respond to our consultation in relation to the Procurement Strategy 2019/20 and the Sustainable Procurement Policy 2019/20. It is important for us to ensure that our key documents and the priorities they contain reflect the concerns of our key stakeholder groups, both internal and external.

2 BACKGROUND

2.1 Procurement Strategy

The Argyll and Bute Council Procurement Strategy 2019/20 sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
- Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
- Working cooperatively in everything we do to support SMEs and the third sector.
- Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.

2.2 Sustainable Procurement Policy

The Argyll and Bute Council Sustainable Procurement Policy 2019/20 sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

2.3 The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

2.4 The Council also has a requirement to consult with key stakeholder groups for both of these documents. The aims of the consultation were:

- To increase awareness of the Council's Procurement Strategy and Sustainable Procurement Policy and engage meaningfully with key stakeholder groups;
- To make sure the links between the strategy and policy and other relevant strategies and plans are clear; and
- To enable a diverse range of stakeholder groups to take part and thereby influence the strategy and policy.

2.5 The consultation was completed in September 2018, via a web-based survey on the Council's website. The consultation was publicised via emails to key internal and external stakeholders, as well as being available to the general public through the consultations section on the Council's website. Appendix 1 details the consultation questions asked and Appendix 2 details the responses received.

3 CONSULTATION OUTCOMES

3.1 20 responses were received, 45% of which were from Council staff, and 25% from suppliers as the two largest response groups. This was a reduction from the 28 responses received for the similar consultation undertaken in 2017. In general, although respondents found the strategy easy to read, easy to follow, comprehensive and with clear priorities appropriate for the Council; the responses received were less positive than in the consultation last year. As only very minor amendments have been made to the document this year, this was an unexpected outcome. This also applied to the Sustainable Procurement Policy. Some valuable free format comments were also provided, which are listed in Appendix 2 along with the Council's response to each. As a result of the consultation we have amended the policy documents to make them easier to read – revising the structure to reflect the feedback given on priority areas and avoiding repetition.

3.2 The majority of responses to the open-ended questions within the consultation were received from internal stakeholders, and the feedback provided included queries in relation to areas already covered in the documents or in more operational documents, as well as feedback on the structure and content of the key priorities. Procurement comments on these responses have been provided, and the team will consider the application of improvements where relevant.

3.3 Overall, the responses to the consultation have been positive about the content of the new Procurement Strategy and Sustainable Procurement Policy.

3.4 The responses outlined in Appendix 2 have been taken into account through revisions to the draft documents in the following ways:

- 3.4.1 The Strategy has been renamed as the Procurement Strategy rather than the Procurement & Commissioning Strategy, to avoid any confusion within stakeholder groups as to what the content should relate to.
 - 3.4.2 The overall structure of the Procurement Strategy has been revised and streamlined, which should provide a better flow to the content and have the sections identified as priorities covered earlier in the document.
 - 3.4.3 Priorities and actions have been updated as required, where gaps have been identified.
 - 3.4.4 The colour scheme/background formatting of the document has been revised to improve accessibility.
 - 3.4.5 The Sustainable Procurement Policy has been updated to reflect the Council's ethical requirements relating to human trafficking and modern slavery.
- 3.5 The Procurement and Commissioning team has also taken account of the outcomes of this consultation in the following way:
- 3.5.1 Future consultation exercises will include a summary overview of the key changes to the documents from the previous versions to assist stakeholders with providing feedback. The team aims for continuous improvement in this area to reflect best practice.

4 CONCLUSION

Although limited stakeholder responses were received, these included well-considered comments which we have found very valuable. The strategy has been restructured and streamlined in response to the comments and we have ensured that all matters highlighted by stakeholders have been included.

APPENDIX 1 - SURVEY QUESTIONS

1. Please indicate which key stakeholder group(s) you belong to:

- Argyll and Bute Council employees
- Argyll and Bute Councillors
- Local MSPs, MP, and MEPs
- Suppliers to Argyll and Bute Council
- Community Planning Partners
- Community Councils
- Other interested parties (please state)
- General public

PROCUREMENT & COMMISSIONING STRATEGY 2019/20

General:

2. How informative or otherwise did you find the Strategy?

- Very informative
- Informative
- Neutral
- Uninformative
- Very uninformative

3. To what extent do you agree or disagree with the following statements in relation to the Strategy?

- a. The strategy was easy to read
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- b. The format made it easy to follow
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- c. The strategy is comprehensive
 - Strongly agree
 - Agree

- Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- d. The key priorities are clear
- Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree

Strategic Context:

4. Are there any strategic issues which the Strategy has not considered? If yes, please identify them below and give details of how the Procurement & Commissioning Strategy should address them.

Priority Themes:

Four key priority areas have been identified in the Strategy:

- Improve procurement processes and policies;
- Increase expertise, capacity and effectiveness;
- Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance.
- Supporting the Council's transformational changes

5. Do you consider these key priority areas to be appropriate for the Council?

- Yes
- No

6. Would you propose an additional or alternative key priority area(s)?

Key Priorities:

7. Within the four key priority areas we have listed various specific priorities in relation to our regulated procurements; do you consider these to be the right priorities for procurement within the Council?

- Yes
- No

8. Are there any additional priorities we should include in relation to regulated procurements?

SUSTAINABLE PROCUREMENT POLICY 2019/20

General:

9. How informative or otherwise did you find the Sustainable Procurement Policy?

- Very informative
- Informative
- Neutral
- Uninformative
- Very uninformative

10. To what extent do you agree or disagree with the following statements in relation to the Policy?

- a. The policy was easy to read
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- b. The format made it easy to follow
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- c. The policy is comprehensive
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree
- d. The priorities are clear
 - Strongly agree
 - Agree
 - Neither Agree or Disagree
 - Disagree
 - Strongly disagree

Priorities:

11. Within the 5 priority areas identified within the Sustainable Procurement Policy (People; Objectives, Strategy & Communications; Process; Stakeholders; and Monitoring & Reporting) we have identified various specific priorities, do you consider these to be the right priorities for Sustainable Procurement within the Council?

- Yes
- No

12. Are there any additional priorities we should include in relation to Sustainable Procurement?

COMMENTS

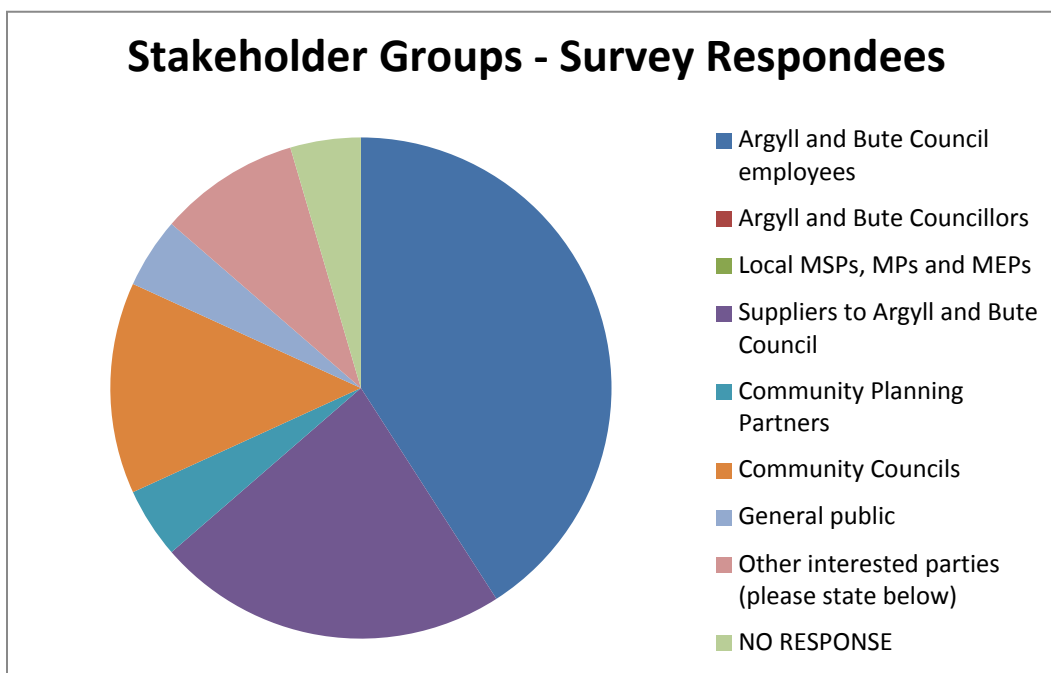
13. Are there any other comments you would like to make about the draft Procurement & Commissioning Strategy 2019/20 and Sustainable Procurement Policy 2019/20?

APPENDIX 2 - SURVEY RESPONSES

20 responses were received to the consultation survey. Last year's consultation received 28 responses to the consultation survey.

1. Please indicate which key stakeholder group(s) you belong to:

Stakeholder Groups	2018 Respondents (%)	2017 Respondents (%)
Argyll and Bute Council employees	45	61
Argyll and Bute Councillors	0	11
Local MSPs, MP, and MEPs	0	0
Suppliers to Argyll and Bute Council	25	18
Community Planning Partners	5	0
Community Councils	15	0
Other interested parties	10	4
General public	5	0
No response to question	5	7

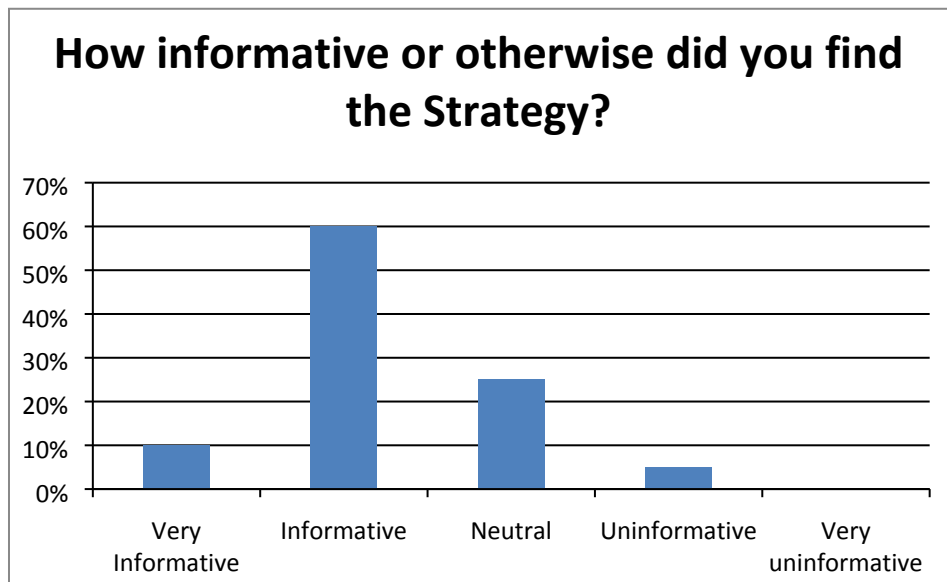


PROCUREMENT & COMMISSIONING STRATEGY 2019/20

General:

2. How informative or otherwise did you find the Strategy?

70% of respondents found the Procurement & Commissioning Strategy to be either informative or very informative, with only 5% of respondents stating that it was uninformative. This was a less positive response than last year, when 96% of respondents found the strategy to be either informative or very informative.



3. To what extent do you agree or disagree with the following statements in relation to the Strategy?

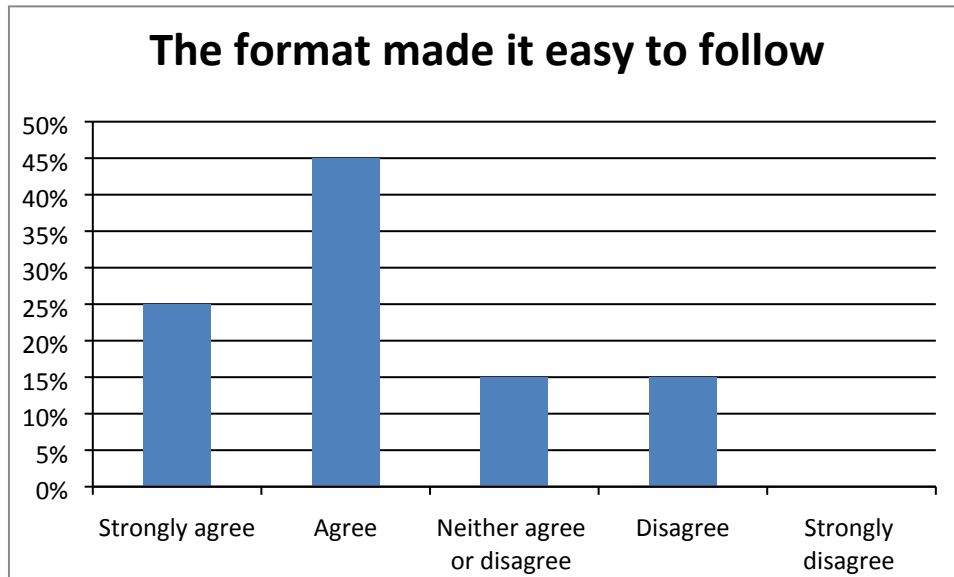
a. The strategy was easy to read

70% of respondents agreed or strongly agreed that the strategy was easy to read; while 20% disagreed or strongly disagreed. Again, this was a less positive response than last year, when 89% of respondents agreed or strongly agreed with this statement.



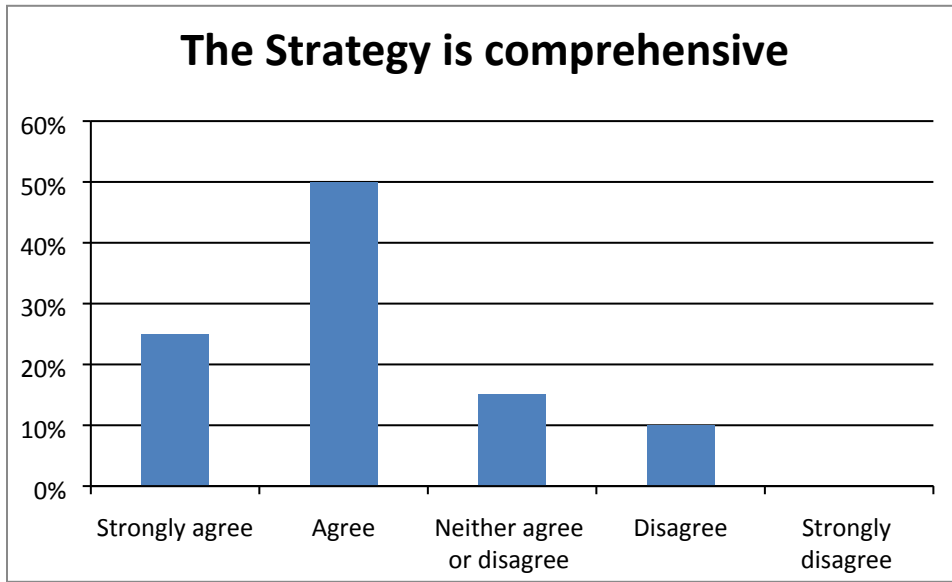
b. The format made it easy to follow

70% of respondents agreed or strongly agreed that the format of the strategy made it easy to follow; while 15% of respondents disagreed. This was a less positive response than last year, when 85% of respondents agreed or strongly agreed with this statement.



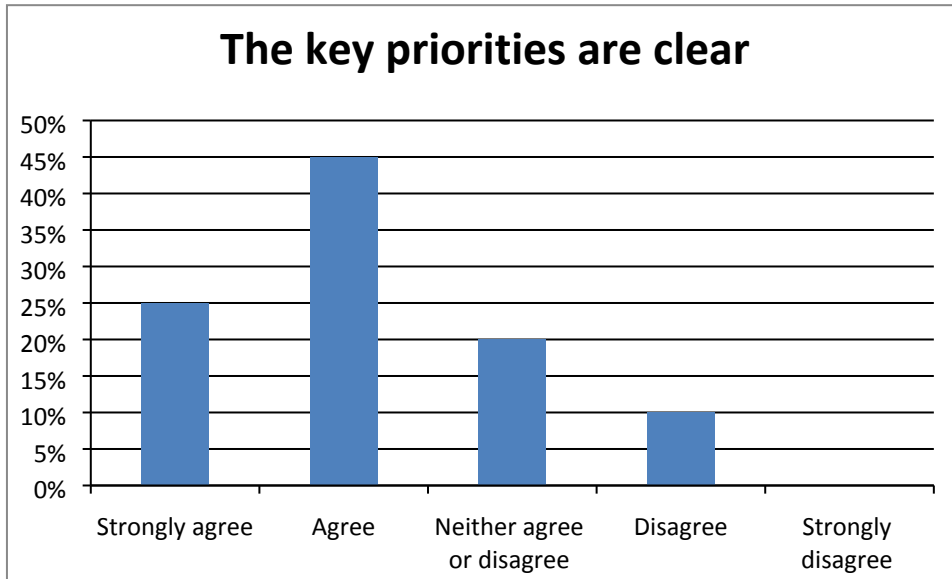
c. The strategy is comprehensive

75% of respondents agreed or strongly agreed that the Procurement & Commissioning Strategy is comprehensive; while 10% of respondents disagreed. This was a less positive response than last year, when 89% of respondents agreed or strongly agreed with this statement.



d. The key priorities are clear

70% of respondents agreed or strongly agreed that the key priorities within the Strategy are clear; while 10% of respondents disagreed. This was a less positive response than last year, when 92% of respondents agreed or strongly agreed with this statement.



Strategic Context:

4. Are there any strategic issues which the Strategy has not considered? If yes, please identify them below and give details of how the Procurement & Commissioning Strategy should address them.

Consultation Feedback	Procurement Comment
<p>The Scottish Government has set targets in relation to carbon reduction/carbon neutrality. There does not appear to be any significant mention in the strategy as to how procurement can assist with this. How to address those requirements is not easily achieved but as a starter the need to be "greener" should be at least recognised.</p>	<p>This is covered by the Sustainable Procurement Policy; the Council's Carbon Management Plan is detailed as an internal document which impacts on procurement.</p>
<p>Appears repetitive</p>	<p>The general structure of the document is provided by the Scottish Government, however we can see that the key priorities and action plan may appear repetitive - this will be restructured to assist the flow of the document and avoid repetition</p>
<p>NB first question has typo. Missing an 'un'. The first 27 pages are too generic in nature - though procurement principles should be emphasised up front. P28-35 is what we really need to see upfront to understand tangibly what we are planning to do to enact. Alternatively an exec summary on page 1 that summarises</p>	<p>As above, the general structure of the document is provided by the Scottish Government, with only minor revisals by individual organisations. We have now restructure the order of the contents of the strategy to assist the flow of the document</p>
<p>more weight should be given to sourcing from locally based businesses, more importantly locally owned business. Spend with corporate suppliers leads to more money leaving the area, which is money that then can't be used to improve the local economy.</p>	<p>Unfortunately, the Council is unable to favour local suppliers in this manner. However, the Council carries out its procurement activity in such a way that encourages local suppliers to bid, whether as a main supplier or as a sub-contractor when they may not have the expertise in a particular field to be the main contractor. This has proven successful as currently we have 29% of bids from local suppliers, with 80% successful. The Council's contract plan is published on our website and is freely available to all interested suppliers.</p>
<p>With regard to health and social care, the strategy notes the EU regulations and the current Scottish Government best practice in implementing social care procurement, yet experience on the ground is that good services are still being re-tendered (when this is not a requirement of the legislation) and causing undue anxiety for people and workers.</p>	<p>The HSCP utilises the appropriate legislation regarding social care procurement to ensure our processes are person-centred and outcome-focused for individuals. This means that where possible we will utilise the light touch regime to ensure that we allow for continuity of service and individual choice.</p>

<p>Although there is reference to sustainable and ethical procurement, there didn't seem to be any detail on how that would be ensured. Also wonder how small are the small businesses who make up 36% of suppliers? Is there a breakdown of how many of these are social enterprises, and if there are positive steps to underpin the social enterprises in Argyll?</p>	<p>This is covered by the priority for "Complying with the Council's Sustainable Procurement Policy in relation to the procurement of fairly and ethically traded goods and services." We utilise the Scottish Government's Scottish Procurement Information Hub which is unable to provide a breakdown in relation to social enterprises. Of the 36% of spend with Small suppliers, the system has been able to break these down as follows: 2% of spend with organisations with 1-4 employees, 4% with organisations with 5-9 employees, 4% with organisations with 10-19 employees and 11% with organisations with 20-49 employees; the remainder of the suppliers did not have the employee number information available on the system, only that they were small organisations. Unfortunately, the Council is unable to favour social enterprises or any other type of organisation. Corporately, the Council has a team dedicated to providing support for social enterprises; however this is outwith the scope of this strategy.</p>
<p>This appears to be a procurement strategy, not a procurement and commissioning strategy. It lacks a link to a Market Position Statement. It does not contain a comprehensive statement of commissions intentions in key areas of spend. For the third sector, an understanding of future commissioning intentions and a clear timetable for procurement are essential. These are missing from this document. In addition, there is no mention of the Scottish Social Enterprise Strategy and Action Plan and they are not reflected in the document.</p>	<p>We note your feedback, and to avoid further confusion, we have amended the title of this strategy to the Council's Procurement Strategy 2019-20. The HSCP are responsible for their commissioning plans and strategies and we provide support to them and procure care services in compliance with this. A contract plan is available on the Council's website which is updated regularly to provide information to the extent that it is made available to the Procurement & Commissioning Team by individual departments within the Council, in relation to upcoming regulated procurements. These regulated procurements are also included within the Annual Procurement Report, to the extent that they are known at time of publication. In relation to the Scottish Social Enterprise Strategy we understand that work in beginning to develop a local strategy which will involve all relevant stakeholders, due to the timescales involved this will be referenced in our future Procurement Strategy.</p>

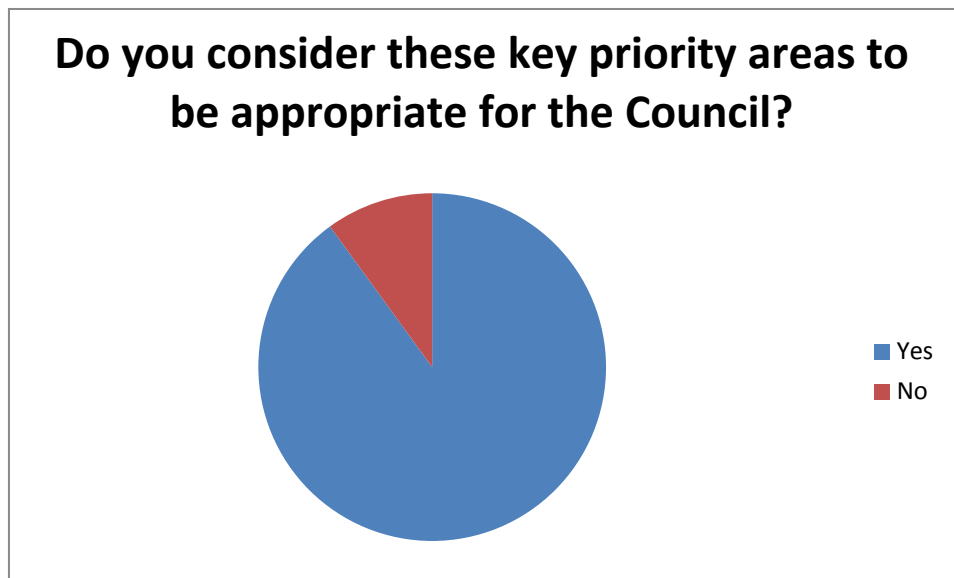
Priority Themes:

Four key priority areas have been identified in the Strategy:

- Improve procurement processes and policies;
- Increase expertise, capacity and effectiveness;
- Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance.
- Supporting the Council’s transformational changes

5. Do you consider these key priority areas to be appropriate for the Council?

90% of respondents agreed that the key priority areas are appropriate for the Council; 10% of respondents disagreed. The response to this question was a slight improvement from last year, when 89% of respondents agreed that the key priority areas were appropriate.



6. Would you propose an additional or alternative key priority area(s)?

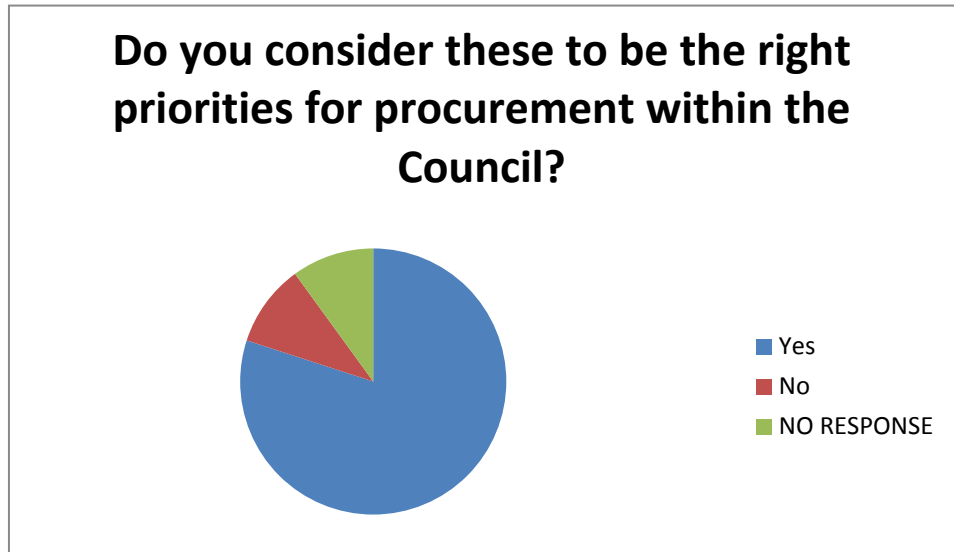
Consultation Feedback	Procurement Comment
As the budget gets ever lower, there will need to be more and more of an emphasis on cost of the contracts entered into.	This is covered by "Categorising areas of spend to ensure we achieve the best balance of quality and price for our regulated procurements" as it is essential to ensure overall Best Value for the Council, rather than lowest initial cost
No but it is not clear if Supporting the Council's transformational changes is measureable/SMART	It is not possible for this strategy to forward plan the Procurement Team's support to the Council's transformational changes in the same way that the other key priority areas have measurable

	activities. Procurement support is provided as required to support transformational change, with measurable actions defined at that later stage of the process.
ensure quality and value for money	The importance of achieving Best Value is embedded within the Council's overall Procurement Vision and Principles, which apply to all procurements within the Council. It is also within our strategic aims which apply to all procurements, rather than being a key priority area for regulated procurements.
Social and Environmental responsibility (these points are covered in the document but I'd like to see them highlighted as specific key points within our Procurement policy).	Activity for the "Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty" priority will be updated to specifically include Social, Environmental and Economic considerations
Reducing red tape	This is covered by the "Reducing bureaucracy - ensuring our processes and templates are accessible as well as standard, simple, transparent and consistent in line with best practice" priority
Building up local SME interest to encourage tender returns.	A new activity has been added to the key priority of "Supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with protected characteristics under the Equality Act 2010" - "Share knowledge and participate in events aimed specifically at local SMEs and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway"
Help to support our area by keeping focus on strategic priorities. "Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute; " - so supporting existing network?	This strategy supports the Council's outcomes, as detailed in Section 5. The existing key priorities within the strategy cover the Council's support to the local economy, whilst continuing to strive for innovation and growth
Many 3rd sector organisations are primarily commissioned by the Health and Social Care Partnership. The strategy needs to clearly articulate how council procurement will support: 1. Integration 2. HSCP transformation, including the Quality and Finance Plan	The HSCP are responsible for their commissioning plans and strategies and we provide support to them and procure care services on their behalf in compliance with this.

Key Priorities:

7. **Within the four key priority areas we have listed various specific priorities in relation to our regulated procurements; do you consider these to be the right priorities for procurement within the Council?**

80% of respondents agreed that the priorities listed are the right priorities for procurement within the Council; only 10% of respondents disagreed, while 10% did not provide an answer. This was a less positive response than last year, when 93% of respondents agreed that the priorities were right for procurement within the Council.



8. **Are there any additional priorities we should include in relation to regulated procurements?**

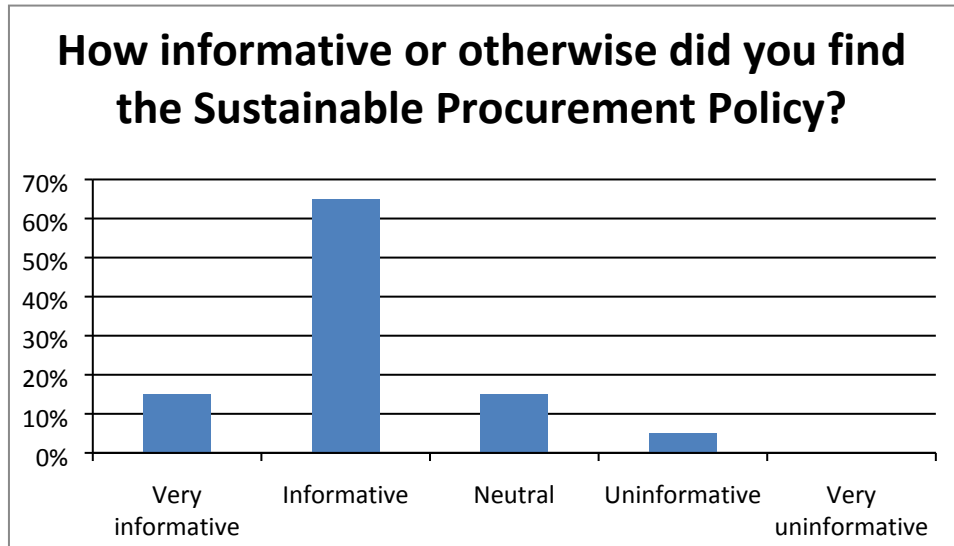
Consultation Feedback	Procurement Comment
Supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with protected characteristics under the Equality Act 2010 - this is really interesting, it would be good to see more detail.	Further detail is provided in relation to this priority within the Action Plan
This is not informative for 3rd sector organisations. There is insufficient detail within these descriptions.	Based on other feedback provided, it has been decided to combine the action plan with the key priorities section - this should provide further detail on what individual priorities relate to, within the one section

SUSTAINABLE PROCUREMENT POLICY 2019/20

General:

9. How informative or otherwise did you find the Sustainable Procurement Policy?

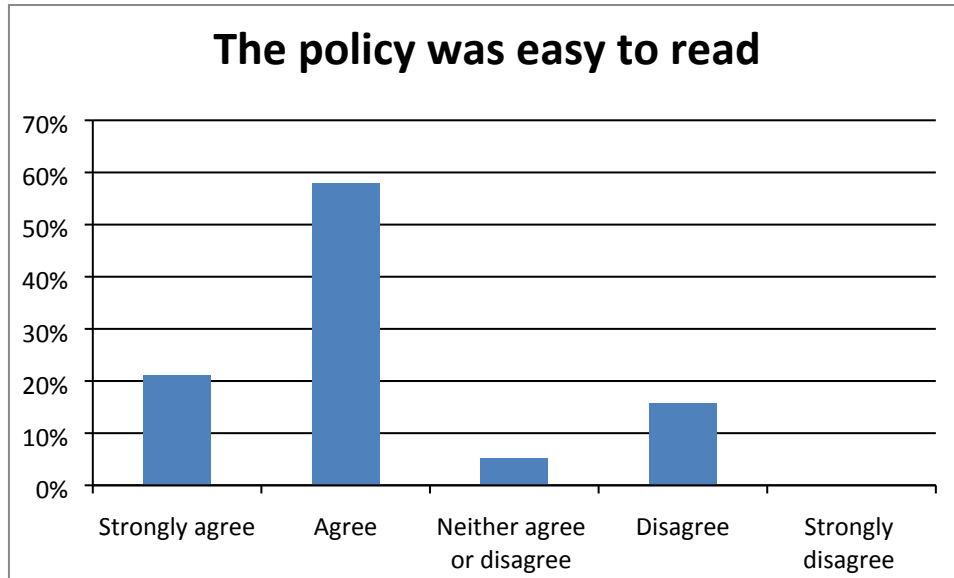
80% of respondents found the Sustainable Procurement Policy to be either informative or very informative; only 5% found it to be uninformative. This was a less positive response than last year, when 86% of respondents found the policy to be informative or very informative.



10. To what extent do you agree or disagree with the following statements in relation to the Policy?

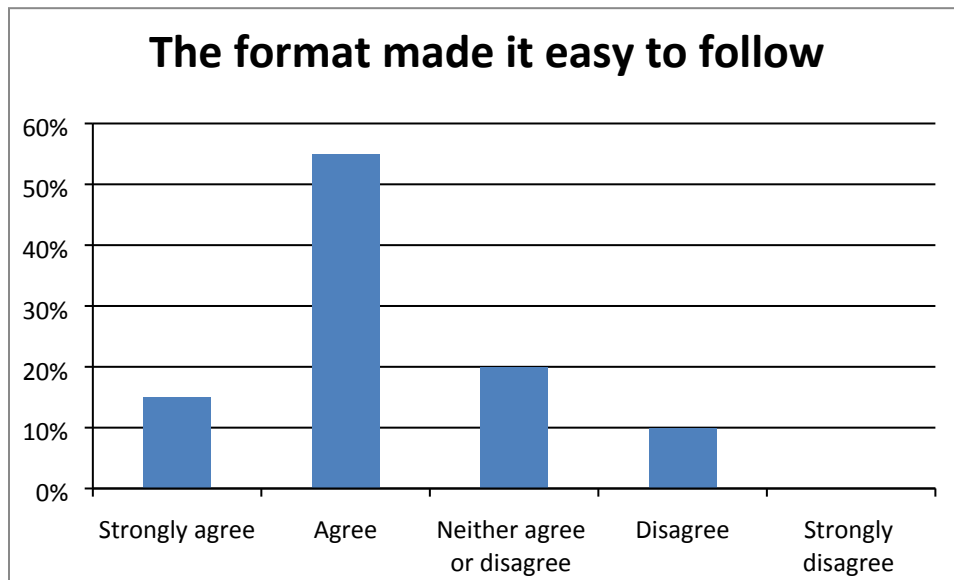
a. The policy was easy to read

79% of respondents indicated that they either strongly agreed or agreed that the Sustainable Procurement Policy was easy to read; while 16% disagreed. This was a less positive response than last year, when 86% of respondents agreed or strongly agreed with this statement.



b. The format made it easy to follow

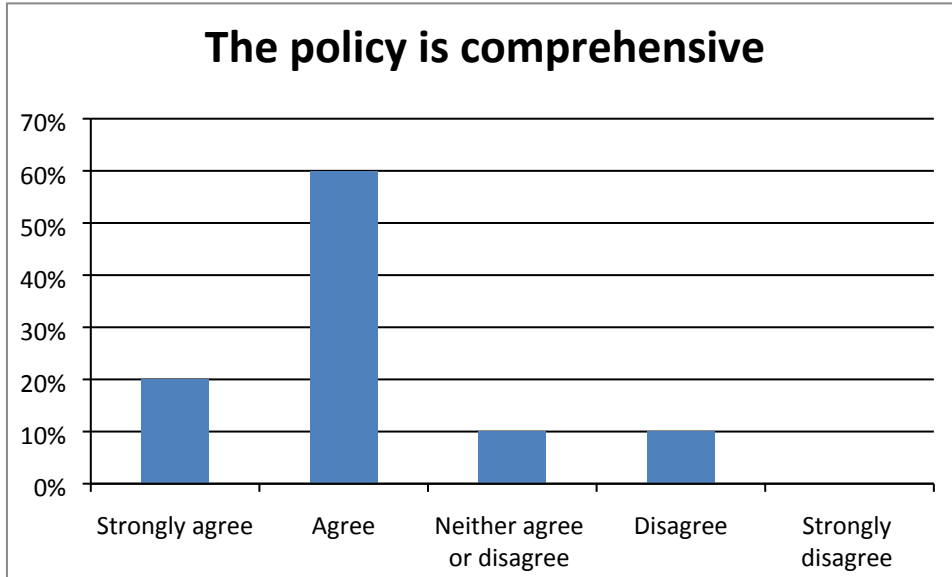
70% of respondents indicated that they either strongly agreed or agreed that the format of the Sustainable Procurement Policy made it easy to follow; while 10% disagreed. This was a less positive response than last year, when 82% of respondents agreed or strongly agreed with this statement.



c. The policy is comprehensive

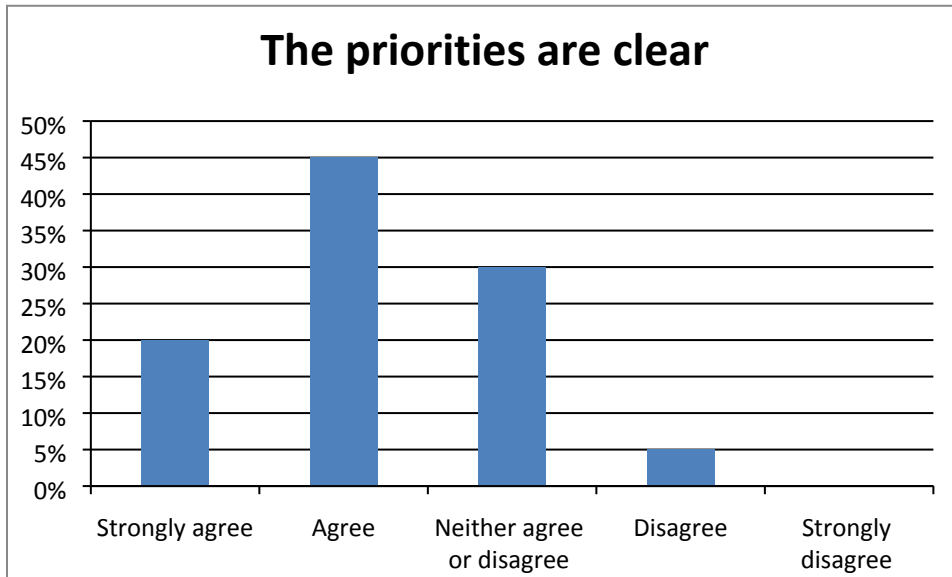
80% of respondents indicated that they either strongly agreed or agreed that the Sustainable Procurement Policy is comprehensive, while 10% disagreed. This

was a less positive response than last year, when 85% of respondents agreed or strongly agreed with this statement.



d. The priorities are clear

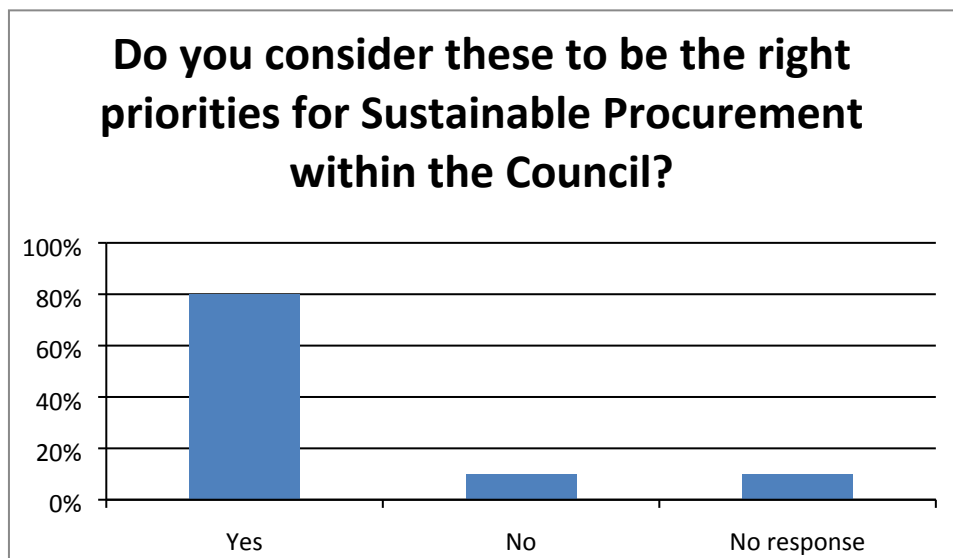
65% of respondents indicated that they either strongly agreed or agreed that the priorities included in the Sustainable Procurement Policy were clear, only 5% disagreed. This was a less positive response than last year, when 89% of respondents agreed or strongly agreed with this statement.



Priorities:

- 11. Within the 5 priority areas identified within the Sustainable Procurement Policy (People; Objectives, Strategy & Communications; Process; Stakeholders; and Monitoring & Reporting) we have identified various specific priorities, do you consider these to be the right priorities for Sustainable Procurement within the Council?**

80% of respondents indicated that they consider the current priorities to be the right priorities for the Council, 10% disagreed. This was a less positive response than last year, when 86% of respondents agreed that the priorities were right for Sustainable Procurement within the Council.



- 12. Are there any additional priorities we should include in relation to Sustainable Procurement?**

Consultation Feedback	Procurement Comment
Again - environment. I think the Sustainable Procurement Policy seems "tagged" on at the end of the document and appears to be an after-thought as opposed to being fully embedded within the context of how we conduct our procurement activities.	The Sustainable Procurement Policy is a stand-alone document to allow the Council to have a policy fully focused on sustainable procurement opportunities, as required as part of the Flexible Framework Assessment Tool. There are cross-references to this policy within the main strategy document, and it is included as an Appendix to the strategy to emphasise the strategic importance of the content of this document.
Are the "objectives" the strategic priorities for the area? Again it would be really interesting to see formal commitment to inward investment.	The priorities referred to for the Sustainable Procurement Policy are those detailed within Section 5 of the policy. Inward investment falls outwith the scope of this strategy, the Council's Economic Development Team are involved in this

	area.
<p>The description of stakeholders needs to be much more explicit in respect of third sector organisations including social enterprises.</p> <p>Monitoring and reporting needs to include details of how success will be measured in respect of 3rd sector participation in tenders and supply to the Council, and separately, the HSCP. There needs to be a specific measure in relation to social enterprises where Argyll and Bute underperforms the Scottish average for securing public sector contracts.</p>	<p>Engaging Stakeholders Priority b will be updated to include third sector organisations, and Priority e will be updated to include social enterprises.</p> <p>We utilise the Scottish Government's Scottish Procurement Information Hub which is unable to provide a breakdown in relation to social enterprises, therefore this cannot be included within our performance measures at present.</p>

COMMENTS

13. Are there any other comments you would like to make about the draft Procurement & Commissioning Strategy 2019/20 and Sustainable Procurement Policy 2019/20?

Further comments	Procurement Comment
Please take out the background colouring that has been used in some parts of the documents - for those of us with poorer eyesight (generally an age thing) it makes the text much harder to read.	The accessibility of the document was checked by the Council's Communications Team prior to the consultation, to confirm that it met the required contrast ratio. However, based on this feedback we will revise the format of these sections.
There are some areas within the action plan where PCT will undertake some initial tasks to set up systems e.g. creating new clauses to ensure payment of sub-contractors within 30 days. Given the potential impact of transformation who will then "police" matters to ensure that the initial requirements being set up by PCT are subsequently followed?	The Council requires the Procurement and Commissioning Team to report on progress on a regular basis to ensure that they are meeting the requirements set. This coupled with internal audit carrying out various audits which involve procurement processes ensures that the Procurement and Commissioning Team are being "policed" efficiently
Both these policies are very important and it's also important that all stakeholders, the public etc be kept in the loop especially if any changes are being considered. Like the upskilling of local trades and businesses as this keeps the money in the town a win win situation	The Council works with the Supplier Development Programme to offer training opportunities for potential suppliers within Argyll and Bute, and has regular Meet the Buyer events across Argyll and Bute that are available to local organisations.
As Procurement is not something most staff will undertake on regular basis, they will not know these policies inside out and while refresher training will help it would be good to see a very shortened 'reminder' sheet of these policies - with the key points. As always staff would be guided by a	On an operational level, staff within service departments undertaking procurement work will be guided by staff within the Procurement and Commissioning Team, and will have access to the Council's Procurement Manual which covers the operational aspects of the procurement process.

<p>Procurement member of staff and hopefully they will be able to point us to the correct section if there is detail we require.</p>	
<p>A decent 1st draft document however I feel it is very cumbersome to read and doesn't flow well: the language used is too convoluted and not at all user friendly. There is a lot of duplication which I think could be condensed down quite significantly. The table of hyperlinks to other key documents is fine but where sections of the policy refer specifically to a document, I would rather have had the hyperlink inserted here so that that document could be read then if so desired and within the correct context. Hyperlinks from the header page to each specific section in the document would also be useful. Although we talk about training and developing suppliers re. sustainability etc. I think a lot of SMEs would be switched off reading this document and may feel intimidated by it which does not help with engagement and is actually contrary to what we say we are aiming to achieve. Some really good points made within the policy which need to be condensed and have better clarification.</p>	<p>The main structure of the strategy is generally standard across the public sector, with minor amendments made by individual organisations. We have now streamlined the content and restructured the order of the sections of the strategy to assist the flow of the document. Hyperlinks have also been added to the contents page which should assist readers.</p>
<p>Keep it simple. A 42 page policy document for one FY is perhaps over the top, assuming this is it's scope. Or is it intended to be more aimed at achieving by 19/20...</p>	<p>We are aware of the combined length of these 2 documents and streamlined them significantly last year. This year the overall document length was further reduced from 44 pages to 41 (now reduced to 40 pages after revisals based on consultation feedback). We will take this feedback into account when carrying out our update next year, to further streamline the contents where possible.</p>
<p>There is so much potential with procurement to support the local economy which works really well in other local authority areas, and would be great to see in Argyll and Bute. Can we develop PublicSocial Partnerships in Argyll? I think there is a real willingness in some Council departments to work with the third sector but it seems that the frameworks are not yet there to fully support this.</p>	<p>This feedback will be shared with our Economic Development Team who lead on the development of third sector groups and PSPs. PSPs will be used where appropriate, the Procurement and Commissioning Team will support any form of PSP or other innovative ideas to support the local economy, including third sector groups.</p>

This is a very disappointing strategy. There has been no involvement of 3rd sector in its development (confirmed to us in writing) despite stated intentions relating to the involvement.

In addition, the one meeting to set in motion the development of a market position statement in early 2018, where the third sector was included, was not followed through.

We request that the document is considerably strengthened before presentation to full council for approval and that improved content includes significantly more detail of future commissioning intentions (could be by way of links to other documents) and a full procurement timetable, plus alignment with the Social Enterprise Strategy and Action Plan and measures of success in relation to third sector/social enterprise activity.

It would be useful to provide links to sources of help in tendering for SME's, including third sector organisations.

The consultation held in September is considered to be the opportunity for all interested stakeholders, including the third sector, to provide feedback to and therefore become involved in the development of the strategy. Working with and consulting the third sector, and encouraging these organisations to become involved in public sector procurement is included within various priorities within the Procurement Strategy and Sustainable Procurement Policy. Work is still ongoing for the development of a market position statement, and stakeholders will be contacted shortly.

A contract plan is available on the Council's website which is updated regularly to provide information to the extent that it is made available to the Procurement & Commissioning Team by individual departments within the Council, in relation to upcoming regulated procurements. These regulated procurements are also included within the Annual Procurement Report, to the extent that they are known at time of publication. The Council works with the Supplier Development Programme to offer training opportunities for potential suppliers within Argyll and Bute, and has regular Meet the Buyer events across Argyll and Bute that are available to third sector organisations.

The Council is unable to favour third sector suppliers within the procurement process; our evaluation methodology must be open, fair and transparent. All sources of help for tendering are available on the Procurement page of the Council's website.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

CUSTOMER SERVICES

18 OCTOBER 2018

**COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015
PART 8 – COMMON GOOD PROPERTY**

1.0 EXECUTIVE SUMMARY

- 1.1 The Community Empowerment (Scotland) Act 2015, which received Royal Assent on 24 July 2015, provides a legal framework that will promote and encourage community empowerment and participation. It creates new rights for community bodies and places new duties on public authorities.
- 1.2 To ensure compliance with the Act, a Working Group was established in August 2015, chaired by the Executive Director of Customer Services, with Officer representation from across all relevant Council services. Argyll and Bute Community Planning Partners were also invited to attend these meetings.
- 1.3 The majority of those elements of the Act which impact on the Council have now been implemented including; Non Domestic Rates, Community Planning, Participation Requests, and Asset Transfer Requests. The only remaining two components which have not been implemented yet are in respect of Part 9 – Allotments (subject to a separate report to Policy and Resources in October 2018) and Part 8 – Common Good Property, which this report deals with.
- 1.4 Part 8 of the Act seeks to increase transparency about the existence of common good assets and to ensure there is community involvement in decisions taken about their identification, use and disposal. Specifically:
- Section 102 places a duty on local authorities to “*establish and maintain a register of property which is held by the authority as part of common good*”; and;
 - Section 104 places a duty on local authorities that “*before taking any decision to dispose of, or change the use of, such (common good) property the local authority must publish details about the proposed disposal or, as the case may be, the use to which the authority proposes to put the property.*”
- 1.5 Members are asked to agree that, in order to comply with Part 8 of the Act, Officers take the necessary steps to consult on the draft common good property list detailed at appendix 1, which will in turn be published as the Common Good Register.

COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015
PART 8 – COMMON GOOD PROPERTY

2.0 INTRODUCTION

- 2.1 The Community Empowerment (Scotland) Act 2015 provides a legal framework that will promote and encourage community empowerment and participation. It creates new rights for community bodies and places new duties on public authorities.
- 2.2 To ensure compliance with the Act, a Working Group was established in August 2015, chaired by the Executive Director of Customer Services. The majority of those elements of the Act which impact on the Council have now been implemented including; Non Domestic Rates, Community Planning, participation Requests, and Asset Transfer Requests. The only remaining two components which have not been implemented yet are in respect of Part 9 – Allotments (subject to a separate report to Policy and Resources in October 2018) and Part 8 – Common Good Property, which this report considers.

3.0 RECOMMENDATIONS

Members are asked to:-

- 3.1 Agree that Officers take the necessary steps, in line with the statutory guidance, to consult on the draft common good property list detailed at appendix 1.
- 3.2 Note the process that will be followed in the event that the Council seek to dispose of, or change the use of, common good property, as set out in section 4.3 of the report.

4.0 DETAIL

- 4.1 On 23 July 2018 the Scottish Government published the statutory guidance in respect of Part 8 of the Act, which imposed the following duties on local authorities in relation to common good:-

- Section 102 – to “*establish and maintain a register of property which is held by the authority as part of the common good*”; and
- Section 104 – “*before taking any decision to dispose of, or change the use of, such (common good) property the local authority must publish details about the proposed disposal or, as the case may be, the use to which the authority proposes to put the property*”.

4.2 Section 102 – Establishing/Publishing a Common Good Register

- 4.2.1 Before establishing a common good register, the Act requires a local authority to publish a list of property it proposes to include in the register, and to consult on this

list. The Act provides that the list may be published in such a way as the local authority may determine but on publishing the list the local authority must notify any Community Council established for the area and any community body of which the authority is aware.

- 4.2.2 In establishing a common good register, the local authority must have regard to any representations made by those bodies mentioned in 4.2.1 above and any other persons who wish to comment/provide views as part of the consultation on the common good list. Representations could be whether the property proposed to be included in the register is part of the common good or the identification of other property which, in the opinion of the body or person making the representation, is part of the common good. When publishing the common good list, the local authority should set out clearly the process and timescale for making any representations, which require to be made in writing, either by email or letter. The Council should aim to consider and respond to representations within 12 weeks and arrange for all representations to be published/accessible in the same place as the list of property and, in due course, the common good register.
- 4.2.3 For the purposes of the consultation the local authority should publicise this on the Council website, on social media or in publications which it produces. The list of common good property should be made publicly available for comment for at least 12 weeks.
- 4.2.4 Appendix 1 details the list of common good property that has been identified by the Council, following consultation with the relevant services, and provides information on the former burgh, name of asset, location of asset and description of asset.
- 4.2.5 Members are asked to agree that Officers now put in place the necessary steps to consult on the draft common good property list detailed at appendix 1, in line with the statutory guidance. Thereafter, taking account of any representations made during the 12 week consultation period, the list will be published as the common good register as soon as practicable, and in any case, within 6 months of the end of the consultation. In cases where there have been numerous or complex representations, and the local authority is still carrying out investigations, a note should be added to the register making it clear that some representations are still being followed up.
- 4.2.6 In terms of accessing the published register, the local authority must make arrangements to enable members of the public to inspect it, free of charge, at reasonable times and at such places as the authority may determine (e.g. local council offices), and make the common good register available on the Council website, or by other electronic means, to members of the public.
- 4.2.7 The common good register is a live document and should be updated if new property is identified or if existing property is disposed of or reclassified. Changes to the register for acquisitions and disposals must be made in the same financial year as the property is acquired or disposed. It is good practice for the register to be reviewed at regular intervals, of no more than 5 years, and the Council should arrange to publish its review process.
- 4.3 Section 104 – Disposal and use of Common Good – Consultation
- 4.3.1 In the event that the Council plans to dispose of common good property or change

its use, this section of the Act would come into play, which requires the Council to consult with the local community, publish details of the proposals, and notify/invite representations from Community Councils and community bodies.

- 4.3.2 The proposal should clearly state which property the change relates to (using the details from the common good register) and what change is being proposed, along with likely timescales.
- 4.3.3 In keeping with the requirements for publishing the common good register, the Council should ensure that members of the public are able to view any proposals to change the use of, or dispose of, common good property on the Council website, and in person at, for example, local Council offices/CSCs. Similarly, the Council would arrange for the consultation to be publicised on the website/social media and, if the request relates to a building or area of land, a public notice should be placed on the building/land, or an object close to it.
- 4.3.4 Representations would be invited from Community Councils and other community bodies over an 8 week consultation period. The Council should aim to consider any views/comments received within 8 weeks of receiving them, with the final response published online alongside the original representation. The final decision about the proposal should also be published and the relevant community bodies/those who made representations informed.

5.0 CONCLUSION

- 5.1 In order to ensure compliance with the duties set out within Part 8 of the Community Empowerment (Scotland) Act 2015 in respect of Common Good Property, the Council are required to publish a common good register. This paper sets out the proposed process, which is in line with the statutory guidance, and seeks approval to consult on the draft list detailed at appendix 1.

6.0 IMPLICATIONS

- 6.1 Policy – proposals to ensure compliance with Part 8 Common Good Property
- 6.2 Financial – None
- 6.3 Legal – compliance with Community Empowerment (Scotland) Act 2015
- 6.4 HR – none
- 6.5 Equalities and Socio Economic – policy applies equally to all
- 6.6 Risk – reputational damage if non-compliant with legislation
- 6.7 Customer Service – increases opportunity for community engagement/consultation

7.0 APPENDICES

- 7.1 Appendix 1 – List of Common Good Property/Funds

Douglas Hendry
Executive Director – Customer Services

Policy Lead – Councillor Rory Colville
16 August 2018

For further information please contact:
Laura Blackwood - Executive Support Officer - Tel: 01546 604325

Appendix 1 – List of Common Good Property/Funds

Burgh of Campbeltown

Investments		
Name of Asset	Location	Description
COIF - Charities Official Investment Fund	N/A	61,268.46 Units @ 1,422.01 pence Value as at 31/03/2018 - £871,243.63

Burgh of Cove and Kilcreggan

Investments		
Name of Asset	Location	Description
Argyll and Bute Councils Loans Fund	N/A	Value as at 31/03/2018 - £616.68

Burgh of Dunoon

Investments		
Name of Asset	Location	Description
Argyll and Bute Councils Loans Fund	N/A	Value as at 31/03/2018 - £6,111.14

Royal Burgh of Inveraray

Investments		
Name of Asset	Location	Description
Argyll and Bute Councils Loans Fund	N/A	Value as at 31/03/2018 - £444.48

Burgh of Lochgilphead

Investments		
Name of Asset	Location	Description
Argyll and Bute Councils Loans Fund	N/A	Value as at 31/03/2018 - £6,794.35

Burgh of Oban

Land		
Name of Asset	Location	Description
Atlantis Leisure	Dalriach Road, Oban	This property was transferred to the Common Good following a decision of Argyll and Bute District Council in 1995. The property is currently leased to Oban and Lorn Community Enterprise Company Limited.
Investments		
Name of Asset	Location	Description
COIF – Charities Official Investment Fund	N/A	102,416.64 Units @ 1,422.01 pence Value as at 31/03/2018 - £1,456,374.86
Shares		
Name of Asset	Location	Description
Oban Livestock Centre Ltd	Upper Soroba, Oban	20,000 shares @ £1 Value as at 31/03/18 - £20,000

Royal Burgh of Rothesay

Land		
Name of Asset	Location	Description
Eastlands Farm, Rothesay	Agricultural holding on the outskirts of Rothesay	Acquired by virtue of the Burgh Charter, the property comprises fields together known as Eastlands Farm, Rothesay. The fields are currently leased as an agricultural holding to Mr G Sproul.
Westlands Farm, Rothesay	Agricultural holding on the outskirts of Rothesay	Acquired by virtue of the Burgh Charter, the property comprises farmland and farm steading together known as Westlands Farm, Rothesay. The property is currently leased as an agricultural holding to R & M Currie.
Investments		
Name of Asset	Location	Description
Argyll and Bute Councils Loans Fund	N/A	Value as at 31/03/18 - £103,214.19

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****CUSTOMER SERVICES****18 OCTOBER 2018**

COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - PART 9 – ALLOTMENTS

1.0 EXECUTIVE SUMMARY

- 1.1 The Community Empowerment (Scotland) Act 2015, which received Royal Assent on 24 July 2015, provides a legal framework that will promote and encourage community empowerment and participation. It creates new rights for community bodies and places new duties on public authorities.
- 1.2 To ensure compliance with the Act, a Working Group was established in August 2015, Chaired by the Executive Director of Customer Services, with Officer representation from across all relevant Council services. Argyll and Bute Community Planning Partners were also invited to attend these meetings.
- 1.3 The majority of those elements of the Act which impact on the Council have now been implemented including; Non Domestic Rates (NDR), Community Planning, participation Requests, and Asset Transfer Requests. The only remaining two components which have not been implemented yet are in respect of Part 8 – Common Good Property (subject to a separate report to Policy and Resources in October 2018) and Part 9 – Allotments, which this report deals with.
- 1.4 Part 9 of the Act updates and simplifies legislation on allotments and places a number of duties on local authorities, including:-
- A requirement to have regard to any guidance issued by Scottish Ministers about the carrying out of functions set out in Part 9;
 - A duty to establish and maintain an allotments waiting list;
 - When certain trigger points of demand are reached, a duty to take reasonable steps to ensure (1) that the number of people on their waiting list for an allotment does not exceed half the total number of allotments owned and leased by the authority; and (2) that a person on the list does not wait more than 5 years for an allotment;
 - A requirement to make allotment site regulations;
 - A duty to develop a local food growing strategy. This includes the identification of land for allotments and other community growing and describing how the authority will meet demand for such land; and
 - A duty to produce an allotments report for its area each year. This includes such matters as the location and size of each allotment site and the number of allotments on each site.
- 1.5 Members are asked to note the duties placed on local authorities arising from Part 9 – Allotments of the Community Empowerment (Scotland) Act 2015, and endorse the steps which will be taken by the relevant Council services to ensure compliance.

COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – PART 9: ALLOTMENTS

2.0 INTRODUCTION

- 2.1 The Community Empowerment (Scotland) Act 2015 provides a legal framework that will promote and encourage community empowerment and participation. It creates new rights for community bodies and places new duties on public authorities.
- 2.2 To ensure compliance with the Act, a Working Group was established in August 2015, Chaired by the Executive Director of Customer Services. The majority of those elements of the Act which impact on the Council have now been implemented including; NDR, Community Planning, Participation Requests, and Asset Transfer Requests. The only remaining two components which have not been implemented yet are in respect of Part 8 – Common Good Property (subject to a separate report to Policy and Resources in October 2018) and Part 9 – Allotments, which this report considers.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to note the duties placed on local authorities arising from Part 9 – Allotments of the Community Empowerment (Scotland) Act 2015, and endorse the steps which will be taken by the relevant Council services to ensure compliance.

4.0 DETAIL

- 4.1 Historically, allotments were governed by a complex framework of legislation:-
- The Allotments (Scotland) Act 1892 as amended by;
 - The Land Settlement (Scotland) Act 1919; and
 - The Allotments (Scotland) Acts of 1922 and 1950.
- 4.2 Part 9 of the Community Empowerment (Scotland) Act 2015 updates and simplifies allotments legislation and introduces new duties on local authorities to increase transparency on the actions taken to provide allotments in their area and waiting time limits.
- 4.3 Part 9 came into force on 1 April 2018, however the Scottish Government are still in the process of finalising the statutory guidance, which will assist local authorities in carrying out their functions, with the latest consultation concluding on 20 August 2018. Once published the Council will have regard to this when discharging our duties.
- 4.4 Detailed in Table 1 below is a summary of the main sections of the Act which impact on the Council and details of which service/department will be responsible for ensuring compliance moving forward.

Table 1

Section	Summary of Duties/Obligations	Responsible Officer / Service	Timescale
S111 – Duty to maintain list	<p>Places a duty on local authorities to establish and maintain a waiting list in relation to the requests it receives to lease an allotment that the authority owns or leases.</p> <p>The form of the list is to be determined by the Council and be managed as they see fit but should include the following details:-</p> <ul style="list-style-type: none"> • Name of lead person • Address • Name of second applicant, if relevant • Special requirements • Size of allotment requested, if specified • Information about distance from nearby allotment sites • Date added to the list <p>Section 111 of the Act applies only to requests for an allotment within the meaning of section 109 – requests made to a local authority to lease an allotment owned or leased by the local authority from that authority, or to sub-lease an allotment from a tenant of the authority.</p>	Shirley MacLeod Governance and Law	April 2019
S112 – Duty to provide allotments	<p>Places a duty on local authorities to take reasonable steps to ensure:</p> <ol style="list-style-type: none"> (1) that the number of people on their waiting list does not exceed half the total number of allotments owned and leased by the authority; and (2) that a person on the list does not wait more than five years for an allotment <p>For local authorities which do not currently own or lease any allotments this duty applies when there are 15 people or more on the waiting list. For those authorities which already own or lease allotments the duty applies when only one person is on the waiting list.</p> <p>A local authority must, in taking reasonable steps, have regard to the desirability of making available allotments that are reasonably close to the residence of persons in the list. There is no definition of “reasonably close” but as a guide, allotments within a 3 mile radius, or within a 20 minute journey on public transport from where people on the waiting list reside is considered reasonably close. Local authorities may opt to apply more appropriate time or distance criteria where necessary based upon local geography.</p> <p>Other reasonable steps in discharging their obligations in respect of allotments include:-</p> <ol style="list-style-type: none"> i. Analysing demand - consulting with a wide range of stakeholders when carrying out analysis of demand 	Customer Services / Head of Planning, Housing and Regulatory Services (PHRS)	April 2019

	<p>for the local authority;</p> <p>ii. Disseminating information - develop adequate procedures for wide dissemination of information about allotment provision with the local authority area – e.g webpage on Council website listing all sites, including contact details for those managed by local authority, devolved sites, and privately owned sites.</p> <p>iii. Develop partnership working - work in partnership with a wide range of stakeholders (e.g. allotment associations, those on waiting lists, community councils) and engage in decision making processes around allotments;</p> <p>iv. Identify all land in the area that is suitable for growing – e.g. Planning Service could use an appropriate data set such as OS MasterMap to improve planning, analysis and decision making. Where there is an unmet demand, local authorities may wish to approach private landowners to discuss options for making additional land available for allotments provision.</p> <p>v. Ensuring there is sufficient suitable land to satisfy future demand – incorporate growing spaces in all planning briefs for regeneration and new developments</p> <p>vi. Understanding individual needs of those on the waiting list – the authority should offer the most appropriate allotment relevant to the specified area requested.</p>	<p>of PHRS</p> <p>Customer Services</p> <p>Customer Services/ Head of PHRS</p> <p>Customer Services/Head of PHRS</p> <p>Head of PHRS</p> <p>Customer Services</p>	
S114	Section 114 places a duty on local authorities to provide reasonable access to allotments and allotment sites that it leases to tenants.	Head of PHRS / Access Manager	April 2019
S115 / S116	Section 115 places a duty on local authorities to make allotment site regulations before 1 st April 2020, and section 116 makes further provision about the procedure local authorities are to follow in making such regulations.	Customer Services/Head of PHRS	1 April 2020
S119 / 120	<p>Section 119 places a duty on local authorities to prepare a food growing strategy for its area and must publish the strategy within 2 years of this section coming into force (by 1 April 2020) on a website or by other electronic means. The food growing strategy should identify land within the local authority area that may be used as allotment sites and other areas of land that could be used by a community for the cultivation of vegetables, fruit, herbs or flowers.</p> <p>Section 120 requires the local authority to review its food growing strategy within 5 years of the date of publication of the initial food growing strategy (by April 2025) and every 5 years thereafter. In reviewing the strategy, the local authority</p>	<p>Cross Council approach led by DIS</p> <p>Cross Council approach led by DIS</p>	<p>1 April 2020</p> <p>1 April 2025</p>

	should take account of relevant factors such as ongoing planning activity, refreshed local plans, and requirements to address any issues in respect of increasing allotment provision and grow-your-own opportunities within the area.		
S121	<p>Section 121 places a duty on local authorities to prepare and publish an annual allotments report for its area, as soon as is reasonably practicable after the end of each reporting year.</p> <p>Section 121 of the Act sets out the full range of information to be included within the annual allotments report, which includes, but is not limited to, the following information:-</p> <ul style="list-style-type: none"> • The location and size of each allotment site; • The number of allotments on each allotment site; • The period of any lease between the authority and the tenant of an allotment site; • The rent payable for each allotment site in the area of the authority; • Reasons for any failure to comply with S112 – duty to provide allotments; • The income received, and expenditure incurred, by the authority in connection with allotment sites. 	Cross Council approach	Annual – first due post April 2019

4.5 The Council currently own two allotment sites as follows:-

- The Meadows, Rothesay, Isle of Bute, PA20 0ED. The site, which is 0.28 Hectares in size, is managed by Bute Allotment Association.
- Henry Bell Street, Helensburgh. The site, which is 0.16 Hectares in size, is managed by the local Allotment Association.

4.6 At present the Council have not been made aware of, or have a waiting list in respect of any individuals or community groups seeking an allotment site.

5.0 CONCLUSION

5.1 Part 9 of the Community Empowerment (Scotland) Act 2015 places a number of duties on local authorities in respect of allotments and the main elements of this are summarised at Table 1 above and provides details of the relevant service who will be responsible for ensuring compliance moving forward.

6.0 IMPLICATIONS

6.1 Policy – proposals to ensure compliance with Part 9 Allotments

6.2 Financial – None

6.3 Legal – Compliance with Community Empowerment (Scotland) Act 2015

6.4 HR – none

6.5 Equalities and Socio Economic – policy applies equally to all

6.6 Risk – reputational damage if non-compliant with legislation

6.7 Customer Service – will assist in empowering communities and increase access to land for food growing purposes.

Douglas Hendry

Executive Director – Customer Services

18 September 2018

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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Customer Services****18 October 2018**

Joint Local British Sign Language Plan for Argyll and Bute

1.0 EXECUTIVE SUMMARY

The BSL (Scotland) Act 2015 requires public bodies in Scotland to publish local plans every six years, showing how they will promote and support BSL. The Joint Local BSL Plan for Argyll and Bute 2018 – 2024 is attached as Appendix 1 to this report.

The Joint Local plan sets out how we propose to use BSL in the operation of our functions; including communications with the public, key partners and our employees.

The Scottish Government provided the Council with £11,000 to develop its Local BSL Plan but no additional money to put it into practice. Where the implementation costs are known, these have been detailed in Appendix 4 to this report.

Demand for interpreting and translation services may increase as well as requests for deaf awareness and BSL training as a result of developing and promoting the BSL Plan.

The next set of plans is not due until 2024 when the Scottish Government will decide on the resources to be made available to named public bodies at that time.

2.0 RECOMMENDATIONS

The Policy and Resources Committee are asked to recommend the approval of the Joint Local BSL Plan for Argyll and Bute 2018 – 2024 to Council.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Customer Services

18 October 2018

Joint Local British Sign Language Plan for Argyll and Bute

1.0 INTRODUCTION

- 1.1 The Scottish Government wants to make Scotland the best place in the world for British Sign Language (BSL) users to live, learn, work and visit. The BSL (Scotland) Act 2015 requires public bodies in Scotland to publish local plans every six years, showing how they will promote and support BSL. The Joint Local British Sign Language Plan for Argyll and Bute 2018 – 2024 (Appendix 1) has been put together with NHS Highland; liveArgyll (who are responsible for some of the goals listed under the Culture and Arts, and Health (including social care), Mental Health and Wellbeing sections) and input from BSL users and their representatives. This is Argyll and Bute Council's first local plan which also covers the Argyll and Bute Health and Social Care Partnership (HSCP).

The Socio-Economic Impact Assessment for the Plan is enclosed as Appendix 2 to this report.

2.0 RECOMMENDATIONS

- 2.1 The Policy and Resources Committee are asked to recommend the approval of the Joint Local BSL Plan for Argyll and Bute 2018 – 2024 to Council.

3.0 DETAIL

- 3.1 Legislation requires BSL users (including those who use the tactile form of the language) and those who represent them to be involved in developing the local BSL plan. The consultation on the draft plan must be accessible to Deaf and Deafblind BSL users and both the draft and final plans must be published in English and BSL. Public consultation on the draft plan ran from 2 August 2018 – 2 September 2018 inclusive and a summary of the responses received is attached to this report as Appendix 3. This summary will be published with the Joint Local Plan so that members of the public can see how their responses have influenced the final document and associated actions.
- 3.2 The Joint Local plan sets out how we propose to use BSL in the operation of our functions; including communications with the public, key partners and our employees. It has been prepared in accordance with statutory criteria set out

in the 2015 Act, the National BSL Plan, and guidance provided by the BSL (Scotland) Act Partnership; particularly in relation to the development of BSL Plans.

Additional information about some of the actions contained within the Plan is provided in Appendix 4.

- 3.3 The actions detailed in the plan will be built in Pyramid, the Council's performance management system, and will be monitored on a regular basis. Progress will be reported to the Policy and Resources Committee once a year.

4.0 CONCLUSION

- 4.1 The BSL (Scotland) Act 2015 requires named public bodies in Scotland (including Argyll and Bute Council) to publish local plans every six years, showing how they will promote and support BSL. The first local plans should be available by 31 October 2018 in both English and BSL. The final Joint local BSL plan for Argyll and Bute 2018 - 2024 sets out the collective intentions of Argyll and Bute Council, NHS Highland Health Board and liveArgyll to improve communication with, and access to services for, people who use BSL in the period 2018-2024. It has been prepared in accordance with statutory criteria set out in the 2015 Act, the National BSL Plan, and guidance provided by the BSL (Scotland) Act Partnership; particularly in relation to the development of BSL Plans. The final plan is attached to this report as Appendix 1.
- 4.2 Also accompanying this report is a summary of the feedback received during the public consultation on the draft BSL Plan (Appendix 3), and an Equality and Socio-Economic Impact Assessment which has been informed by the outputs from the public consultation (Appendix 2). Appendix 4 provides some additional information on some of the actions listed in the Plan. These documents will be published on the Council's website together with the Joint Local Plan.

5.0 IMPLICATIONS

5.1 Policy

When approved by the Council, the BSL Plan will become Council policy and have the formal endorsement of our senior management team and Elected Members. Its contents should also be taken into account when devising any council policies which may have an impact on BSL users.

5.2 Financial

The Scottish Government provided the Council with £11,000 to develop the BSL Plan. There may be costs associated with its implementation. Demand for interpreting and translation services may increase as well as requests for deaf awareness and BSL training as a result of developing and promoting the BSL Plan.

The council already provides some BSL training to staff, and to hearing and deaf children in some schools. The council may receive requests from parents to provide free BSL courses for them, however it is important to note that no commitment to provide this has been made in the final plan. Argyll and Bute Council's Teacher of the Deaf helps families who use signing to learn it as part of her regular visits with them. The National Deaf Children's Society (Scotland) has previously funded family home signing sessions for three families within Argyll and Bute, as well as organising and delivering an online BSL Level 1 course at one of the schools within the area.

- 5.3 Legal The Council has a statutory duty to publish a BSL Plan in English and BSL by 31 October 2018. It also has a legal duty to make reasonable adjustments for disabled people under the Equality Act 2010.
- 5.4 HR Staff will be made aware of the BSL Plan and its associated activities. Deaf Awareness Training will be available for all employees to access.
- 5.5 Equalities The BSL Plan will help ensure that people whose first or preferred language is BSL can be fully involved in daily and public life in Scotland, as active, healthy citizens, and able to make informed choices about every part of their lives.
- 5.6 Risk The Council would be breaching its statutory obligations if it does not publish a BSL Plan by October 2018.
- 5.7 Customer Service Implementation of the BSL Plan should result in improved access to services, information and communication for BSL users.

Douglas Hendry, Executive Director of Customer Services
Councillor Rory Colville, Policy Lead for Corporate Services
18 September 2018

For further information contact: Jane Fowler, Head of Improvement & HR,
Telephone: 01546 604466

APPENDICES

- Appendix 1 - Joint Local BSL Plan for Argyll and Bute, 2018 - 2024
- Appendix 2 - Equality and Socio-Economic Impact Assessment
- Appendix 3 - We asked, You Said, We Did – Analysis of responses to public consultation exercise
- Appendix 4 – Supplementary Information on Actions



Environment
Business
Families
Culture
Education
Cleansing
Recycling
Benefits
Licensing
Planning
Housing
Health
Transport
Care



Argyll and Bute Joint British Sign Language Plan 2018 – 2024

This plan has been prepared as required by the BSL (Scotland) Act 2015.



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1 Introduction

1.1.1 This is the first Local Joint British Sign Language (BSL) Plan for Argyll and Bute. It sets out the actions which we will take over the period 2018 – 2024 to protect and support British Sign Language, including in its tactile form, in Argyll and Bute. This plan has been developed jointly by Argyll and Bute Council, NHS Highland Health Board (includes the services devolved to the Argyll and Bute Health and Social Care Partnership (HSCP)) and liveArgyll (a charitable trust which delivers leisure and library services on behalf of Argyll and Bute Council), who are responsible for some of the goals listed under the Culture and Arts, and Health (including social care), Mental Health and Wellbeing sections.

NHS Highland's action plan is embedded within this document.

1.1.2 Throughout this Plan we refer to 'BSL users'. This covers all people whose first or preferred language is BSL, including those who receive the language in a tactile form due to sight loss.

1.1.3 Our Local Joint BSL Plan follows the same layout as the Scottish Government's National Plan which was published on 24 October 2017. The BSL National Plan is framed under ten long-term goals which have been put together with the help and support of Deaf and Deafblind BSL users across Scotland, and those who work with them.

1.1.4 The National BSL Plan covers all public bodies with a national focus who are directly answerable to Scottish Ministers. The ten long-term goals cover early years and education; training and work; health; culture and the arts; transport; justice and democracy. It includes 70 actions which the Scottish Government will take over the next three years. This Local Joint BSL Plan contributes directly to 31 of those actions. We will give the Scottish Government an update on the progress we have made on these actions in 2020.

1.2 Where you can find the BSL version of this plan

You can view the BSL version of this plan at:

<https://www.youtube.com/user/ArgyllandButeCouncil>



NHS Highland's action plan will be published on the NHS Highland website.
www.nhshighland.scot.nhs.uk

2. About us

2.1 Argyll and Bute Council

- 2.1.1 Argyll and Bute Council is one of 32 unitary local authorities in Scotland. It is responsible for a range of services including education, waste management, transportation, planning and building control, economic development, roads, strategic housing, environmental health and many others. We are forward looking and ambitious, continuously improving our relationship with our partners, customers and employees to ensure we deliver the right services, by the best people, in the best way.
- 2.1.2 Argyll and Bute Council is the second largest of Scotland's 32 councils covering nearly 10% of the total area of Scotland, but has less than 2% of the population. From Appin in the North, to Campbeltown in the South, Argyll and Bute stretches for over 100 miles and from Tiree in the West to Helensburgh in the East it stretches a further 80 miles. According to the 2011 census, 23 of Argyll and Bute's islands are inhabited and 17.1% of its residents are islanders. Islands account for a third of Argyll and Bute's total area.
- 2.1.3 The population estimate from the 2011 census was 88,166 ranking Argyll and Bute 27th in terms of population size amongst the Scottish local authorities.

In the 2011 Census, the people of Scotland were asked if they used a language other than English at home. In Argyll and Bute, 152 people of those aged 3 and over said "Yes – British Sign Language".

6931 of respondents in Argyll and Bute to the 2011 census reported they had deafness or partial hearing loss which had lasted, or was expected to last, at least 12 months.

- 2.1.4 The Council employs over 4700 staff who are based in over 300 different locations across the area. The Council is a core partner in the Integrated Joint Board for Health and Social Care in Argyll and Bute and also works closely in partnership with the Argyll and Bute Community Planning Partnership to deliver on the overall Argyll and Bute Outcome Improvement Plan (ABOIP) objective:

Argyll and Bute's Economic Success is Built on a Growing Population



There are 6 joint outcomes, which are also core to the Council's Corporate Plan:

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

The Joint Local BSL Plan helps us to deliver these outcomes directly.

2.2 NHS Highland Health Board

2.2.1 NHS Highland Board is the largest and most sparsely populated Scottish Health Board area. It covers 41% of the country's landmass. The area covers 32,518 km. This results in a complex network for NHS service provision and referral pathways. We have difficult terrain, rugged coastlines, populated islands and a limited internal transport and communications infrastructure.

2.2.2 The Health Board includes two local authority areas, Highland and Argyll & Bute. Our diverse area includes Inverness, one of the fastest growing cities in Western Europe and 36 populated islands – 23 in Argyll & Bute and 13 in Highland.

2.2.3 We provide health and social care services to our resident population of 320,000 and to the influx of tourists which come to the Highlands. At certain times of the year, tourists can double or even triple the local population.

2.2.4 We provide services to patients and local communities through four main operational units - three geographical operational units and Raigmore Hospital.

The geographical operational units are:-

- Argyll and Bute;
- South and Mid Highland (covering Badenoch, Strathspey, Nairn, Inverness, East and Mid Ross);
- North and West Highland (covering Lochaber, Skye, Wester Ross, Caithness and Sutherland)

These operational units are supported by a range of Corporate Services including facilities, pharmacy, personnel, and finance.



Raigmore Hospital is the District General Hospital for north Highland. Most patients from Argyll and Bute are referred to Glasgow hospitals for secondary care.

- 2.2.5 NHS Highland is also a major employer, second only to the local authorities in the number of people employed. In business terms, this is of major significance to the Highland economy.
- 2.2.6 NHS Highland Health Board also have a BSL Plan which covers the Highland local authority region. That Plan was produced in partnership with Highland Council, University of the Highlands, Highlands and Islands Enterprise and D/deaf, Deafblind people, carers and those with a shared interest. The action points from NHS Highland are combined within this Council action plan for ease of reference.

2.3 Argyll and Bute Social Care Partnership

- 2.3.1 Integration of health and social care brings about significant changes to the way services are delivered, to help bring long-term sustainability to services and improve the health and wellbeing of the people of Scotland. It places greater importance on supporting people in their own homes and communities and reducing inappropriate hospital and care home use.
- 2.3.2 Local Authorities and NHS Boards created formal partnership arrangements (Integration Authorities) to integrate the planning, management and delivery of adult health and social care services (including some hospital services). These arrangements can either be in the form of a body corporate model (known as an Integrated Joint Board) or a lead agency model.
- 2.3.3 Argyll & Bute adopted the Integrated Joint Board (IJB) model. Under this model Argyll & Bute IJB is responsible for children's health and social care services, criminal justice, social work and all acute services.
- 2.3.4 Part of NHS Highland local services in Argyll and Bute have referral pathways to services in NHS Greater Glasgow and Clyde. Oban has an audiology department which covers the majority of Argyll, whereas Helensburgh and Cowal (East side of Argyll and Bute) refer to the Queen Elizabeth Hospital in Glasgow for these services. This is a similar geographical split for the majority of NHS services with Glasgow providing Consultant Services in the specialities that are not provided locally across Argyll and Bute.

Some BSL users who are patients in Oban are offered the option of going north to link with the Inverness general services via satellite consultant clinics in Fort William.



2.4 liveArgyll

- 2.4.1 liveArgyll was established by Argyll and Bute Council in October 2017 and is a company which is limited by guarantee. This charitable trust delivers a wide range of services for the benefit of local residents and visitors including: libraries, leisure facilities, halls, community centres, community lets, sport development, Active Schools, archives and Campbeltown museum.
- 2.4.2 liveArgyll are helping Argyll and Bute Council and NHS Highland Health Board to deliver some of the goals listed under the Culture and Arts, and Health (including social care), Mental Health and Wellbeing sections of this plan.

3 British Sign Language (Scotland) Act 2015

3.1 The Act

British Sign Language is a language in its own right, with its own grammar, syntax, vocabulary and dialects. It enables many of our D/deaf (D - people born deaf, d - those who become deaf) and Deafblind citizens to learn, parent, work, and to make their contribution to our varied communities, rich culture and vibrant economy.

The British Sign Language (Scotland) Act 2015 was passed by the Scottish Parliament with the aim of making Scotland the best place in the world for BSL users to live, work and visit. Under the 2015 Act, Local Authorities, NHS Boards, colleges, universities and other national public bodies have statutory responsibilities to prepare BSL Plans by October 2018. This provision is designed to make sure the public sector in Scotland plays its part in promoting and supporting BSL by raising the profile of the language and improving access to services and information for BSL users. It will help people whose first or preferred language is BSL to be fully involved in daily and public life in Scotland, as active, healthy citizens, enabling them to make informed choices about every aspect of their lives.

Our Joint Local BSL plan sets out how we propose to use BSL in the operation of our functions; including communications with the public, key partners and our employees. It has been prepared in accordance with statutory criteria set out in the 2015 Act, and guidance provided by the BSL (Scotland) Act Partnership; particularly in relation to the development of BSL Plans. This plan will be sent to Argyll and Bute Council's Policy and Resources Committee for approval in October 2018 when it will become Council policy and have the formal support of our senior management team and Elected Members.



3.2 Consultation on the draft British Sign Language Plan

When developing their BSL plan, the 2015 Act requires public bodies to:

- Involve BSL Users (including those who use the tactile form of the language) and those who represent them;
- Ensure the consultation on the draft plan is accessible to Deaf and Deafblind BSL users and
- Publish the BSL Plan in English and BSL in both draft and in final form.

We set up a working group to develop our Draft Joint Local BSL Plan, and this included representatives from NHS Highland Health Board, liveArgyll and the Council; including those who work with BSL users on a day-to-day basis. Members of the group also went to three BSL Plan Roadshows hosted by the BSL (Scotland) Act Partnership, and information from these (including feedback on research carried out by the National Deaf Children's Society (Scotland), was taken into account when developing the Draft Joint Local BSL Plan.

We published our Draft Joint Local BSL Plan for public consultation on Argyll and Bute Council's website, and promoted it through social media including the Council's YouTube channel, Healthy Argyll and Bute and the Facebook pages of 2 national deaf organisations. We also wrote to BSL users in Argyll and Bute who have used our Council services and encouraged them to comment. We held two public consultation events in Lochgilphead and Tarbert on 14 August 2018. Representatives from the Scottish Fire and Rescue Service came along to provide advice on fire safety and the specialist smoke alarms available for those who are deaf or hard of hearing.

Consultation opened on 2 August 2018 and ended on Sunday 2 September 2018. We invited comments in the following ways:

- by completing our online survey
- by emailing responses to our survey in either English or BSL
- by phone using contactSCOTLAND-BSL (if appropriate)
- by attending our consultation events

Six people came to our public consultation events and 27 individuals filled in our survey. We are grateful to everyone who gave us their ideas, suggestions and, in some cases, details of their life experiences which helped us to gain a better understanding of some of the challenges which BSL users can face on a day-to-day basis. You can find a summary of the feedback which we received here <https://www.argyll-bute.gov.uk/have-your-say/consultation-diary> This has been used to shape our final Joint Local BSL Plan.



3.3 Review and Monitoring

It is important to acknowledge that the BSL plan remains adaptable and flexible to the priorities set out by all of the organisations involved in its delivery, particularly when circumstances may change.

The plan will be monitored each year by the Council's Policy and Resources Committee.

NHS Highland Health Board will keep track of progress by yearly contact with BSL user groups and six monthly steering group meetings to ensure identified actions are progressing so that we can report back to the Scottish Government in 2020. Information on joint working in Argyll and Bute will be fed back into the NHS Highland action plan and vice versa.

3.4 The BSL Plan in the Corporate Structure

- 3.4.1 Overall responsibility for the Plan within the Council lies with the Chief Executive and the Policy Lead for Corporate Services
- 3.4.2 The senior officer with operational responsibility for overseeing the preparation and monitoring of the plan within the Council is the Head of Improvement and HR. Delivery of the individual actions in the plan are the responsibility of the named services.
- 3.4.3 Any queries about the Council's day-to-day operation of the Plan should be emailed to equality@argyll-bute.gov.uk and will be co-ordinated by the Performance and Improvement team.

3.5 Position with operational responsibility over the Plan

The senior officer within Argyll and Bute Council with operational responsibility for overseeing the preparation and monitoring of the Joint Local Plan within Argyll and Bute Council is:

Jane Fowler
Head of Improvement and HR
Customer Services

Tel: 01546 604466
Email: Jane.Fowler@argyll-bute.gov.uk



Argyll and Bute Council
Kilmory
Lochgilphead
PA31 8RT

British Sign Language (BSL) users can contact us via [contactSCOTLAND-BSL](#)
contactSCOTLAND-BSL

The senior officer within NHS Highland Health Board with operational responsibility for overseeing the monitoring of the plan is the:

Principal Officer Inequalities,
NHS Highland,
Larch House
Stoneyfield Business Park
Inverness
IV2 2PA

4 Delivery of the Plan and Resourcing

- 4.1.1 The Improvement and HR service leads on the preparation and monitoring of the BSL Plan for Argyll and Bute Council. Heads of Service across other Council services are responsible for the delivery of actions in their own services.
- 4.1.2 Lead officers will provide regular update reports to the Head of Improvement and HR, the Policy Lead for Corporate Services and the Policy and Resources Committee through the monitoring of the plan.
- 4.1.3 The plan will be put into practice by using existing resources, noting the current challenging financial position facing all the organisations' involved in its delivery. Strong working relationships between us, and with other bodies which deliver services and activities through BSL will support the effective implementation of our BSL plan, thus creating more opportunities for BSL to be used. Where possible, we will seek external



financial support to invest resources in BSL education, language, the economy and culture.

5 Promotion of the Plan

- 5.1.1 The plan will be promoted to all Council employees and Elected Members through the use of the website, 'The Hub' (which is the staff intranet) and newsletters.

NHS Highland Health Board will make people aware of the plan through staff emails, the Integrated Joint Board for the HSCP, senior operational management meetings and the NHS Highland website including the page for Argyll and Bute.

- 5.1.2 Externally, the plan will be promoted through the use of social media sites e.g. Facebook; Twitter; Argyll and Bute Advice Network (ABAN); Healthy Argyll and Bute; Locality Planning Groups; Community Planning Groups and local and national deaf organisations.

6 Summary of the Joint Local BSL Plan

6.1 Aim

- a) The overall aim of the plan is to create a working environment where BSL language and culture is visible and promoted within our organisations and throughout our communities. The Plan builds on the work Argyll and Bute Council and NHS Highland Health Board have undertaken in the past in promoting BSL and recognises the benefits of bilingual learning.
- b) To improve access to a wide range of information and public services in BSL
- c) To improve access to health care and mental health services in BSL
- d) To build the skills of qualified BSL/English interpreters to work in specialist settings like health and mental health
- e) To promote the use and understanding of BSL



6.2 Key Actions

- a) Argyll and Bute Council and NHS Highland Health Board will promote the range of BSL resources which are available to our service users.
- b) We will also ensure that the principle, introduced by the National British Sign Language Plan, to protect and support British Sign Language is followed across all of our services.
- c) We are committed to the promotion of BSL education, language, cultural and economic activities through continued awareness raising and language learning opportunities for children, employees and our communities.
- d) We will make sure that any new and current policies are in line with the BSL Plan.

6.3 Mainstreaming British Sign Language

Argyll and Bute Council and NHS Highland Health Board recognise the various goals listed in the National BSL Plan will mainly be put in practice through their individual action plans working in partnership, but there will also be opportunities to promote and develop BSL through existing policy measures. This Plan summarises the activities that Argyll and Bute Council and NHS Highland Health Board have already mainstreamed in terms of the use of BSL. We see this as a way of including BSL as an everyday part of life in Scotland.

Argyll and Bute Council's Teacher of the Deaf helps families who use signing to learn it as part of her regular visits with them. To date, the National Deaf Children's Society (Scotland) has funded family home signing sessions for three families within Argyll and Bute, as well as organising and delivering an online BSL Level 1 course at one of the schools within the area.

Sign Supported English (SSE) is currently used in six schools within Argyll and Bute to help deaf children to communicate with their friends and staff, and to assist them to access the curriculum. SSE takes the signs from BSL and uses them in the order that the words would be spoken in English. This means a working knowledge of the signs for different words is needed in order to understand and use SSE, but the more complex grammar of BSL is not. At one particular school, SSE has been used in class for at least 3 years giving children a basic level of sign vocabulary which is used throughout the day. Employees went to training sessions which took place out of school hours to help them to develop their signing. This has resulted in increased interest and



use of signing around the school. In another primary school, staff have recently attended BSL training delivered by the University of Highlands and Islands to develop the delivery of BSL in the school. Staff intend to continue with the training in academic session 2018-2019.

NHS Highland Health Board has an existing partnership and service level agreement with Highland Council to provide BSL interpretation and translation to anyone who requires support when accessing its services or attending appointments.

We recognise it is important to have effective communication. For all patients/service users who have sensory impairment (sight, hearing, multi-sensory), we aim to overcome any communication challenges. This can include face to face interpreting.

Both Argyll and Bute Council and NHS Highland Health Board have been using and promoting communication between their organisations and BSL users via contactSCOTLAND-BSL. This is an online interpreting video relay service (VRS) which enables BSL users to contact public and third sector services and vice versa. Whilst contactSCOTLAND-BSL will not remove the need for face to face interpreting provision, it will increase telephone accessibility between BSL users and service providers.

One of the main aims of the Scottish Government's National Plan is to increase awareness of and use of contactSCOTLAND-BSL as a means of communication. Patients/service users who have used contactSCOTLAND-BSL have reported that it provided them with:

- Access to a remote interpreter within their own home within minutes
- The option of a male or female interpreter
- Anonymity when accessing services (avoids the need to rely on friends or family members for sensitive matters)
- Access to a range of public bodies and third sector organisations
- Access to NHS 24 when their GP surgery is closed

More information on how to register for [contactSCOTLAND-BSL](https://contactscotland-bsl.org) and frequently asked questions and answers can be found at <https://contactscotland-bsl.org>

7.0 The National BSL Plan

The National BSL Plan focuses on ten long-term goals, all of which have a vital contribution to make in increasing the numbers of people learning, speaking and using BSL in Scotland. We are committed to ensuring the National Plan is implemented. The Action Plan at the back of this document sets out how we will achieve that aim.



7.1 Across all our services

We share the long-term goal for all Scottish public services set out in the BSL National Plan, which is:

“Across the Scottish public sector, information and services will be accessible to BSL users”.

7.2 Family Support, Early Learning and Childcare

We share the long-term goal for Family Support, Early Learning and Childcare set out in the BSL National Plan, which is:

“The Getting it Right for Every Child (GIRFEC) approach will be fully embedded, with a D/deaf or Deafblind child and their family offered the right information and support at the right time to engage with BSL”.

7.3 School Education

We share the long-term goal for school education set out in the BSL National Plan, which is:

“Children and young people who use BSL will get the support they need at all stages of their learning, so that they can reach their full potential; parents who use BSL will have the same opportunities as other parents to be fully involved in their child’s education; and more pupils will be able to learn BSL at school”.

7.4 Training, Work and Social Security

We share the long-term goal for training, work and social security set out in the BSL National Plan, which is:

“BSL users will be supported to develop the skills they need to become valued members of the Scottish workforce, so that they can fulfil their potential, and improve Scotland’s economic performance. They will be provided with support to enable them to progress in their chosen career”.



7.5 Health (including social care), Mental Health and Wellbeing

We share the long-term goal for health, mental health and wellbeing set out in the BSL National Plan, which is:

“BSL users will have access to the information and services they need to live active, healthy lives, and to make informed choices at every stage of their lives”.

7.6 Transport

We share the long-term goal for transport set out in the BSL National Plan, which is

“BSL users will have safe, fair and inclusive access to public transport and the systems that support all transport use in Scotland.”

7.7 Culture and the Arts

We share the long-term goal for culture and the arts set out in the BSL National Plan, which is:

“BSL users will have full access to the cultural life of Scotland, an equal opportunity to enjoy and contribute to culture and the arts, and are encouraged to share BSL and Deaf Culture with the people of Scotland”.

7.8 Democracy

We share the long-term goal for democracy set out in the BSL National Plan, which is:

“BSL users will be fully involved in democratic and public life in Scotland, as active and informed citizens, as voters, as elected politicians and as board members of our public bodies”.



8 Action Plan

1 Across All Our Services						
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead
1.1	Analyse existing evidence we have about BSL users in our organisation; identify and fill key information gaps so that we can establish baselines and measure our progress.	Monitor uptake of our BSL services, including requests for translations and interpretation services, and downloads of BSL material from our website	2	4.1- 4.15	By October 2020 2024	Head of Improvement & HR; Head of Adult Services (East) NHS Highland



1.2	<p>Improve access to our information and services for BSL users, including making our website more accessible to BSL users.</p>	<p>Provide a BSL translation of our Complaints Procedure</p> <p>Translate key pieces of guidance into BSL where demand has been identified</p> <p>Provide a BSL translation of what to do if you are worried a child or an adult may be at risk of harm</p> <p>Raise general awareness of our BSL Plan and associated activities amongst staff</p> <p>Offer alternative communication methods where possible (for example give the option to text or email rather than phone and highlight the availability of face-</p>	3,4	4.4	<p>By October 2020</p> <p>2024</p> <p>October 2020 – October 2024</p> <p>By October 2020</p> <p>2018 – 2024</p> <p>Ongoing</p>	<p>Head of Improvement & HR</p> <p>NHS Highland</p> <p>Head of Improvement & HR</p> <p>Head of Improvement & HR</p> <p>Head of Improvement & HR</p> <p>All Council Heads of Service</p>
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		<p>to-face BSL translators if required)</p> <p>Make use of social media to promote our services among the BSL community</p> <p>Develop a Translation and Interpretation Policy so that staff can easily access the appropriate communication for service users</p>			<p>Ongoing</p> <p>By December 2019</p>	<p>All Council Heads of Service</p> <p>Head of Improvement & HR</p>
1.3	<p>Promote the use of the Scottish Government's nationally funded BSL online interpreting video relay services called 'contactSCOTLAND-BSL' to staff and to local BSL users. This is a free service which allows BSL users to contact public and third sector services and for these services to contact them.</p>	<p>Add a link to the service into our email signatures</p>	5		June 2019	<p>Head of Customer & Support Services</p>



		<p>Add links to the service into key documents and guidance</p> <p>Add a link to the service on each school's website</p> <p>Investigate creating alternative communication methods. For example, by giving the option to text, email or use contactScotland –BSL when confirming appointments</p>		4.10	<p>2018 - 2024</p> <p>By October 2020</p> <p>2024</p>	<p>All Council Heads of Service</p> <p>Head of Education – Lifelong Learning & Support</p> <p>NHS Highland</p>
1.4	Signpost staff who work with BSL users to appropriate BSL awareness training	Work with other local public bodies to identify BSL training opportunities for employees	6		2018 - 2024	Head of Improvement & HR
We will continue to:						
1.5	Promote the Communication Support Service within NHS Highland Health Board and Argyll and Bute HSCP					



1.6	Use Plain English where we can in our documents and on our websites					
1.7	Promote the link to contact SCOTLAND-BSL on Argyll and Bute Council and NHS Highland Health Board's websites					
1.8	Provide Deaf Awareness training for all staff (particularly employees who engage with members of the community), and make sure appropriate material and links are available to help their understanding					
2	Family Support, Early Learning and Childcare					
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead
2.1	Provide early years staff with information about BSL and Deaf culture, and about resources that are available in BSL, so that they can meet the needs of families with a D/deaf or Deafblind child.	Produce a pack containing deaf friendly educational resources and information about deaf culture for parents, nurseries and health visitors which will also include links to additional online resources	10,11,12		January 2019	Head of Education – Lifelong Learning & Support



		Provide Early Years' employees with access to training on basic BSL and fingerspelling			August 2018 onwards	Head of Education – Lifelong Learning & Support
		Make sure our children's services have access to nationally developed BSL resources and advice within key programmes such as Bookbug			When available	Head of Education – Lifelong Learning & Support & liveArgyll
We will continue to:						
2.2	Give staff and children at nurseries basic BSL training in preparation for deaf children attending those establishments					
3	School Education					
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead
3.1	Contribute to the Scottish Government's investigation of the level of BSL held by	Carry out a survey every year in schools to collect information on the level of BSL held by teachers	17, 18		From April 2019	Head of Education - Learning and

	<p>teachers and support staff working with D/deaf and Deafblind pupils in schools, and take account of any new guidance for teachers or support staff working with pupils who use BSL.</p>	<p>and support staff</p> <p>Keep in touch with the General Teaching Council for Scotland (GTCS) to remain up to date with current guidance on BSL</p> <p>Keep up to date records on where and how BSL is being offered in schools and report this to the Scottish Government</p>			<p>Ongoing</p> <p>From April 2019</p>	<p>Teaching</p> <p>Head of Education - Learning and Teaching</p> <p>Head of Education - Learning and Teaching</p>
3.2	<p>Take forward advice developed by Education Scotland to a) improve the way that teachers engage effectively with parents who use BSL and b) ensure that parents who use BSL know how they can get further involved in their child's</p>	<p>Consult with deaf parents who have children in schools within Argyll and Bute to find out if there are any barriers to their involvement with their child's education and how this could be improved. Communicate any lessons learned/good practice to</p>	20, 21		By October 2020	Head of Education - Learning and Teaching



	education.	Education Scotland				
3.3	Contribute to the SCILT programme of work to support the learning of BSL in schools for hearing pupils as part of the 1+2 programme, including sharing best practice and guidance.	<p>Maintain ongoing contact with Scotland's National Centre for Languages (SCILT) to keep up to date with information and support on BSL</p> <p>Review lessons learned from a pilot project to teach BSL101 to Primary 4 hearing and deaf students at a primary school within Argyll & Bute, and share examples of good practice with SCILT. BSL101 is an Introduction to British Sign Language course which teaches learners how to meet and greet; understand basic conversation and numbers, and to give and follow simple directions and information.</p>	23		<p>Ongoing</p> <p>August 2018 – June 2019</p>	<p>Head of Education - Learning and Teaching</p> <p>Head of Education - Learning and Teaching</p>
		Make BSL online resources readily accessible to practitioners			January	Head of Education -



		<p>through the Argyll and Bute Education blog</p> <p>From 2021 every child is entitled to learn a first additional language from primary one and a second by primary five. This entitlement continues until the end of S3. We will promote BSL as a language which can be learned as part of the 1+2 Languages policy.</p>			<p>2019</p> <p>October 2024</p>	<p>Learning and Teaching</p> <p>Head of Education - Learning and Teaching</p>
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3.4	Work with partners who deliver employment services, and with employer groups already supporting employability to help signpost them to specific advice on the needs of BSL users.	<p>Provide a wide range of information, advice and guidance in BSL that is being developed by Skills Development Scotland, to pupils and students to support their career and learning choices and the transition process</p> <p>Argyll and Bute Council's Education Service will work closely with the regional officer for Developing the Young Workforce to make sure training providers and employers are given appropriate support and advice to encourage more diverse recruitment and to make sure they fully understand their responsibilities as an employer</p>	34		<p>When available</p> <p>October 2024</p>	<p>Skills Development Scotland & Head of Education – Lifelong Learning & Support</p> <p>Head of Education – Lifelong Learning & Support</p>
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3.5	<p>Raise awareness locally of the UK Government's 'Access to Work' (AtW) scheme with employers and with BSL users (including those on Modern Apprenticeships) so that they can benefit from the support it provides.</p>	<p>Argyll and Bute Council's Education Service will work with the regional officer for Developing the Young Workforce, employers and relevant partner agencies to raise awareness of the "Access to Work" scheme for employers. This will make sure BSL users who are in employment are aware of the "Access to Work" Scheme and can benefit from the support it provides</p> <p>Raise awareness of the services of "Access to Work" in recruitment documentation, Council policies and through the Modern Apprenticeship Scheme</p>	35		<p>October 2024</p> <p>By October 2020</p>	<p>Head of Education – Lifelong Learning & Support</p> <p>Head of Improvement & HR</p>
We will continue to:						
3.6	<p>Make sure interpreter support is available for young people to access work placements, and deaf awareness training is provided before the placement starts</p>					



4 Training, Work and Social Security						
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead(s)
4.1	Signpost pupils and students to a wide range of information, advice and guidance in BSL about their career and learning choices and the transition process.	Careers Advisers are based in all secondary schools within Argyll and Bute. Careers Advisers will work with pupils who use BSL to signpost them to information, advice and guidance in BSL being developed by Skills Development Scotland (SDS).	28		When available	Skills Development Scotland & Head of Education – Lifelong Learning & Support
5 Health (including social care), Mental Health and Wellbeing						
	We will:	Success Measure	National Plan Action Point	NHS Highland Plan Action Point(s)	Timescale	Lead
5.1	Signpost BSL users to health and social care information available in BSL (to be	Please see NHS Highland plan for specific details	40(a), 40(b)	4.1 - 4.12	2024	NHS Highland & NHS Health



	produced by NHS Health Scotland and NHS24), and b) develop complementary information in BSL about local provision, as appropriate	www.nhshighland.scot.nhs.uk				Scotland
5.2	Work with Local Authorities, providers and service users to improve the way that adult social care is delivered for BSL users, including how residential care is commissioned and how care and support is delivered to people at home	Investigate technology enabled care systems such as telehealth applications to support people to self-manage long term health conditions at home. Promote text services for Deaf, hard of hearing or people who are speech impaired to contact the emergency services. We will do this by linking the emergency SMS website to NHS Highland website http://www.emergencysms.org.uk/registering_your_mobile_phone.php	41, 42	4.5	2024	NHS Highland
				4.12	2024	NHS Highland



		Complete a comprehensive Universal Adult Assessment (UAA) with BSL users, using BSL interpreters to outline what care services are available should BSL users need care. This is considered to be specifically useful for community based assessments. Hospital based assessments will be different because “it is the responsibility of staff to book communication support to help Deaf, deafened, deafblind or hard of hearing people access NHS Highland Services”.			October 2024	Head of Adult Services East
5.3	Signpost health and social care staff to an online learning resource toolkit to raise awareness of BSL and Deaf culture (this will be led by NHS Health Scotland)	Publicise the learning resources for health and social care staff developed by NHS Health Scotland and See Hear Highland Education	43	4.2 - 4.3	2024	NHS Highland & NHS Health Scotland



		Promote deaf awareness training available from See Hear Highland Education & Learning Services (SHHELS) for independent contractors e.g. Pharmacists, Optometrists, Dentists.		4.11	2024	NHS Highland
5.4	Improve individual patient health records so that they clearly show when the first or preferred language is BSL and a BSL/English Interpreter is needed.	NHS Highland will work with national partners and keep up to date with guidance to improve individual patient health records. We aim to ensure that patients' communication and access needs are recorded at the first available opportunity. We will ask permission to share this information across NHS Highland where relevant.	44	4.9	2024	NHS Highland
5.5	Review the mental health support that is available to the deaf community.	Where possible develop psychological therapies that can be offered on a fair and equal basis to BSL users	45(a)	4.6	2024	NHS Highland



		Signpost BSL users to out of hours support for example Breathing space and NHS 24		4.7	2024	NHS Highland
5.6	Support and work with NHS Health Scotland to implement a new national Interpretation and Translation Policy which includes BSL provision.	Review guidance and policies on arranging interpretation and translation services. We will make sure staff can easily access the translation services. We will make sure staff can easily access the appropriate communication method for patients/service users.	46	4.8	2024	NHS Highland
5.7	Take steps to improve access to information about sport, and to local sports facilities and sporting opportunities	Improved access to information about sport, local sports facilities and sporting opportunities	48		2024	liveArgyll



5.8	<p>Make sure any local work to tackle social isolation explicitly considers the needs of BSL users</p>	<p>Investigate the potential to create an online community forum for BSL users to communicate with each other, and with the Council</p> <p>Create a “loop capital” as a pilot project in Dunoon so that hearing Loops are available in all shops/businesses in the town.</p> <p>Work with partners to make sure that any local work to deal with social isolation explicitly considers the need of BSL users</p>	49	4.13	<p>October 2024</p> <p>December 2020</p>	<p>Head of Adult Services East; Head of Customer & Support Services</p> <p>Head of Adult Services East</p> <p>NHS Highland</p>
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6 Transport						
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead
6.1	Make sure BSL users can participate in the on-going feedback process of the 'Going Further: Scotland's Accessible Travel Framework' as individuals and staff.	<p>Promote BSL awareness training to regulated transport service providers, such as taxi provision and patient transport.</p> <p>Encourage private transport providers contracted by NHS Highland to have access to technology to support communication with BSL users. We will also encourage them to be deaf aware.</p>	50	<p>5.1</p> <p>5.2</p>	<p>2024</p> <p>2024</p>	<p>NHS Highland</p> <p>NHS Highland</p>
6.2	Develop and provide training for transport providers which includes strategies for communicating with BSL users	Make sure those involved in school transport, have access to deaf awareness training	53		October 2024	Head of Facility Services



	(patients and staff).					
	We will continue to:					
6.3	Promote Journey Assistance Cards to local bus operators and BSL users					
7	Culture and Arts					
	We will:	Success Measure	National Plan Action Point(s)	NHS Highland Plan Action Point(s)	Timescale	Lead
7.1	Enable BSL users to take part in culture and the arts as participants, audience members and professionals.	Investigate how we can help BSL users to become more involved in culture and the arts as participants, audience members and professionals	54		2024	Argyll and Bute Council & liveArgyll

8		Democracy				
	We will:	Success Measure	National Plan Action Point	NHS Highland Plan Action Point(s)	Timescale	Lead
8.1	Take opportunities to promote the Access to Elected Office Fund locally, which can meet the additional costs of BSL users wishing to stand for selection or election in local or Scottish Parliament elections	<p>Provide links on Argyll and Bute Council's website to national information on the Access to Elected Office Fund (Scotland) to provide a signpost to BSL users who wish to stand for selection and election</p> <p>Make sure BSL video information on voting processes, developed by the Electoral Commission, is available (or links provided) on Partner websites</p> <p>Make sure BSL training information provided by the Electoral Commission is given to all relevant electoral staff</p>	65		<p>When available</p> <p>When available</p> <p>When available</p>	<p>Scottish Government & Head of Governance & Law</p> <p>Electoral Commission & Head of Governance & Law</p> <p>Electoral Commission & Head of Governance & Law</p>



		Raise awareness amongst Elected Members of the contactSCOTLAND–BSL service			By October 2019	Head of Governance & Law
8.2	Take opportunities to promote public appointments as a way of participating in public life by producing information about public appointments in BSL, and promoting public appointments specifically to BSL users.	Raise awareness among our executive and non-executive Board members about contactSCOTLAND-BSL	69	6.1	2024	NHS Highland
		Work with partners to develop and promote accessible guidelines for activities and events		6.2	2024	NHS Highland

Argyll and Bute Council: Equality and Socio-Economic Impact Assessment

Section 1: About the proposal

Title of Proposal
Joint Local British Sign Language Plan for Argyll and Bute

Intended outcome of proposal
The Joint Local BSL Plan for Argyll and Bute 2018 - 2024 sets out the collective intentions of Argyll and Bute Council, NHS Highland Health Board and liveArgyll to improve communication with, and access to services for, people who use BSL in the period 2018-2024. (NHS Highland remain the responsible body in Argyll and Bute HSCP devolved services and this plan feeds into theirs).

Description of proposal
The final plan sets out how we propose to use BSL in the operation of our functions; including communications with the public, key partners and our employees. It has been prepared in accordance with statutory criteria set out in the 2015 Act, the National BSL Plan, and guidance provided by the BSL (Scotland) Act Partnership; particularly in relation to the development of BSL Plans.

Business Outcome(s) / Corporate Outcome(s) to which the proposal contributes
BO104 Our Communities Are Supported And Protected BO107 The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met BO108 All Our Children And Young People Are Supported To Realise Their Potential BO109 All Our Adults Are Supported To Realise Their Potential BO116 We Engage And Work With Our Customers, Staff And Partners

Lead officer details:	
Name of lead officer	Lisa Bond
Job title	Business Partner – Performance & Improvement
Department	Customer Services
Appropriate officer details:	
Name of appropriate officer	Jane Fowler
Job title	Head of Improvement & HR
Department	Customer Services
Sign off of EqSEIA	
Date of sign off	18/09/18

Who will deliver the proposal?

Argyll and Bute Council, NHS Highland Health Board and liveArgyll (a charitable trust which delivers leisure and library services on behalf of Argyll and Bute Council), who are responsible for some of the goals listed under the Culture and Arts, and Health (including social care), Mental Health and Wellbeing sections).

Section 2: Evidence used in the course of carrying out EqSEIA

Consultation / engagement

Public Consultation ran from 2/8/18 – 2/9/18 inclusive. We published our draft Joint Local BSL Plan in English and BSL on Argyll and Bute Council's website, and promoted it through social media including the Council's YouTube channel, Healthy Argyll and Bute and the Facebook pages of 2 national deaf organisations. We also wrote to BSL users in Argyll and Bute who have had contact with our Sensory Impairment Team before and encouraged them to comment; and also to parents of deaf children, as well as deaf parents to draw their attention to our consultation arrangements. We held two public consultation events in Lochgilphead and Tarbert on 14 August 2018. We invited comments in the following ways:

- by completing our online survey
- by emailing responses to our survey in either English or BSL
- by phone using contactSCOTLAND-BSL (if appropriate)
- by attending our consultation events

Data

Six people came to our public consultation events and 27 individuals filled in our survey (1 hardcopy and 26 online). Respondents gave us their ideas, suggestions and, in some cases, details of their life experiences which helped us to gain a better understanding of some of the challenges which BSL users can face on a day-to-day basis, particularly where:-

- a) They are not known to a service
- b) Their communication needs are not stated on their records
- c) They need urgent support
- d) Staff are not deaf aware and use inappropriate forms of communication

We have published a separate report (“We Asked, You Said, We Did”) which contains the results of the consultation.

We set up a working group to develop our draft Joint Local BSL Plan, and this included representatives from NHS Highland Health Board, liveArgyll and the Council; including those who work with BSL users on a day-to-day basis. Members of the group also went to three BSL Plan Roadshows hosted by the BSL (Scotland) Act Partnership, and information from these (including feedback on research carried out by the National Deaf Children’s Society (Scotland), was taken into account when developing the draft Joint Local BSL Plan.

In the 2011 Census, the people of Scotland were asked if they used a language other than English at home. In Argyll and Bute 152 people of those aged 3 and over said “Yes – British Sign Language”. 6931 of respondents in Argyll and Bute indicated they had deafness or partial hearing loss which had lasted, or was expected to last, at least 12 months.

Other information

BSL is a visual mode of communication with its own grammatical structure and syntax conveyed by gestures, facial expressions and body language. It is not dependent on, nor strongly linked to, spoken English. It has no written equivalent and is a point often missed by professionals who often resort to the written word using English language phraseology, grammar and syntax which is not an effective mode of communication for many Deaf people.

Deaf people often struggle to access services as the average reading age of a Deaf person is 9 years old (Wauters, L.N., Agnes, E.J.M., Tellings, A.E.J.M., van Bon, W.H.J. & Mak W.M. (2007) Mode of acquisition as a factor in deaf children's reading comprehension. *Journal of Deaf Studies and Deaf Education*).

People of all ages who use BSL within Argyll and Bute may be affected by the introduction of this Plan. A higher proportion of men than women will develop hearing loss over the age of 40. This is possibly because more men have been exposed to high levels of industrial noise compared to women. Among the over 80 years of age population, more women than men have hearing loss, which is due to women living longer than men on average, not because women are more likely to become deaf (Action on Hearing Loss Information July 2011).

With an ageing population the number of people with deafness or partial hearing loss will increase and so will the demand on communication support services. More and more people will require support and assistance to be able to access Health and Social Care services across the region without the need to rely on carers/family and friends.

NHS figures suggest 40% of deaf children experience mental health difficulties compared to 25% of hearing children (NHS, 2005).

More older people are likely to be affected by social isolation and there is a strong link between hearing loss and dementia. People with mild hearing loss are two times as likely to develop dementia, and this increases to three times for those with moderate hearing loss (Lin, F.R., Metter E.J., O'Brien, R.J., Resnick, S.M., Zonderman, A.B. and Ferrucci, L. (2011) Hearing loss and incident dementia. *Archives of Neurology* vol 68, no 2, pp. 214-20).

Not all Deaf people consider themselves to be disabled. Nevertheless, this Plan is specifically aimed at BSL users. It is acknowledged that not all Deaf/Deafblind people use BSL.

This group may also have additional disabilities, e.g. blind, partially sighted, learning disabilities, mental impairment and physical disabilities.

The needs of D/deaf people will be met no matter what protected characteristic they come under. There will be better access to services for all Deaf BSL users.

Gaps in evidence

The Council holds some information on its corporate systems about the BSL users who are supported by the Sensory Impairment Team, and also the deaf children in Argyll and Bute of pre-school and school age who are supported by the Teacher of the Deaf. There is no data source other than the census which was carried out in 2011, that would identify all adult BSL users in Argyll and Bute, as council services only hold data on the individuals who are accessing them. At present neither the Council nor NHS Highland Health Board collate information on the number of BSL users who are accessing their websites, and this is an action point which has been identified in the plan. The number of hits on BSL materials will be monitored once BSL materials have been made available on those sites though it is acknowledged that people other than BSL users may access these materials too. NHS Highland has also identified an action point to increase the amount of information held on their patient record system so that appropriate interpreter support can be arranged in advance of appointments as a matter of course.

Section 3: Impact of proposal**Impact on service users:**

	Negative	No impact	Positive	Don't know
Protected characteristics:				
Age			√	
Disability			√	
Ethnicity		√		
Gender			√	
Gender reassignment		√		
Marriage and Civil Partnership		√		
Pregnancy and Maternity		√		
Religion		√		
Sexual Orientation		√		
Fairer Scotland Duty:				
Mainland rural population			√	
Island populations			√	
Low income			√	
Low wealth			√	
Material deprivation			√	
Area deprivation			√	
Socio-economic background			√	
Communities of place?			√	
Communities of interest?			√	

Impact on service deliverers (including employees, volunteers etc):

	Negative	No impact	Positive	Don't know
Protected characteristics:			√	
Age			√	
Disability			√	
Ethnicity			√	
Gender			√	
Gender reassignment			√	
Marriage and Civil Partnership			√	
Pregnancy and Maternity			√	

	Negative	No impact	Positive	Don't know
Religion			√	
Sexual Orientation			√	
Fairer Scotland Duty:			√	
Mainland rural population			√	
Island populations			√	
Low income			√	
Low wealth			√	
Material deprivation			√	
Area deprivation			√	
Socio-economic background			√	
Communities of place?			√	
Communities of interest?			√	

If any 'don't know's have been identified, at what point will impacts on these groups become identifiable?

Not applicable

How has 'due regard' been given to any negative impacts that have been identified?

Deaf people of Black and Minority Ethnic origin may have additional cultural needs to be taken into consideration by service providers. The Plan is limited to British Sign Language. There are hundreds of variations of sign language used throughout the world. Foreign Sign Language users will potentially be disadvantaged but this would be mitigated by contacting a deaf relay interpreter if required.

Section 4: Interdependencies

Is this proposal likely to have any knock-on effects for any other activities carried out by or on behalf of the council?

Yes

Details of knock-on effects identified

The spirit and actions in the Plan should be considered when developing any new policies and/or procedures, for example when thinking about how service users can communicate with the Council, and offering a choice of communication options where possible. The plan will be promoted to all Council employees and elected members through the use of the website, 'The Hub' (which is the staff intranet) and newsletters. NHS Highland Health Board will make people aware of the plan through staff emails, the Integrated Joint Board for the HSCP, senior operational management meetings and NHS Highland website including the page for Argyll and Bute. Externally, the plan will be promoted through the use of social media sites e.g. Facebook; Twitter; Argyll and Bute Advice Network (ABAN); Healthy Argyll and Bute; Locality Planning Groups; Community Planning Groups and local and national deaf organisations.

Making materials available in BSL and developing a translation policy should help employees to communicate better with service users and benefit any employees who use BSL themselves.

Demand for interpreting and translation services may increase as well as requests for deaf awareness and BSL training as a result of developing and promoting the BSL Plan.

Section 5: Monitoring and review

How will you monitor and evaluate the equality impacts of your proposal?

The plan will be monitored each year by the Council's Policy and Resources Committee. Heads of Service will be responsible for updating the action plan in Pyramid; the council's performance management system. Some of the actions in the plan involve surveys which will be able to measure the impact of those measures for example it will be possible to see if the level of BSL held by teachers and support staff is increasing from the annual survey to be conducted by the Education Service.

No negative impacts have been identified at this stage. If any arise when the Plan is put into practice, attempts will be made to mitigate any adverse negative impacts.

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Joint Local British Sign Language Plan for Argyll and Bute (2018 – 2024)

“We Asked, You Said, We Did” Analysis of Responses to Public Consultation Exercise

September 2018



In this document we refer to 'BSL users'. This covers all people whose first or preferred language is BSL, including those who receive the language in a tactile form due to sight loss.

We Asked

From 2 August to 2 September 2018, Argyll and Bute Council, NHS Highland Health Board and liveArgyll consulted on what should be included in the Joint Local British Sign Language Plan for Argyll and Bute. We wrote a Draft Plan and put this on Argyll and Bute Council's website. We also put a BSL version of the Draft Plan on the Council's YouTube channel. We told people about the Draft Plan on social media, Healthy Argyll and Bute and the Facebook pages of 2 national deaf organisations. We wrote to deaf parents and parents of deaf children who are supported by the Council's Teacher of the Deaf to tell them about the Draft Plan. We also invited BSL users who have had contact with our Sensory Impairment Team previously, to tell us what they thought of our Draft Plan.

You Said

33 responses were received in total – 6 people came to our consultation events in Lochgilphead and/or Tarbert; 1 person filled in a hard copy consultation questionnaire and 26 people completed our online survey. We would like to thank everyone who took the time to give us their ideas, suggestions and, in some cases, details of their life experiences which helped us to gain a better understanding of some of the challenges which British Sign Language (BSL) users can face on a day-to-day basis.

You told us it can be particularly difficult for BSL users when:

- a) They are not known to a service
- b) Their communication needs are not stated on their records
- c) They need urgent support
- d) Employees are not deaf aware and use inappropriate forms of communication

We Did

Based on the feedback which you gave us, we put together a final Plan to tell you what we expect to do between 2018 and 2024 to protect and support British Sign Language, including in its tactile form, in Argyll and Bute.

You can find a copy of our final Plan here <https://www.argyll-bute.gov.uk/have-your-say/consultation-diary>

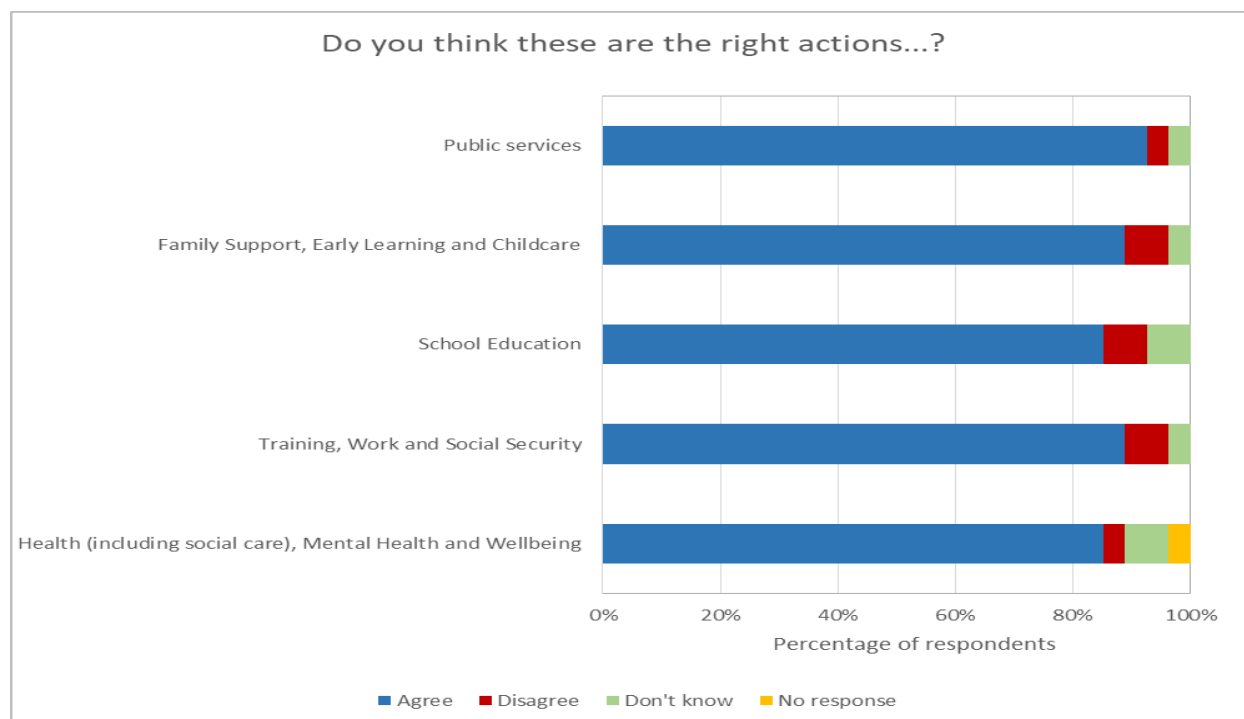


General reaction to the Draft plan

We listed 9 goals and asked you whether or not you agreed with the actions under each of these goals. We also asked you to tell us if, and how, they could be done better.

There was a high level of support for the actions outlined in the Draft Plan (Figure 1). This shows the goals which generated the most responses only. Where you did not agree with the proposals, this did not seem to be because you disagreed with specific actions so much as you felt that more could/should be done.

Figure 1



Most of the comments were positive and people felt the actions should make a big difference to the lives of Deaf/Deafblind BSL users.

Common themes across all areas

Something which was said a lot was the need for training in BSL, and the idea that children (both deaf and hearing) should be taught BSL from a young age. These actions would increase awareness, allow greater inclusion and engagement of deaf children, and promote a more inclusive society, more widely.

The need for education and training came across in all areas of the consultation, not just in the section devoted to 'School Education'.



The need for better communication and explanations was highlighted throughout the consultation as these remove barriers, and make it easier and more comfortable for people to use and access all types of services.

A few people were worried that some of the actions require people to access the internet and social media in order for them to work, as not all deaf people have access to these facilities. Practical considerations were also raised around internet solutions (e.g. Facetime) as these may not work in areas where the internet signal is not adequate. We recognise that some of the actions which we have suggested may take a while to put into place and also rely on BSL users having access to the necessary technology. We know not everyone is comfortable with these new technologies and there will always be occasions when a “human element” is required. However, we also hope this technology can help us to overcome some of the geographical challenges which an area as large as Argyll and Bute can create. We know from what you told us that social isolation and loneliness can be a very real problem for BSL users, and we hope that some of the actions which we intend to put into place will help to overcome that.

Having the necessary funding and resources to deliver the actions set out in the local plan will be key. All of the organisations involved in delivering the plan have limited resources and are facing budgetary constraints. We will continue to seek national and other sources of funding and support to help us to put our actions into practice wherever possible.

Public services

We asked if you thought the actions which we had suggested for Public Services were the right ones, and whether there was more that you thought we could do.

You said you generally agreed with the actions proposed; with efforts to enable and promote more inclusivity being welcomed from deaf and hearing respondents.

You felt the proposals would:

- Assist communication with public services
- Help people to access information

Some of the things you said would also help included increased staff awareness and training.

Suggestions included:

- Training staff at all levels of the organisations in basic BSL, particularly those who work with the public on a day-to-day basis



- Being proactive to reach out to individuals and families who are not already accessing services. You said this could be done via schools; public notices; social media; television and radio.
- Have face to face BSL translators available, rather than relying on letters and notes to communicate, as deaf people may struggle with spelling and grammar.

We already have arrangements in place to book face-to-face interpreters for planned meetings but we know it can be difficult to get an interpreter at short-notice and/or in an emergency situation. One of the common themes to come out of the Scottish Government's consultation on the National Plan was to ensure there are sufficient numbers of BSL/English translators in Scotland. We know there are only a small number of qualified BSL translators within Argyll and Bute, and with the size of the area that we cover it can still take interpreters several hours to travel from one part of the county to another. We are, however, looking at whether we can source BSL interpreters more locally, and will use video translation and interpretation services where appropriate.

We have already included a link to contactSCOTLAND-BSL on Argyll and Bute Council's and NHS Highland's websites and will continue to promote this with our employees. NHS Highland have recently sent out posters to GPs and the third sector, and Argyll and Bute Council's Sensory Impairment Team have been making BSL users aware of the service offered by contactSCOTLAND-BSL as part of their regular contact with service users.

Some people who attended the consultation events in Tarbert and Lochgilphead had not heard about contactSCOTLAND-BSL before and so we showed them how it worked by giving them a live demonstration and encouraged them to register for the service. contactSCOTLAND-BSL is Scotland's free BSL interpreting video relay service which enables BSL users to have contact with all of Scotland's public bodies and third sector organisations. You can find out more about it at:

<https://contactscotland-bsl.org/>

Family support, early learning and childcare

We recognise the early years of a child's life are very important and you felt a lot of support should be available to parents and guardians at this time. **We asked** if you thought the actions which we had suggested for family support, early learning and childcare were the right ones, and whether there was anything more that you thought we could do.

Whilst there was general agreement with regard to the proposals, a desire to see more awareness raising and training for GP's, health visitors and early year's staff was evident.



You said you agreed with the proposals because:

- You feel it is currently difficult to access information within Argyll and Bute as not all parents or guardians may be aware of the help and support available from the National Deaf Children's Society (Scotland) and the West of Scotland Deaf Children's Society can be difficult to get to for residents of Argyll and Bute.
- Parents need to be given full information from the beginning, including information about BSL, so they can make informed choices about how to raise and communicate with their children.

You said using sign language has potential benefits beyond the Deaf community. You also felt it could benefit non-verbal children and children on the Autistic spectrum, as well as helping peers to better understand their classmates.

One respondent suggested cultural change takes time. Parents learn from their children: if children/young people see BSL as the norm, it will become habit and deliver that cultural change.

Ideally, you would like to see at least one employee in any educational establishment being confident in BSL, as well as all staff members knowing the basics.

You were keen for this learning to continue beyond pre-school and primary school and into secondary school education.

Two respondents felt the proposals could be further developed by:

- Every deaf child should meet the Teacher of the Deaf within one month of diagnosis, regardless of age and stage of education.
- Educate GPs on BSL and have more information available in doctors' surgeries. GPs need to be familiar with the issues faced in school and home settings that children with a hearing deficit face.
- Provide more BSL training for teachers to allow them to communicate with deaf children. BSL also helps classmates to learn how to communicate more with deaf children.

We will put together a pack containing deaf friendly educational resources and information about deaf culture for parents, nurseries and health visitors which will also include links to additional online resources.

In the 2018-2019 academic year, Early Years' employees will have access to training on basic BSL and fingerspelling as part of their Continuing Professional Development programme. We will also make sure our children's services have access to nationally developed BSL resources and advice within key programmes such as Bookbug once they are available.



School Education

The section on School Education invited the most comments and seemed to be the single most important issue for those who responded to our survey.

There is no reason why, with the right support, deaf children cannot achieve what they want to.

We asked if you thought the actions which we had suggested for school education were the right ones, and whether there was anything more that you thought we could do.

There was general agreement with the actions which we propose to take.

You said you agreed with them because they included teaching BSL in schools and nurseries from a young age. One respondent noted that BSL is as important as any other language.

Whilst there was general agreement that raised awareness of BSL is important, one respondent suggested that awareness training on its own did not go far enough.

You felt there are courses available in the central belt that could be accessed by people in Dunoon and Helensburgh, but that opportunities to access such courses is more difficult in the remoter parts of Argyll and Bute.

Suggestions made for additional actions and solutions included:

- Making BSL a part of the curriculum, and of daily school life
- Funding needs to be made available to employ more specialist Teachers of the Deaf, and for these Teachers to have sign language skills up to Scottish Credit and Qualifications Framework (SCQF) Level 6
- Consult with the National Deaf Children's Society (Scotland) to promote BSL and other sign supported language
- Provide training for teachers and Additional Support Needs Assistants in the use of BSL
- Include solutions for the employment of teachers who use BSL as their first language. Solutions to address the barriers to employment of Deaf teachers should be examined by way of consultation with teachers who are deaf, and also teachers who teach deaf children.

We will carry out a survey every year in schools to collect information on the level of BSL held by teachers and support staff. We will also keep up to date records on where, and how, BSL is being offered in schools in Argyll and Bute, and will report this to the Scottish Government.



Between August 2018 – June 2019 we are running a pilot project to teach BSL101 to Primary 4 hearing and deaf students at one of the larger primary school's within Argyll & Bute. BSL101 is an Introduction to British Sign Language course which teaches learners how to meet and greet; understand basic conversation and numbers, and to give and follow simple directions and information. We will review how this goes and share examples of good practice with Scotland's National Centre for Languages (SCILT).

We recognise the valuable support the Council's Teacher of the Deaf provides to deaf children and their parents, and that you would like us to employ more specialist Teachers of the Deaf. This is an important service and one which you appreciate. We also know that we have to balance this need with the funding challenges and budgetary constraints that we face, and the general difficulties across Scotland in recruiting suitably qualified teachers. This is a significant issue and one which was also raised in response to the Scottish Government's consultation on the National BSL Plan.

The distances that our staff have to cover, together with the time spent travelling to visit service users or to attend face-to-face training courses can sometimes make the challenges that we have to overcome even greater.

The Council's Teacher of the Deaf **will continue to** help families who wish to use signing to learn it as part of her regular visits with them.

To date, the National Deaf Children's Society (Scotland) (NDCS) have funded family home signing sessions for three families within Argyll and Bute, as well as organising and delivering an online BSL Level 1 course at one of the schools within the area. **We will continue to** work with NDCS and value the support and assistance which they give to us.

Sign Supported English (SSE) is currently used in six schools within Argyll and Bute to help deaf children to communicate with their friends and staff, and to assist them to access the curriculum. SSE takes the signs from BSL and uses them in the order that the words would be spoken in English. This means a working knowledge of the signs for different words is needed in order to understand and use SSE, but the more complex grammar of BSL is not. At one particular school, SSE has been used in class for at least 3 years giving children a basic level of sign vocabulary which is used throughout the day. Employees went to training sessions which took place out of school hours to help them to develop their signing. This has resulted in increased interest and use of signing around the school.

We will make BSL online resources readily accessible to early learning practitioners through the Argyll and Bute Education blog.



We will continue to make sure interpreter support is available for young people to access work placements whilst at school, and deaf awareness training is provided before the placement starts.

Training, work and social security

We asked if you thought the actions which we suggested for training, work and social security were the right ones, and whether there was anything more that you thought we could do.

There was broad agreement with the proposals and a strong view that employment not only provides an income, but also helps to promote self-worth and independence.

You agreed because the proposals would:

- Allow pupils the best opportunity to get the most from their education and to provide the greatest choice of career pathways and options
- BSL for a deaf child should be a way of life. They should not miss out on any opportunity to be great and to achieve what they want in life
- More people will be able to access work that uses BSL

You said it was important pupils did not view hearing loss as a barrier to education and future career choices, and employers did not perceive hearing loss to be an impairment to staff progressing in their careers.

You were concerned that “Access to Work” can be difficult to contact if you are a BSL user, and more support should be available with this, if required. Access to Work is a national scheme run by JobCentrePlus on behalf of the Government. It can provide financial assistance to disabled people who may need support to do their job. Support is based on the disabled person’s needs, and may include a grant to help cover the costs of practical support in the workplace. An Access to Work grant can pay for:

- special equipment, adaptations or support worker services to help disabled employees to do things like answer the phone or go to meetings
- help getting to, and from, work

Argyll and Bute Council will refer to the services of “Access to Work” in recruitment documentation, Council policies and through the Modern Apprenticeship Scheme. **Our Education Service will** work with the regional officer for Developing the Young Workforce, employers and relevant partner agencies to raise awareness of the “Access to Work” scheme for employers. This will make sure BSL users who are in employment are aware of the “Access to Work” scheme and can benefit from the support it provides.



Ideally you would like localised training in BSL to be delivered in various locations throughout Argyll and Bute so as many people as possible can benefit from it. Our geography makes this difficult and it is challenging for us to achieve.

Health, mental health and wellbeing

We asked if you thought the actions which we had suggested for Health, Mental Health and Wellbeing were the right ones, and whether there was anything more that you thought we could do.

There was broad agreement with the proposals made because **you said** they would:

- Encourage individuals with hearing loss to feel involved within the community.
- Improve social contact opportunities and hopefully will reduce loneliness and isolation.

You said sometimes it is difficult for you to access good quality health information and appropriate services, and suitably qualified and experienced BSL/English interpreters should be provided at all medical appointments.

You said mental health is a big issue for people who use BSL, and better access to services to prevent and treat mental illness is important.

Suggestions made for additional actions and solutions included:

- Offer more mental health support and awareness for hearing loss particularly during the education years.
- Ticket numbering system for appointments and/or provide a visual information screen to assist in alerting Deaf people about when it is their time to be seen by a medical professional
- Provide deaf awareness training for all NHS staff in frontline services
- BSL interpreters to be provided either in person or via a Video Relay Service (VRS).
- Ideally you would like BSL training for at least one counsellor in the Argyll and Bute area who could work on a peripatetic basis.

We will review what mental health support is available to the deaf community and, where possible, will develop psychological therapies that can be offered on a fair and equal basis to BSL users. Our geography and resources can sometimes make this difficult.

We will also review our guidance and policies on arranging interpretation and translation services. We will make sure staff can easily access the translation services and appropriate communication methods for patients/service users.



NHS Highland Health Board has an existing partnership and service level agreement with Highland Council to provide BSL interpretation and translation to anyone who requires support when accessing its services or attending appointments.

We recognise it is important to have effective communication. For all patients/service users who have sensory impairment (sight, hearing, multi-sensory), we aim to overcome any communication challenges. This can include face to face interpretation services.

Some people asked why the Council only had plans to introduce a “loop capital” in Dunoon when there are deaf people in all parts of Argyll and Bute. The Council is currently in consultation with local businesses in the Dunoon area, gauging interest in the project. This is still in the planning stage but we would like hearing loops to be available in all shops/businesses in the town. If this is considered to be a success then we would like to roll the idea out across Argyll and Bute. One respondent made the very good point about loops being accidentally used to hear other peoples’ conversations. To address this very real issue the plan is to adopt portable loops to be placed on the counter in shops, for example next to the till. These have a range of 1 metre only. The loops will be tested to make sure they are working.

Transport

We asked if you thought the actions which we had suggested for Transport were the right ones, and whether there was anything more that you thought we could do.

Comments around transport are limited. Although there was general support for providing accessible information in transport hubs, **you also said** that information is needed on all public transport, especially when transport plans are disrupted.

Of the people who answered questions relating to transport, respondents said they agreed because:

- Deaf people find it difficult to state their destination to bus drivers
- Deaf people can experience problems when things go wrong on a journey, and messages do not get communicated clearly.
- Adoption of journey assistance cards could be useful.

The Journey Assistance Card has been developed by the Confederation of Passenger Transport (CPT) specifically to help passengers with hidden disabilities use public transport (buses and coaches) with confidence and remove the potential conflict or upset situations that can occur on boarding the bus. **We have already** put links to Journey Assistance Card information on Argyll and Bute Council’s website and we have made local bus operators aware of them, if they were not already using them.



We will encourage the private transport providers that we contract with to provide services on our behalf to have access to technology to support communication with BSL users. We will also encourage them to provide deaf awareness training to their staff.

We publish timetable and fares information for ferries on Argyll and Bute Council's and Caledonian MacBrayne websites, and hardcopy timetables are available in ferry waiting rooms and on board vessels. We recognise it can be potentially distressing for BSL users when transport arrangements do not go to plan as they are not always told what is going on. Some of the larger ferries do have electronic boards which can be used to update passengers but not all, and these may still be difficult for some BSL users to understand.

Information on local air services is currently available on Argyll and Bute Council's website.

Printed timetables are also available for customers and these can be picked up at Oban Airport. Flights can be booked online via the Hebridean Air Services website, over the phone and also at Oban Airport. Staff at Oban Airport assist passengers to get on and off the aircraft. Pilots are also advised when passengers with disabilities are travelling.

In addition to flight booking and timetable information, there is also signage at the Council's airports which complies with EU regulations and includes pictograms detailing health and safety and general information.

Culture and The Arts

We asked if you thought the actions which we had suggested for Culture and The Arts were the right ones, and whether there was anything more that you thought we could do.

Comments on this goal were limited but recognise that being able to access sports and leisure facilities is important, and can help improve physical and mental health, as well as providing good opportunities to meet other Deaf/Deafblind BSL users.

Respondents said they agreed with our proposed actions because:

- This area and tourism are already open to the idea of accessibility and social inclusion

Suggestions made for additional actions and solutions included:

- Making cinemas more accessible. **You said** cinemas are not accessible as they turn off the subtitles, sometimes at the request of others in the cinema.



- Run clubs in the morning rather than the evening; this would help older Deaf people who may not want to travel at night.

The geography of Argyll and Bute makes meeting other BSL users very difficult, and we are aware of only one deaf club in the whole area which meets regularly in Dunoon.

Argyll and Bute Council, working with liveArgyll, will consider how we can support BSL users to take part in sport, culture and the arts as participants, audience members and professionals but this is a long-term goal and we recognise that achieving it will be challenging.

Democracy

We asked if you thought the actions which we had suggested for Democracy were the right ones, and whether there was anything more that you thought we could do.

Comments on this goal were limited but focused on difficulties that BSL users can sometimes have in communicating with staff at polling stations when an interpreter is often not available. Some respondents **told us** they had chosen to have a postal vote for this reason.

It is important to us that Deaf and Deafblind BSL users can participate fully in the democratic process. **We will** make sure any BSL training information provided by the Electoral Commission is given to all relevant electoral staff. We will also make sure that any BSL video information on voting processes, developed by the Electoral Commission, is available on Argyll and Bute Council's website, or links are provided to the relevant partner(s) website.

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Appendix 4 – Joint Local British Sign Language Plan for Argyll and Bute 2018 - 2024; Additional information on some of the actions detailed in the BSL Plan

The following provides some supplementary information about some of the actions contained within the Joint Local British Sign Language Plan for Argyll and Bute.

For ease of reference further details have been provided under the actions in the plan to which they relate.

Family Support, Early Learning and Childcare:

Action Point	Success Measure
2.1	<i>Produce a pack containing deaf friendly educational resources and information about deaf culture for parents, nurseries and health visitors which will also include links to additional online resources.</i>

The National Deaf Children's Society (Scotland) (NDCS) will be developing resources to assist parents of deaf children to raise awareness of different pathways for language and communication, and to help them make informed choices. The Teacher of the Deaf will work with NDCS and the Council's Early Years Team to produce packs containing deaf friendly educational resources and information which can be used by parents, nurseries and health visitors. Some literature and online educational resources have already been identified, and include both free and paid for items.

Action Point	Success Measure
2.1	<i>Provide Early Years' employees with access to training on basic BSL and fingerspelling</i>

A one day BSL based course, "Using Sign in an Early Years Environment" is being offered for the Continuing Professional Development session in 2018-19 to practitioners working within Early Years settings in Argyll and Bute. This can be given as twilight training to the islands, or in more rural areas, and can be repeated if demand is high. The course covers:

- General Deaf awareness to give practitioners an understanding of what it means to be deaf in a hearing nursery and the impact this has on learning and wellbeing.
- Conductive hearing loss such as glue ear which affects 8 out of 10 children under the age of 10 and can cause temporary deafness which may delay language and communication development in young children. It can also affect children's wellbeing, behaviour and their educational progress. Strategies to support these children.
- Learn BSL signs to support listening, eye contact and communication. Sign can be an effective strategy to overcome barriers to learning and communication for all children but particularly for children who are deaf or who

have additional support needs. Sign can be used with babies as young as six months and supports early language and communication skills.

- Learn the finger spell alphabet so nursery practitioners can communicate more effectively with Deaf families.

School Education:

Action Point	Success Measure
3.3	<i>Review lessons learned from a pilot project to teach BSL101 to Primary 4 hearing and deaf students at a primary school within Argyll & Bute, and share examples of good practice with SCILT.</i>

BSL101 is an Introduction to British Sign Language course which teaches learners how to meet and greet; understand basic conversation and numbers, and to give and follow simple directions and information. In the 2018-19 school year, the Teacher of the Deaf is undertaking a pilot with Primary 4 children at one of the larger primary schools in Argyll and Bute to introduce BSL as part of the 1+2 Language arrangements. This is being offered to both hearing and deaf children who will be assessed using the BSL101 course and outcomes. If the decision is made to go for formal accreditation, this will cost approximately £350 in total, otherwise it will be delivered within existing resources. This pilot is expected to give deaf children increased opportunities to communicate, feel included and respected within the school, and to give hearing children skills to communicate better with their deaf friends.

Health (including social care), Mental Health and Wellbeing

Action Point	Success Measure
5.8	<i>Investigate the potential to create an online community forum for BSL users to communicate with each other, and with the Council</i>

The Deaf community across Argyll & Bute is very dispersed with little in the way of access to meet other signers. It was evident from the recent drop-in consultation events in Lochgilphead and Tarbert that BSL users appreciated the opportunity to meet new people, and to communicate with each other.

There is one deaf club in Argyll which meets most Wednesday evenings in Dunoon. This was started by a local organisation which also reached out to the hearing community. Hearing people do attend as it has an educational element to it. BSL is taught free of charge to a degree to interested parties. The distances to travel to the Dunoon club from some parts of Argyll mean it is almost impossible for some BSL users to get to this event.

Argyll and Bute covers a large rural area and social isolation is a major risk/concern for BSL users. This can also negatively affect a person's mental health and emotional wellbeing.

Technology can reach out across a large area. The Council's web team have been approached with an idea which, at this early stage, may have potential. The proposal is to connect BSL users via the internet using Council facilities. This would give the Council's Sensory Impairment Team another means of keeping in touch with people, and gives clients the opportunity to sign to the team's social worker should the need arise. However, the real idea is to put signers (who may not know of other BSL users within their local area) in touch with each other. Each person would require to use a PC, Tablet or smartphone and have internet access. They would also need to download an app, for example SKYPE or an alternative free open source software. Ideally the online community would have a specific date and time to meet every week to ensure optimum participation.

Similar forums already operate within the ASL community within America.

Action Point	Success Measure
5.8	Create a "loop capital" as a pilot project in Dunoon so that hearing loops are available in all shops/businesses in the town.

Argyll & Bute has a See Hear strategy; part of which is to make Dunoon a 'Loop Capital'. The Sensory Impairment Team are currently in consultation with Dunoon Presents (an organisation which represents local businesses in the town), to gauge interest. The project is currently at the planning stage, but the aim is to get loops into all shops/ businesses in Dunoon. This will help BSL users and deaf people who use either a Hearing Aid or a Cochlear Implant with a loop.

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****Development and Infrastructure
Services****18th October 2018**

Delivering the Argyll Rural Growth Deal

1.0 EXECUTIVE SUMMARY

- 1.1 Members will be aware that a series of City Growth Deals are being taken forward, or agreed, between Scottish Local Authorities and the Scottish and UK Governments. Informed by extensive research and public consultation Argyll and Bute Council, working in partnership, with a number of key stakeholders has been developing a potential Rural Growth Deal (RGD) for the region in dialogue with UK and Scottish Government representatives and the Scottish Futures Trust.
- 1.2 The Rural Growth Deal is due to be considered at a Special Council Meeting following the Policy and Resources Committee meeting on 18th October. As this is a significant policy development the Policy and Resources Committee are therefore in advance of the Council meeting invited to:
- a) consider the formal Rural Growth Deal proposition as set out in the attached Council report
 - b) consider if they wish to make any recommendations to Council in this regard.

Pippa Milne
Executive Director of Development and Infrastructure

Councilor Aileen Morton
Policy Lead for Economic Development

For further information contact: Moya Ingram, Strategic Transportation Manager,
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APPENDIX: Council Report on Delivering the Argyll Rural Growth Deal (18th October 2018)

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ARGYLL AND BUTE COUNCIL**COUNCIL****Development and Infrastructure
Services****18th October 2018**

Delivering the Argyll Rural Growth Deal

1.0 EXECUTIVE SUMMARY

- 1.1 Members will be aware that a series of City and Regional Growth Deals are being taken forward, or agreed, between Scottish Local Authorities and the Scottish and UK Governments. Informed by extensive research and public consultation Argyll and Bute Council, working in partnership, with a number of key stakeholders has been developing a potential Rural Growth Deal (RGD) for the region in dialogue with UK and Scottish Government representatives and the Scottish Futures Trust. This RGD is considered essential by the council to build on a series of public and private sector investments that have either taken place in recent years or are under way in Argyll and Bute to help keep our region competitive through the acceleration of economic growth in our key business sectors and by addressing the barriers that are believed to hold back our growth potential.
- 1.2 Discussions to date with UK and Scottish Government officials have been positive, particularly around the evidence gathering and consultation undertaken to date. Both Governments have however stressed the importance of Argyll and Bute Council submitting their formal Rural Growth Deal proposition as soon as possible to allow formal negotiations to take place as part of a pipeline of City and Regional growth deals they are now considering.
- 1.3 Both the Scottish and UK Governments have advised that they will not begin to consider any proposals until they are formally submitted by Argyll and Bute Council. This is particularly significant given there are other local authorities who are also negotiating similar deals with both governments at this time.
- 1.4 This report provides details of the emerging Rural Growth Deal for Argyll and Bute including a summary of the business and public consultation undertaken to date, the overarching vision, the key themes and growth sectors that we are aiming to support through the deal and the emerging projects that it is intended will be included in the formal proposition to both the Scottish and UK Governments.
- 1.5 The latest public consultation drew more than 900 responses and this has demonstrated strong support for a Rural Growth Deal with 97% of those surveyed supporting a deal for Argyll and Bute. Further details are included in **Appendix 1** of this report.

1.6 The following overarching vision has been developed for the Rural Growth Deal and supported through public consultation (see Appendix 1):

“Argyll the natural choice.”

1.7 In addition to the overarching vision, the following key growth sectors and project themes have emerged as investment priorities for the Rural Growth Deal focusing on the region’s key economic strengths and the critical infrastructure, skills and education required for growth. These reflect findings from the public consultation on opportunities for and obstacles to growth;-

- **Connecting:** our high value and growing business sectors with national and international business markets; our economic local successes with national strategic priorities.
 - Transport (road/air routes to market)
 - Digital
 - Business innovation
- **Attracting:** additional skills, training and learning opportunities; new residents, visitors and business.
 - Skills, training and education
 - Accommodation (housing and business)
 - Places to live, work and visit (community-led regeneration)
 - Centre of excellence
- **Growing:** doing more of what works; making more of our natural and built resources.
 - Aquaculture
 - Tourism
 - Low carbon economy

1.8 Our Rural Growth Deal proposals are about placing investment where it will best place Argyll as an ambitious and economically successful region creating employment opportunities and additional GDP for Scotland and the UK.

1.9 The content of the RGD has been informed through working with key stakeholders via a series of meetings, working groups and workshops to identify Argyll based potential projects which are consistent with UK and Scottish Government economic policy. Following this process, a list of projects has been compiled and this is included in **Appendix 2** of this report. This list of projects will inform a compelling presentation document to be submitted to both the UK and Scottish Government to allow negotiations to commence.

- 1.10 Council is asked to approve the proposed overarching vision, key growth sectors and project themes which form the basis of the Rural Growth Deal to enable the process of formal negotiations to be progressed with submission of the formal Rural Growth Deal proposition document by November 2018. It has been indicated that a Heads of Terms Agreement could be signed with the Scottish and UK Governments in mid to late 2019 subject to the formal proposition document being submitted imminently.
- 1.11 The Council are asked to approve the proposal to delegate authority to the Council's Chief Executive in consultation with the Leader, Depute Leader and Leader of the largest opposition group to progress negotiations with UK and Scottish Government officials following submission of the formal Rural Growth Deal proposition document.
- 1.12 The bid proposals invite investment in Argyll economic growth to the initial values below:

Connecting: Estimated investment required circa £90.5M covering investment in Transport, Digital connectivity and Business Innovation.

Attracting: Estimated investment required circa £51M covering investment in Skills, Training and Education, Accommodation (housing and business), Places to live, work and visit (community-led regeneration) and Centre of Excellence.

Growing: Estimated investment required circa £37M covering investment in Aquaculture, Tourism and Low Carbon.

2.0 RECOMMENDATIONS

- a) Note the advice received from the Scottish and UK Governments and the support demonstrated via the public consultation in relation to a Rural Growth Deal;
- b) Agree the proposed overarching vision, key growth sectors and project themes which form the basis of the Rural Growth Deal;
- c) Approve the submission of a formal Rural Growth Deal proposition document by November 2018 to the Scottish and UK Governments to enable the process of formal negotiations to be progressed;
- d) Delegate authority to the Council's Chief Executive in consultation with the Leader, Depute Leader and Leader of the largest opposition group to progress negotiations with UK and Scottish Government officials following submission of the formal Rural Growth Deal proposition document;
- e) Note that in reaching a Heads of Terms Agreement with the Scottish and UK Governments it is likely that certain projects included as part of the Rural Growth Deal proposition will be either amended, removed or new projects included as part of the negotiations.
- f) Confirm that a further report in terms of programme governance will come to council in due course.

Delivering the Argyll Rural Growth Deal

3.0 INTRODUCTION

- 3.1 Argyll and Bute Council and our partners have been developing and gathering evidence essential for a potential Rural Growth Deal (RGD) for our region. The RGD is considered essential to help keep Argyll competitive in a global economy, stimulate economic growth in our key business sectors and reverse the decline in our population.
- 3.2 The Argyll Rural Growth Deal will follow similar principles to the City and Regional Growth Deals, either agreed or in development for other Local Authority areas in Scotland. In discussions undertaken to date, both the UK and Scottish Governments have advised that projects included in the deal must be:-
- Transformational as opposed to business as usual;
 - Consistent with Scottish and UK Government economic policies;
 - Able to demonstrate clear links across Argyll and Bute Rural Deal projects which in combination will make the greatest economic return;
 - Where possible be pan-regional and compliment other City Deal investments in neighboring areas.
 - Projects focusing on devolved matters should be consistent with the Scottish Governments policy on inclusive growth.
 - The Rural Growth Deal could include additional policy powers as well as funding for infrastructure projects.
 - The predicted timescale, over which the projects contained within a Rural Growth Deal will ultimately be delivered, is approximately 10 years.
- 3.3 Discussions to date with UK and Scottish Government officials have been positive, particularly around the amount of work and consultation undertaken to date. However, it should be noted that both Governments have stressed the importance of Argyll and Bute Council submitting their Rural Growth Deal proposition timeously. In addition, both the Scottish and UK Governments have advised that they will not begin to formally consider any proposals until this happens and this is particularly significant as there are other local authorities also negotiating deals at this current time all at different stages of development.
- 3.4 This report provides a strategic level overview on the emerging Rural Growth Deal for Argyll and Bute including details of the business and public consultation undertaken to date, the overarching vision, the key themes and key growth business sectors that we are aiming to support through the deal and the

emerging projects that it is intended will be included in the formal proposition to the Scottish and UK Governments.

4.0 RECOMMENDATIONS

- a) Note the advice received from the Scottish and UK Governments and the support demonstrated via the public consultation in relation to a Rural Growth Deal;
- b) Agree the proposed overarching vision, key growth sectors and project themes which form the basis of the Rural Growth Deal;
- c) Approve the submission of a formal Rural Growth Deal proposition document by November 2018 to the Scottish and UK Governments to enable the process of formal negotiations to be progressed;
- d) Delegate authority to the Council's Chief Executive in consultation with the Leader, Depute Leader and Leader of the largest opposition group to progress negotiations with UK and Scottish Government officials following submission of the formal Rural Growth Deal proposition document;
- e) Note that in reaching a Heads of Terms Agreement with the Scottish and UK Governments it is likely that certain projects included as part of the Rural Growth Deal proposition will be either amended, removed or new projects included as part of the negotiations.
- f) Confirm that a further report in terms of programme governance will come to council in due course.

5.0 DETAIL

- 5.1 Over the past year, Argyll and Bute Council, our partners and key stakeholders supported by the Scottish Futures Trust (SFT) have been developing a Rural Growth Deal with the Scottish and UK Governments. The Rural Growth Deal for Argyll and Bute will follow similar principles to the City Region Deals previously agreed for other local authority areas with a focus on delivering innovative and inclusive economic growth for the region in line with Scottish and UK Government economic policy.
- 5.2 In developing the Rural Growth Deal proposals, extensive public, business and key stakeholder consultation has been undertaken via multiple channels and this has been used to identify key opportunities and barriers that could potentially be addressed via a Rural Growth Deal. In addition to the extensive previous stakeholder consultation reported to the Policy and Resources Committee of 24 May 2018 an engagement strategy was approved for the Rural Growth Deal and it was agreed to undertake a further public consultation during the summer.
- 5.3 In summary, the public consultation drew more than 900 responses, with 97% of people saying they back a RGD for Argyll and Bute. Additionally, most people who took part agree that food & drink (84%), tourism (91%), culture (85%) and innovation (87%) are the areas with the most potential growth for Argyll and Bute. And respondents also overwhelmingly agree that roads and infrastructure (96%), digital connectivity (94%), skills (86%), accommodation (85%) and

natural energy (82%) are the key areas in need of development to achieve significant economic growth in Argyll and Bute. A full breakdown of the public consultation results is included as **Appendix 1** of this report.

- 5.4 From the evidence provided via the consultation undertaken and a thorough review of existing Council and key stakeholder strategies and plans the following overarching vision has been developed for the Rural Growth Deal, with public support through consultation;-

“Argyll the natural choice.”

- 5.5 The bid will be submitted under the name of Argyll and Bute Council. As benefits of the deal are targeted not only at mainland communities and Bute, but also at additional islands, the vision uses ‘Argyll’ to cover all. This was supported in the public response to the consultation.

- 5.6 In addition to the overarching vision, the key growth sectors and project themes below have emerged as investment priorities for the Rural Growth Deal focusing on the region’s key economic strengths and the critical infrastructure, skills and education required for growth.

- 5.7 Our RGD proposals are about placing investment where it will best place Argyll as an ambitious and economically successful region creating new employment opportunities and additional GDP for Scotland and the UK:

- **Connecting:** our niche and growing business sectors with national and international business markets; our economic local successes with national strategic priorities.
 - Transport (road/air routes to market)
 - Digital connectivity
 - Business innovation
- **Attracting:** additional skills, training and learning opportunities; new residents, visitors and business.
 - Skills, training and education
 - Accommodation (housing and business)
 - Places to live, work and visit (community-led regeneration)
 - Centre of excellence
- **Growing:** doing more of what works; making more of our natural and built resources.
 - Aquaculture
 - Tourism
 - Low carbon economy

- 5.8 Argyll and Bute Council has been working with our partners and key stakeholders via a series of meetings, working groups and workshops guided by the Rural Growth Deal Steering Board to identify potential projects which are consistent with UK and Scottish Government economic policy and could be included as part of the formal RGD proposition to both governments. Following this process, the following list of potential projects has been compiled and further details are included in **Appendix 2** of this report.

Connecting

- Roads - develop our key routes to market and business development;
- Air - create a west coast regional hub for Scotland;
- Digital Connectivity: meeting our medicare, social and business needs;
- Food and Drink pilot - a rural transformation agenda for Bute;
- Develop local, national and international excellence in aquaculture, by delivering an innovative seawater pipeline and new business incubator hub at Machrihanish in Kintyre;
- Deliver a state-of-the-art marine industry training facility (EMSP)

Attracting

- Match local skills development to local economy opportunities;
- Provide affordable housing of the right type and in the right place to support growing business sectors;
- Logistics Business Park Expansion, Lochgilphead;
- Place-based investment to support community-led regeneration
- Realise local community opportunities from the MOD's emerging centre of engineering excellence in Helensburgh;

Growing

- Establish an accelerating aquaculture fund, focused on innovation, to drive forward the aquaculture industry in Argyll;
- Argyll as a world class visitor destination - open up access to our coasts and waters;
- Argyll Scotland's Adventure Coast - develop our natural resources as a driver for the local and wider tourism industry;
- Run a pilot on the island of Islay to deliver a smart island local energy network.

- 5.9 In addition to the above projects, a range of policy and fiscal asks will also be included as part of the Rural Growth Deal proposition. These policy and fiscal asks will complement the infrastructure projects listed above. Further details are included in **Appendix 2**.

- 5.10 Government officials have stressed that it is unlikely all projects included in the formal Rural Growth Deal proposition will be supported by the Scottish and UK Governments. As such, it will be necessary to consider alternative sources of funding for certain projects or that they will be re-shaped. In addition, where alternative funding is secured, some projects may be accelerated in advance of

the RGD programme.

- 5.11 It should be noted that in discussions to date with government officials and the Scottish Futures Trust, the Council have been advised that the scale of the deal in terms of potential funding must be proportionate to a region's population and the ability of the Council and key stakeholders to provide match funding (see Table 1 below). That said, the council is set on submitting an ambitious RGD that fully recognises our economic potential, our rural geography and infrastructure challenges.

Table 1: City Deal Funding Examples

City Deal	Pop of City Deal Area	Total Value (£m)	UK Gov Funding	Scot Gov Funding	UK Gov. funding per head (£)	Scot Gov. Funding per head
Glasgow	1,790,600	1,130	500	500	279	279
Inverness	234,100	315	53	135	226	577
Aberdeen	484,800	595	125	379	258	782
Edinburgh	1,330,500	1,101	300	300	225	225
Stirling	140,000	214	45.1	45.1	321	321

*Figures provided by Scottish Futures Trust (exception of Stirling)

- 5.12 In the negotiations to follow with both governments, Argyll and Bute Council will look to make a compelling case for additional funding to be invested in the region to take account of the significant challenges we face due to our relatively small, dispersed and in places declining population, shortage of private sector match funding and the higher cost of delivering projects and services locally due to the geographic size of the region.
- 5.13 The bid proposals invite investment in Argyll's economic growth to the initial values below:

Connecting: Estimated investment required circa £90.5M covering investment in Transport, Digital connectivity and Business Innovation.

Attracting: Estimated investment required circa £51M covering investment in Skills, Training and Education, Accommodation (housing and business), Places to live, work and visit (community-led regeneration) and Centre of Excellence.

Growing: Estimated investment required circa £37M covering investment in Aquaculture, Tourism and Low Carbon

6.0 Next Steps

- 6.1 Following approval from the Council, a formal proposition document including details of the public consultation and supporting work undertaken to date will be submitted to Scottish and UK Government officials.

- 6.2 We understand that there will follow a period of negotiation and challenge by both Governments. When both Governments are satisfied with what the projects will deliver for Argyll and the national economy a Heads of Terms Agreement will be signed committing both governments and Argyll and Bute Council to the principles of the deal. It has been indicated that a Heads of Terms could be signed by mid to late 2019 subject to the formal proposition document being submitted imminently.
- 6.3 Thereafter, further development work will be required for specific projects included in the Rural Growth Deal (e.g. Treasury 5 Business Cases, STAG assessments etc.) prior to funding being released for individual projects.

7.0 Conclusion

- 7.1 Argyll and Bute Council, our partners and key stakeholders have been developing an ambitious Rural Growth Deal for the region. This RGD is considered essential to help keep Argyll competitive, stimulate economic growth, address barriers that inhibit growth and reverse the decline in our population.
- 7.2 Following positive discussions with UK and Scottish Government officials both Governments have stressed the importance of Argyll and Bute Council submitting their formal RGD proposition to allow formal negotiations to commence. It has been indicated that a Heads of Terms could be signed by mid to late 2019 subject to the formal proposition document being submitted imminently.
- 7.3 It should be noted that Government officials have stressed that it is unlikely all projects included in the formal Rural Growth Deal proposition will be supported by the Scottish and UK Governments. As such, it will be necessary to consider alternative sources of funding for certain projects or that they will have to be reshaped. In addition, where alternative funding is secured, some projects may be accelerated in advance of the RGD programme.

8.0 IMPLICATIONS

- 8.1 Policy - The Rural Growth Deal supports the council's overarching aim to deliver economic growth in Argyll and Bute through a rising population, as set out in the ABOIP and aims to support the key aims of the UK and Scottish Government Economic policy in relation to inclusive economic growth, innovation and internationalisation.
- 8.2 Financial The Rural Growth Deal will require match funding from the Council. At the May P&R it was agreed to use the Inward Investment Fund as match funding.
- 8.3 Legal There are likely to be legal implications associated with the Rural Growth Deal following final agreement of

	Heads of Terms and subsequent approvals of Business cases.
8.4 HR	None directly from this report
8.5 Equalities	The Rural Growth Deal will be subject to the Fairer Scotland Duty. Inclusive growth is integral to the Rural Growth Deal.
8.6 Risk	Full business cases will be developed for Rural Growth Deal projects following submission of the final Heads of Terms.
8.7 Customer Service	None.

**Executive Director of Development and Infrastructure Pippa Milne
Councilor Aileen Morton, Policy Lead for Economic Development**

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APPENDICES

Appendix 1 – Rural Growth Deal Public Consultation Summary Report
Appendix 2 - Rural Growth Deal Project Summary.

Appendix 1: Rural Growth Deal consultation findings summary

We received **907** responses, primarily via the website and citizens' panel.

Question	Overall response	Rate of response
Q1: Are you in favour of a Rural Growth Deal?	Yes	Yes = 97% No view = 1% No = 2% ('Argyll's remoteness is a key quality; 'investment would go to towns')
Q2. Are these the areas with most potential growth for Argyll and Bute?	Yes	Food/drink = 84%; Tourism = 91%; Culture = 85%; Innovation = 87%
Q3. Are these the areas to develop to achieve significant economic growth?	Yes	Roads/Infrastructure = 96%; Skills = 86%; Digital connectivity = 94%; Accommodation = 85%; Natural energy = 82%
Q6. Do you agree with 'Argyll, the natural choice' as a base for a vision?	Yes	Yes = 60% Don't know = 24% No = 16% ('live, learn, visit etc sounds like a list', 'needs to be more dynamic')

Below is a summary of the range of additional comments made.

Q 4/5 What would encourage young people to move and to stay here? (Responses to 'move' and 'stay' are very similar so are listed together.	Alternative suggestions for our vision?
<ul style="list-style-type: none"> - Education/training/job opportunities eg bursaries - Leisure facilities – film, nightlife etc - Better transport links - Better broadband/digital - Suitable, affordable housing - Reduce council tax for young people - Better childcare initiatives - Good shops 	<ul style="list-style-type: none"> - Argyll, the land of natural opportunity - Argyll, the future is here - Argyll - for a richer pace of life - Argyll, the right choice for you - Come out west, we need the best - Argyll, expand your horizons - Argyll for growth, choice & nature - Argyll, the best choice
Suggestions for economic growth?	Any other ideas for growth?
<ul style="list-style-type: none"> - Marine industry (e.g. improve piers, encourage water sport industry) - Renewable energy other than wind - tidal, wave, solar, biomass and geothermal. - Arts and culture – encourage creative industries into the area - Promote 'dark sky' space - Education (eg attract universities for rural and marine based courses) - Affordable/suitable accommodation 	<ul style="list-style-type: none"> - Better transport infrastructure - Broaden the business base; don't rely on tourism - Develop a route like the North Coast 500 - Support for business start-ups - Run large events eg sports, winter lights festivals - Improve digital connectivity - Trails – archeology, history, celtic - Serviced industrial, business sites - Coastal/Marine National Park status

Additional finding

Feedback demonstrates a sense of pride in Argyll, and awareness of its great potential for success, for example: *"If [Argyll] can be supported by 21st century standards of connectivity, roads, transport and communications, we couldn't be bettered in Scotland."* / *"[Argyll's] potential for growth is plain to see..with ideas and drive we still need investment to fulfil this potential."*

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Rural Growth Deal

Argyll, the natural choice

Master

Introduction

Argyll brings together much of what is best about Scotland – natural resources that drive national and international business markets, expertise that inspires innovation, and people committed to developing the prosperous future the area needs and deserves.

Argyll therefore provides opportunities for economic growth that would benefit life in Argyll, Scotland and the UK.

To turn opportunity into success we must reverse the decline in our population. Forecasts estimate that by 2027 Argyll will need 10,000 more people just to replace demand for existing services; and we will need thousands more to realise our ambition to drive business development.

There is strong, clear local backing for a rural growth deal for Argyll. The council's recent public consultation motivated more than 900 responses, with 97% of people saying they support a rural growth deal.

Scotland and the UK need rural areas. Food production and tourism are just two reasons why. Residents of rural communities have the right to access opportunities that will bring growth just as those in cities do. It is in everyone's interest that rural Scotland thrives.

In the words of one of the many local people supporting a deal, “[Argyll’s] potential for growth is plain to see...with ideas and drive we still need investment to fulfil this potential.”

Rural growth deal approach

Our rural growth deal proposals are about placing investment where it will best develop Argyll as an economically successful region and driver for Scotland and the UK.

The proposals are designed to deliver success across Argyll, based on three key drivers:

- **Connecting:** our high value business sectors with national and international business markets; our local economic successes with national strategic priorities
- **Attracting:** additional skills, training and learning opportunities; new residents, visitors and businesses
- **Growing:** doing more of what works; making more of our natural and built resources

The proposals are a starting point for discussion. Their development could be affected for example by the availability of funding from alternative sources. Details of investment and the use to which it will be put will be confirmed as negotiations progress. National policy development, where it would support economic growth, will also form part of negotiations.

The proposals reflect the categories agreed with the public for development, through consultation: transport infrastructure (96% support); digital connectivity (94%); tourism (91%), innovation (87%), skills (86%), culture/sense of place (85%), accommodation (housing and business) (85%), food and drink (84%), natural energy (82%)

The proposals all link to each other. They are listed in the category in which they would have most impact.

Connecting: our high value and growing business sectors with national and international business markets; our local economic local successes with national strategic priorities

Connecting	Transport Infrastructure - roads
Proposal 1	Develop our key transport to achieve business expansion across high value, international markets.
Purpose	Develop the local, Scottish and UK economies by developing key routes to market for our high value produce (whisky/salmon/timber etc.) and facilitating the movement of our people and visitors.
Detail	<p>Food and drink production, including agriculture, whisky, aquaculture and fishing, is a significant contributor to the Argyll, Scottish and UK economies.</p> <p>The distance from key markets/suppliers, the requirement often to use ferries and high rural fuel prices, all result in high transport costs that are barriers to business growth in Argyll. Transport investment could make local businesses more competitive and so develop an economic driver for Argyll, Scotland and the UK.</p> <p>Rural growth deal investment would deliver appraisals/technical feasibility work to:</p> <ul style="list-style-type: none"> • Improve route resilience by removing pinch points and addressing accident black spots • Improve journey times by installing climbing/safe overtaking lanes and other similar enhancements on the A83 network • Unlock strategic development sites for business and housing, and support key sectors such as tourism and aquaculture, by re-routing the A85. This would support island communities served by Oban as well as the wider Oban area. • Identify options for developing local transport routes of strategic importance to the economy of Argyll, and better accommodating visitor pressure. • Deliver improvement action where evidence-based improvements are substantiated for our strategic routes. • Ensure that our strategic transport corridors are recognised in the National Transport Strategy and Strategic Transport Project Review.
Context	<ul style="list-style-type: none"> • Oban is the second busiest port in the UK serving 7 islands and in 2017 ferry services to / from Oban carried in excess of 820,000 passengers. • Improved access to national and global markets would bring significant, economic benefits for example via key sector

	<p>businesses such as whisky, aquaculture and tourism in Argyll</p> <ul style="list-style-type: none"> • The Scotch Whisky Association statistics estimate that the whisky industry provided more than £5 billion of value to the UK economy. • Salmon makes up more than 40% of total food exports from Scotland, with exports of whole fresh salmon representing £494 million. • Salmon is the number one food export for Scotland and the UK, with trade extending to more than 65 countries across the world. • The Argyll region is well-placed to facilitate the continued expansion of the salmon industry - the Scottish Salmon Company for example has its key processing plant at Cairndow, Loch Fyne - and diversification to new products such as halibut, trout and seaweed. • The aquaculture sector across Argyll currently employs 600 full time and part time jobs with a total GVA estimated to be £31 million, plus processing and retail. • Improved connectivity within the Argyll region, and better connections with the Scottish Central Belt and key markets, would achieve: access to markets, improved visitor access and benefits to movement of citizens as a whole.
	<p>Estimated Costs circa £0.5M for feasibility studies for A83 improvements, realignment of A85 and improvements to other identified local strategic economic routes.</p> <p>Following on from the appraisals it is critical where the findings for evidence-based improvements are substantiated circa £40M is implemented on enhancements to our strategic Trunk Road arterial routes.</p> <p>Following on from the appraisals it is critical where the findings for evidence-based improvements are substantiated circa £20M is implemented on enhancements to our local strategic economically significant routes.</p>

Connecting	Transport infrastructure – air
Proposal 2	Create a west coast regional hub for Scotland
Purpose	Develop niche business and tourism opportunities by improving connectivity between the central belt and west coast of Scotland.
Detail	Air connectivity is increasingly important for a modern economy. While a number of our communities have direct access to Glasgow by scheduled

	<p>air services, northern Argyll and Lochaber do not.</p> <p>Oban Airport has the potential to act as the regional Highlands and Islands / west coast hub, serving the western isles and potentially offering connections to strategic cities such as Glasgow, Edinburgh and Inverness. Business charter air routes could also link Oban to cities and towns south of the border. The private aviation industry already market such services, which can deliver a time saving of up to 19 hours each way.</p> <p>Oban Airport currently supports key Scottish businesses, in particular staff from the Liberty House company using business charter flights to Oban to undertake work relating to the investment plans for the smelter site at Lochaber which is currently Scotland’s largest industrial site under development. In addition, the Scottish Association of Marine Sciences (SAMS) delivers world-class marine science research and teaching from the European Marine Science Park at Dunstaffnage which is in close proximity to the airport. This is a world renowned facility and the ability to access Oban via key international airports such as Glasgow and Edinburgh would potentially be attractive to staff, students and visitors.</p> <p>Enhanced routes to Oban Airport will also support tourism and leisure travel, for example the local, national and international urban-rural tourism initiative linking Glasgow and Argyll, as ‘Scotland’s Heart and Soul’. (See proposal number 13 on page 20 for more information on this partnership initiative between AITC (Argyll and the Isles Tourism Co-operative) and Glasgow Life.</p> <p>Future growth in air traffic at Oban Airport would make the area more attractive to niche aviation businesses with the associated potential to develop new hangerage and maintenance facilities for aircraft at the site. There is also the potential for the airport to cater for air freight which could assist with the transport of high value local produce such as seafood which requires to reach international markets quickly. This would also reduce the use of roads by LGV’s and therefore the damage to the road network. A future freight facility could potentially support smaller regular deliveries to all the key catchment areas from Fort William to Lochgilphead and the western isles.</p> <p>This project is also consistent with the Scottish Government’s inclusive growth agenda and would give the fragile islands of Coll and Colonsay (via Oban) access to international air services and healthcare facilities in the main conurbations of Glasgow/Edinburgh. This would bring services to Colonsay and Coll in line with those to Campbeltown and Tiree which already benefit from air services to Glasgow subsidised by Transport Scotland.</p>
Context	<ul style="list-style-type: none"> Argyll as a region has comprehensively outperformed Scotland as a whole in terms of tourism. Argyll and the Isles Sustainable Tourism GVA rose from £81M to £127M – an increase of 36%

	<p>(15% for Scotland).</p> <ul style="list-style-type: none"> • Investment would bring an increase in national and international tourism/visitor numbers including opportunities to support the cruise ship market with air service connections from Oban airport to International airports of Glasgow and Edinburgh. The cruise market brings over £1M into the Argyll economy. • Improve UK business access into Argyll and Highland region, for example such as investment plans for expansion of the smelter site at Lochaber.
	Estimated costs : circa £3.5M

Connecting	Digital Connectivity: meeting our medicare, social and business needs
Proposal 3	Support the health of our communities and our businesses
Purpose	Digital connectivity is critical to the future of the Argyll economy. This proposal is about addressing both health and business growth challenges in rural areas, by closing the 'digital divide', and supporting our medicare, social and business needs.
Detail	<p>The Argyll and Bute Economic Forum Report 2016, identified poor mobile and broadband connectivity as one of the key barriers to economic growth in the region. A number of key business sectors including aquaculture and tourism identified this as the single biggest barrier to operating successfully and efficiently in the region given the often dispersed and remote nature of many sites. Recent Ofcom figures have highlighted that Argyll currently has only 0.6% of premises in its area covered by 4G mobile services from all 4 mobile network operators which continues to represent a critical barrier to economic growth.</p> <p>As bandwidths in urban areas have continued to advance rapidly, a new 'digital divide' is emerging to the disadvantage of rural communities left with relatively poor levels of broadband service.</p> <p>With increasing demands on the NHS and local authorities, there is considerable potential for telehealth and telecare applications to help these organisations meet the needs of an aging population cost effectively.</p> <p>Enhancing and improving the national R100 programme (for digital development), by developing ultrafast 'Fibre to the Premise' infrastructure, would support both patients and the health service by enabling medical practitioners to hold medicare surgeries, and by widening the availability</p>

	<p>of telecare health services. ‘Attending Anywhere’ healthcare would also give rural and remote communities access to a range of healthcare specialists online via telehealth with no costs associated with travelling or requirement to take extended time off work.</p> <p>Developing ultrafast ‘Fibre to the Premise’ infrastructure would also drive business development, by connecting businesses to their on-line markets, and future proofing in terms of digital capability.</p> <p>Suitable venues identified are: selected village halls (which serve as central points in their communities), strategic business sites, council offices and education establishments. Premises of this type are accessible to high numbers of people; the improved broadband availability would also be available to premises located in their vicinity.</p> <p>The cost per premise to provide digital connectivity is far higher in rural than in urban areas due to, for example, economy of scale challenges. Maximum return on investment therefore would be achieved through strategic positioning of infrastructure</p> <p>4G Infill Project</p> <p>Argyll and Bute Council would work with Scottish Futures Trust (SFT) to build on the knowledge, experience and lessons learned from their development and implementation of the Scotland 4G Infill (S4GI) project to procure a supplier that would deliver passive mast infrastructure, power and fibre to a portfolio of pre-agreed locations in collaboration with the Mobile Network Operators (MNOs) and Argyll and Bute Council’s Planning Authority.</p>
Context	<ul style="list-style-type: none"> • By avoiding commuting costs, the additional teleworking made possible by faster broadband will lead to total household savings rising to £270 million per annum by 2024 (£45 million of which are attributable to intervention). Argyll is the second largest local authority area in Scotland; savings on commuting/car usage would be significant. • UK Broadband Impact Study reported in November in 2013 that for every £1 of public investment in digital connectivity there is a projected return of approximately £20 in net economic impact. • It is estimated that the net benefits from widespread adoption of telehealth are worth £1.1- £2.3 billion. The potential savings for a remote rural region like Argyll are therefore significant.
	Estimated costs circa: £10M

Connecting	Business cluster innovation – food and drink
Proposal 4	A rural transformation agenda for Bute

Purpose	Develop a pilot within Argyll for the high value business sector of food and drink, and primary island industries, by working with the Mount Stuart Trust, Fyne Futures and Bute Alliance to deliver benefits for Bute and wider Argyll.
Detail	<p>A more productive, inclusive and sustainable rural sector provides the stimulus for an expanded, locally based food and drink sector, based on increased quality and variety of produce. This pilot project will illustrate how traditional rural industries, with 21st century support, can contribute to national wealth through economic growth.</p> <p>Reversing population loss through sustainable economic growth would achieve a vibrant and sustainable rural community with a more robust island economy.</p> <p>Options for consideration could include:</p> <ul style="list-style-type: none"> • Larger, more sustainable and productive farms • Expanded commercial forestry and actively managed bio-diverse native woodlands. • Increased large scale production horticulture including orchards. • More manufacturing and value added activity along the supply chain
Context	<ul style="list-style-type: none"> • Increased growing opportunities for SMEs through production horticulture, multi-trophic aquaculture and vertical farming. • More on-island processing/value added activity in the supply chain. • Increased opportunity for vocational careers. • A vibrant rural community and an increased rural population. • Enhanced island bio-diversity through increased habitat management and the creation of wildlife corridors. • A more skilled rural workforce. • Greater use of renewable energy.
	Estimated Costs circa: £3M

Connecting	Business cluster innovation: Aquaculture
Proposal 5	Develop local, national and international excellence in aquaculture, by delivering a seawater pipeline and new aquaculture business incubator hub at Machrihanish in Kintyre.
Purpose	Facilitate development of scientific techniques, technologies and expertise to support the sustainable production of food in aquatic environments.
Detail	For more than 40 years, working hand-in-hand with industry, the University of Stirling has pioneered the development of scientific techniques, technologies and expertise to support the sustainable

	<p>production of food in aquatic environments. Their research and education programmes are of fundamental importance to the aquaculture industry in Scotland and across the world.</p> <p>Argyll and Bute Council, working in partnership with the University of Stirling, HIE and Machrihanish Airbase Community Company (MACC), would use rural growth deal investment to deliver an innovative seawater pipeline and pumping system. This would take fresh seawater from the shore at Machrihanish to the MACC site to support research and development.</p> <p>This seawater intake system would contribute to the development of MACC as a centre of excellence for aquaculture and create strong ties with industry, research and education bringing investment, quality learning and employment opportunities to the region. By making a clear link with industry and research at this site it has the potential to provide transformational change to the South Kintyre economy, providing a range of high end jobs and attracting new residents, young families and students to the Campbeltown area.</p> <p>It could also enable the University of Stirling to develop its options for aquaculture research at the site. This could also allow the development and/or expansion of an Innovation Park. This would also be facilitated by providing a new aquaculture business incubator hub at Machrihanish in Kintyre.</p>
Context	<ul style="list-style-type: none"> • The marine economy is one of the fastest growing sectors in the UK (currently 4.2% of GDP or €39 billion (£34.8 billion), and globally (22% of the EU market). Argyll is a leading player in the UK's marine economy, because of its natural resources, and is a leading global player, with scope for further growth. • Marine biotechnology is also growing in Scotland and the sector has a target to contribute £3bn GVA to the Scottish economy by 2030. • The global economic growth of marine biotechnology is between 5-7% per annum. • There are 225 aquaculture related businesses in Scotland supporting 9,000 jobs with a target to grow employment to 18,000 by 2030 and improving productivity. <p>This project is consistent with and will support the recommendations of the MAXiMAR Science Innovation Audit.</p>
	Estimated costs circa: £6.5M

Connecting

Business cluster innovation: Marine Science

Proposal 6	This project would involve the construction of a new state of the art marine industry training centre and a cluster development fund as part of a wider investment package in the European Marine Science Park.
Purpose	Grow the local marine industry by developing a workforce trained in specialist skills and by achieving good and improving industry practice through collaboration with the wider regional marine industries.
Detail	<p>The marine industry training facility would cater to two substantial industry demands:</p> <ul style="list-style-type: none"> • Training the ‘workforce afloat’- incorporating vocational training and academic education for the aquaculture, sea farms, leisure and marina sector. • Training and development of a skilled workforce to support the marine industry in Boat Building, Maintenance and Repair, Engineering and Fabrication. <p>The facility will also encourage and develop entrepreneurial skills and increased collaboration across the EMSP campus and with the wider regional marine industries. This specialist training centre would deliver a major competitive advantage for Argyll by</p> <ul style="list-style-type: none"> • Retaining and attracting an increased working age population through extending educational opportunities. • Investing in the specialist knowledge required to support the continued growth of the EMSP businesses. • Enhancing the existing investment in the EMSP. <p>The associated cluster development funding will further stimulate business cluster activity at the site. This will enable the employment of a Cluster Director to drive the collaborative ambition across all facets of the EMSP. A ‘collaborative campus’ challenge fund for small/ medium businesses will encourage collaboration between academia and industry. Revenue funding for a specific cluster programme of activities will focus on commercialisation and entrepreneurship</p>
Context	<p>This project is part of a wider £14m package of investment in the EMSP.</p> <p>The business cluster funding is consistent with the key recommendations of the MAXiMAR Science Innovation Audit in particular:-</p> <ul style="list-style-type: none"> • Creating multi-sector clusters of marine energy, biotech and aquaculture organisations (incorporating industry and academia) will result in significantly increased growth rates for the marine sector.
	Estimated costs circa: £7m

Attracting: additional skills, training and learning opportunities; new residents, visitors and businesses

Attracting	Skills, training and education
Proposal 7	Match local skills development and career paths to local economic opportunities
Purpose	Support economic growth by developing an integrated skills, education, training and employment framework to develop and retain business skills in Argyll.
Detail	<p>A mobile STEM academy would make Argyll a region of excellence where the skills of young people are matched to the growth of STEM (science, technology, engineering and maths) related employment prospects. This would offer every school in Argyll cutting edge learning on subjects such as science, digital skills and cybersecurity. The Mobile STEM Academy modules would reflect local industry or research expertise and would be developed in partnership with employers and academic institutions, such as Argyll College, City of Glasgow College and the University of Strathclyde.</p> <p>Skills for rural enterprise, economic growth and population rebalance would provide a model based on a Centre for Rural Entrepreneurship (as identified in the Compelling Argyll report, 2015) and a locality-based approach. This project would deliver a strategic approach to enterprise that would raise awareness of local economic opportunities and create pathways for young people to remain in, return or relocate to Argyll.</p> <p>Small business support programme would support individual businesses in developing the skill sets of staff and maximising their growth potential. Key components include grant support for SME businesses to improve the skills of their employees for example via training in digital connectivity, to start/refurbish /relocate/expand into cluster sites, access specialist advice or networking linked to cluster sites, and maximise the benefits of the framework projects.</p> <p>Capital funding for UHI/Argyll College accommodation this would support the expansion of further education opportunities in Argyll by delivering much needed new accommodation for Argyll College, with Dunoon currently being the highest priority area.</p>
Context	In 2017, as noted in the Regional Skills Assessment for Argyll, total employment in Argyll was 46,800 jobs , with the largest employing

	<p>sectors being:</p> <ul style="list-style-type: none"> • Public administration and defence (7,400 jobs, 16%); • Human health and social work (6,200 jobs, 13%); and • Accommodation and food services (5,700 jobs, 12%). • Although total employment is forecast to decline, the area is expected to see a total requirement of 10,100 openings/replacement demand for people by 2027. • Of the expected job openings for 10,100 people in the forecast period, demand will be greatest for elementary occupations (2,400 people) followed by professional occupations (2,200 people) and skilled trades occupations (1,800 people). • Accommodation and food services will require a total of 2,900 jobs through replacement demand by 2027. • Tourism will require 3,400 jobs through replacement demand by 2027.
	Estimated costs circa: £10M

Attracting	Housing to facilitate economic growth
Proposal 8	Provide affordable housing of the right type and in the right place to support growing business sectors.
Purpose	Support business growth by providing housing to attract a skilled workforce.
Detail	<p>Housing is a key component of economic growth which has been identified as a priority by a number of local business sectors, in particular the growing food/drink, marine and tourism sectors. It is essential that housing is available for key workers and is located in areas which are accessible and connected with good digital and transport infrastructure. Argyll and Bute Council is working with a wide range of stakeholders including local housebuilders, housing associations and business sectors to identify a range of measures including infrastructure, technology and policy interventions that will provide the range of housing required for inclusive economic growth. It is essential that housing forms a key part of the Rural Growth Deal and a range of potential projects will be considered including:-</p> <ul style="list-style-type: none"> • Establishment of a Key Worker Housing Enabling Fund. • Establishment of an Innovation Fund to develop modern methods of construction to drive down costs, improve quality and facilitate more rural and island development. • Establish a Community Finance Initiative to enable as

	<p>many as possible to benefit from the opportunities inherent in the housing stimulus of the Rural Growth Deal.</p> <ul style="list-style-type: none"> • Development of clusters of assisted living schemes at key locations particularly in rural and island communities.
Context	<ul style="list-style-type: none"> • There is evidence that lack of housing for workers in certain areas in Argyll is constraining economic growth by making it difficult for local businesses to expand. An adequate supply of affordable housing is critical to encourage a growing population and meet the labour/skills requirements of the region's growing sectors. • Reducing fuel poverty in rural areas aligns with the Scottish Government's policies on inclusive growth; using innovative and sustainable local sources of energy generation will help achieve a more prosperous, low carbon economy. • A recent health and housing study highlighted the fact that the population of people over the age of 75 in Argyll will increase by 3000 over the next 10 years. Technology assisted care can improve health outcomes for the population and reduce pressure on health and social care services. • Increased construction employment opportunities - it is estimated that each house constructed can support 4 jobs in the local economy.
	Estimated Costs circa: £10M

Attracting	Business Accommodation:
	Logistics Business Park Expansion, Lochgilphead
Proposal 9	Deliver infrastructure that will support business growth and job creation.
Purpose	Provide the critical infrastructure necessary to support the private sector to deliver this strategic business site catering for the significant unmet demand for business accommodation in Mid Argyll.
Detail	<p>The Mid Argyll Chamber of Commerce has worked hard to spearhead improvements to transport links into Argyll and is now concentrating on addressing the need for increased business space.</p> <p>The project will deliver the critical supporting infrastructure which in turn will enable the expansion of Kilmory Business Park in order to deliver a range of fully serviced sites for the provision of circa 55,000ft² of business premises and storage options for up to 10 new and expanding small and</p>

	<p>medium sized enterprises (SMEs).</p> <p>This project would unlock 2.7 hectares of undeveloped land through the provision of site infrastructure including the construction of a new access road from the A83 into the development area at Kilmory, Lochgilphead.</p> <p>The proposed project also has the potential to develop new training facilities as well as logistic workshop and business units.</p> <p>This would create a Mid Argyll distribution hub to support the development of effective routes to market.</p>
Context	<ul style="list-style-type: none"> • Creation of up to 50 jobs through business expansion and start up • Support new and existing businesses (10 SME) creating new employment opportunities encouraging population retention • Support for 50 construction jobs during phase 1 • Local contractors used where possible for maintenance and repairs • Opportunity for businesses to increase their turnover • Increase the value of the land, which currently has little value for agricultural or forestry use.
	Estimated Costs circa: £1M

Attracting	Developing places to live, work and visit
Proposal 10	Place-based investment to support community-led regeneration
Purpose	Develop our coastal communities as great places to live, work and visit.
Detail	<p>80% of the population of Argyll live within one kilometre of the coast.</p> <p>This proposal is about making Argyll's Places (towns and villages) sustainable and prosperous through mini capital regeneration schemes by empowering communities to drive forward and reach their economic potential. This supports the UK Governments £2m investment in place-based cultural development to continue to support the role culture can play in regeneration as set out in the Industrial Strategy.</p> <p>This project will see the delivery of community led capital regeneration and public realm projects across Argyll which will attract new talent to our area and created communities where people want to live, work, visit and invest.</p> <p>Valuing and having pride in the fabric of our places and associated built heritage environment is essential to protect what makes Argyll special as a place and capable of strong and sustainable growth.</p>
Context	Attractive Places will:

	<ul style="list-style-type: none"> • Build on investment already made in our Places and the leverage of additional external funding secured • Target funding to support change according to the needs of communities based on a place making approach. • Create attractive, vibrant and sustainable Places through investment and improvement to the built fabric of our towns and villages • Create stronger communities by tackling area inequality and creating opportunities for communities to be fully involved and take action themselves • Support existing businesses and create new business opportunities • Help and create Retaining and attracting young people through the creation of vibrant places and new job opportunities
	Estimated Costs circa: £10M

Attracting	Centre of excellence and community growth
Proposal 11	Realise local community opportunities from the MOD's emerging centre of engineering excellence in Helensburgh and Lomond.
Purpose	Develop a prosperous urban community by creating mutually beneficial opportunities for existing and arriving residents.
Detail	<p>The MOD Maritime Change Programme will see £1.3bn invested over the next 10 years in order to facilitate HMNB Clyde becoming the Royal Navy's "UK Submarine Centre of Specialisation."</p> <p>This programme will result in an increase in military personnel by 1,700 by 2032 resulting in a total of 8,200 staff directly employed at the site.</p> <p>The town of Helensburgh, located 6 miles from HMNB Clyde, is perfectly positioned to help ensure that this change is successful, for the people who will make it work – armed forces personnel, their families, private contractors, and local people in Argyll.</p> <p>While this proposal clearly connects local success with national priorities, we are classing it as 'place-making' initiative as it focuses on the people who together will ultimately make the Maritime Change Programme a national success; the proposal is about ensuring that armed forces personnel and their families come to opportunities for employment and quality lifestyle, and that their move brings new opportunities for business success to the people of Helensburgh and Lomond and wider Argyll.</p> <p>A new business hub in Helensburgh would create a mixed use, high</p>

	<p>specification industrial/business site allowing for non-secure MoD functions or supply chain businesses to be sited off-base, with the added benefit of providing employment opportunities for Royal Navy spouses and local residents. This industrial hub, specialising in engineering excellence, would be developed with the support of the academic sector including Strathclyde University.</p> <p>It is the aim of Argyll and Bute Council to maximise this potential by instigating measures that will attract businesses and families to the area, and to demonstrate the value of such investment to the local community through infrastructure projects.</p> <p>The proposed package of works looks to demonstrate value to the local community while providing opportunities for economic growth. It does this by focusing on enhanced amenity, recreation, employment and business facilities and opportunities for sustainable transport enhancements such as low emission buses providing new/enhanced services between HMNB Clyde and key sites / services such as Glasgow Airport and the Royal Alexandria Hospital.</p> <p>The project will serve to enrich the area surrounding HMNB Clyde, providing an enhanced welcome to the naval personnel and their families, while stimulating economic growth and job potential.</p>
Context	<ul style="list-style-type: none"> • The UK Government's aspiration is that 33% of public expenditure with third parties be placed with SMEs by the end of this parliament. MOD's expenditure is particularly important, as it accounted for some 44% of the Government's overall £45 billion procurement expenditure in 2015/16. • In 2016/17 MOD direct spend with SMEs amounted to around £707 million with just under 5,980 different suppliers. MOD Core Department placed around 440 new contracts with SMEs having a collective value of around £523 million • The Maritime Change Programme will result in all UK Submarine operations being delivered from the Clyde by 2020, which will reinforce the long term future of Faslane and Coulport.
	Estimated Costs circa: £20M

Growing: doing more of what works; making more of our natural and built resources

Growing	Argyll – National Aquaculture Hub
Proposal 12	Invest in the critical infrastructure required to accelerate growth in local marine industries in Argyll.
Purpose	Invest in essential infrastructure that would unlock land-based sites and significantly increase production capacity in Argyll, encourage innovation in the industry, add value to products and support the development of the important supply chain such as net washing, manufacture, etc.
Detail	<p>Given its abundant natural resources and strategic position on the west coast of Scotland, Argyll has the potential to be the national hub for aquaculture in Scotland, the UK and Europe.</p> <p>The aquaculture economy makes a significant contribution to the wider Argyll economy and provides year round jobs which are important for coastal communities with downstream jobs supported in transport, processing, support services and equipment manufacturing.</p> <p>Argyll has the ingredients for success. It has the Scottish Association of Marine Sciences (SAMS), and is currently working in collaboration on a study investigating the feasibility of seaweed farming in Argyll. Seaweed has the potential to be a lucrative growth sector in Argyll as this abundant natural resource is used in many products including (but not limited to) bread, spices, health products, pharmaceuticals, animal feeds and biofuels.</p> <p>This sector has grown in recent years and has significant potential for further growth, particularly in relation to aquaculture, a sector with strong ambitions for growth both nationally and regionally. Scotland: aquaculture has a high-value industry and one of the strongest growth opportunities in the 21st century.</p> <p>This proposal would invest funding in essential infrastructure that would allow land based sites to be unlocked and fast track the development of new aquaculture hubs across Argyll. Ardyne for example is a strategically important area for the development of aquaculture with the benefit of approved masterplan status and outline planning consent to develop a large brownfield site adjacent to deep water and suitable for a wide range of marine aquaculture businesses to locate to or expand.</p>
Context	<ul style="list-style-type: none"> The Industrial Biotechnology Innovation Centre estimate that the value of marine biotechnology to the Highlands and Islands region could amount to around £600m by 2030, with £350m of this figure attributed to extractives from seaweed.

	<ul style="list-style-type: none"> • Aquaculture is one of Scotland's real economic success stories and the industry is on track to grow to a value of well over £2 billion annually to the Scottish economy by 2020, supporting 10,000 jobs. • Aquaculture brings £1.8 billion to the UK economy each year, 77% from Scotland. • In Scotland, the aquaculture industry has ambitious plans to double output by 2030. • Internationally, aquatic food production is growing at 8% per annum and has already surpassed wild capture fisheries in the supply of fish for human consumption. • Salmon is the UK's biggest food export, by value, serving China, the US and France amongst other markets, but shellfish is a growing market and relatively under developed. • The EU aquaculture sector was worth €4.1 billion (£4.6 billion) in 2015, a 20% increase from 2018 (in the same period the economic value of Scottish aquaculture rose by just under 50%). • Global production rose by 54% from 69 million tonnes to 106 million tonnes reflecting the growth in demand for protein rich foods. • Sustainable seaweed farming and harvesting has the potential to rival the scale of fish farming in Scotland with a long and growing list of products with international appeal, including (but not limited to) bread, spices, health products, cosmetics, pharmaceuticals, animal feeds and biofuel.
	Estimated Costs circa: £10M

Growing	Tourism: Argyll - Scotland's Adventure Coast
Proposal 13	Develop our natural resources as a key economic driver
Purpose	Attract significantly more visitors particularly from the UK and overseas to travel throughout Argyll, as Scotland's Adventure Coast, stimulating economic growth across the region
Detail	<p>The region has been performing well over recent years but to consolidate and sustain this growth important investment is required to encourage visitors to travel further into and around the region, link up our different islands and peninsulas and offer unique and authentic adventures and experiences that derive local, regional and national economic impact.</p> <p>Through focused activity in recent years, Argyll is now positioned as 'Scotland's Adventure Coast'. Actions have included for example the hugely successful partnership-funded Wild About Argyll campaign in 2017</p>

	<p>which was a finalist in the international City Nation Place Awards 2017 sponsored by the New York Times. 'Wild About Argyll'. https://www.wildaboutargyll.co.uk/</p> <p>To consolidate this positioning, strategic investment is required in our visitor and adventure tourism infrastructure, and in business and product development, marketing and promotion.</p> <p>Argyll's natural environment and outstanding coastline provides numerous opportunities to further develop adventure tourism. Options could include:</p> <ul style="list-style-type: none"> • Expanding and connecting existing walking, cycling, kayaking and driving route and trail networks on land and sea • developing iconic features at strategic locations on our trails and roads network to draw visitors and travellers through the region and providing much-needed visitor facilities and services at strategic locations • Working with existing and new businesses to expand the quality and range of products and experiences on offer and ease to find and book these experiences • Working collaboratively with Visit Scotland, AITC, Scottish Canals, Forestry Commission Scotland and Scottish Natural Heritage plus our strategic travel partners to develop new facilities, products and experiences at key locations and offering integrated travel solutions
Context	<ul style="list-style-type: none"> • Direct expenditure on tourism in Argyll rose by 52% between 2009 and 2017 (increase of £117m). There was a 60 % growth in income to the accommodation sector between 2009 and 2017. Total Economic Impact of Tourism to Argyll was £479m in 2017 (direct and indirect) up 49% from 2009 (£322m) • The percentage of people employed in tourism in Argyll has consistently been above the Scottish average but the GVA derived from tourism in Argyll has traditionally been below the Scottish average. This is changing but significantly more investment is needed to extend the season and provide visitors with increased opportunities to spend locally to secure great GVA from tourism. • Argyll has four of Scotland's Great Trails on land (Kintyre Way, Cowal Way, West Island Way and Three Lochs Way), the John Muir Way starts/finishes in Argyll and the West Highland Way dips in and out of Argyll. The 237 mile Sustrans Caledonia Way stretches from Campbeltown to Oban (and on to Inverness) and is linked via Dunoon to the central belt. The Argyll sea kayak trail is Scotland's first. There are strategic gaps and opportunities to extend this trail network with focused investment • The Heart & Soul campaign in 2018 follows on from Wild About Argyll and is an excellent example of partnership in action: it positions Glasgow & Argyll as the Heart & Soul of Scotland and

	<p>raises awareness that Argyll, Scotland's Adventure Coast, is just 'a hop and skip' from Glasgow, highlighting that few other cities have such incredible wild landscape within striking distance.</p> <p>Led by AITC with Council support, Heart & Soul is a strategic partnership between Argyll and Glasgow, with partners including Visit Scotland, A&BC, People Make Glasgow (Glasgow Life) and all transport partners - Scotrail, Calmac, Loganair, Enterprise rent-a-car, Glasgow Airport and West Coast Motors.</p>
	Estimated costs circa: £13m

Growing	Tourism: Creating a world class visitor destination
Proposal 14	Develop Argyll as Scotland's prime marine tourism destination.
Purpose	Open up access to Argyll's coasts and waters to develop Argyll as a West of Scotland, "must visit" location for the maritime leisure market.
Detail	<p>Argyll's 3700km of coastline and 23 inhabited islands are surrounded by waters of an exceptional environmental quality, and the region boasts some of the world's most beautiful and varied boating and kayaking waters, marine wildlife, scenery and heritage. There is a clear opportunity for Argyll to become Scotland's prime destination for the marine leisure market, for private craft, charter yachts and cruise ship passengers to come ashore and for land-based visitors to gain access to the water on boat excursions and for water sports, wildlife watching and to island hop.</p> <p>A recent detailed inventory by AITC has demonstrated that there are several coastal hub locations offering exceptional seafood, distillery, heritage and wildlife experiences but these are not currently joined up. Rural Growth Deal investment would deliver strategic facilities that would 'join-up' coastal locations and so enable the growth of the maritime sector, bringing a range of economic and social benefits.</p> <p>The lack of a "joined up" experience for marine visitors to come ashore has resulted in recognition of the need for a 'step change' in the range, quality and nature of the region's maritime facilities. There is also a need to provide the skills this industry requires to create a customer focused world class product with international appeal.</p> <p>Transport in Argyll was traditionally by water and there is significant potential in reinstating these seafaring routes through investment in strategic come-ashore facilities linked to visitor experiences. This could include investment in our iconic structures providing access to famous and</p>

	<p>historic waterways.</p> <p>Around 3,000 boats pass through the Crinan Canal every year – mainly pleasure craft and it continues to be popular with tourists with the route described as Britain’s most beautiful shortcut. Working in partnership with Argyll and Bute Council, Scottish Canals have developed proposals to transform the Crinan Canal Corridor into a major tourism attraction in Mid Argyll.</p>
Context	<ul style="list-style-type: none"> • The Year of Scotland’s Coast and Waters will be celebrated in 2020 led by VisitScotland. AITC is working with other west coast destinations to develop a programme of pan west coast activity • The yachting, tourist excursions and boat trip/water taxi sectors have all advised they are currently constrained (capacity and service standards) by the lack of adequate infrastructure to come ashore at key hub locations along the coastline. Therefore, development and infrastructure is needed to accommodate growth and realise the economic opportunities available. • Marine Tourism was worth £360m per annum to the Scottish economy in 2014 (British Marine Federation) and the ambition is to increase this to £450m by 2020 • A user survey in 2016 based on 2500 users produced heat maps identifying the West Coast, and Argyll’s coast and waters in particular, as prime locations for numerous water based activities including yachting, sea kayaking, whale and dolphin spotting, scuba diving and sea fishing. • Argyll as a region is in close proximity to Scotland’s central belt and national and international travel connections and therefore is much more accessible to maritime leisure markets than other west coast destinations • Studies on Sailing Tourism undertaken for Scottish Enterprise in 2010 and 2016 highlighted that Scotland lacks a joined up experience for sailing visitors seeking to come ashore. • Argyll’s coastline, communities and attractions are suited to and have significant appeal to the smaller high end cruise operators seeking authentic experiences but investment is required in come ashore facilities to secure the local economic impact
	Estimated costs circa: £9m

Growing	Creating a low carbon economy
Proposal 15	Run a pilot on the island of Islay to deliver a smart island local energy network.
Purpose	Address key island energy challenges for people and business; and support 'clean growth', an important element in the development of the UK's Industrial Strategy and Clean Growth Strategy.
Detail	<p>Low-carbon generation supports the Industrial Strategy's 4 Grand Challenge to promote clean growth, taking into account the five foundations of people, infrastructure, place, business environment and ideas.</p> <p>The island of Islay faces various challenges including a constrained grid network, high fuel and transport costs, high energy usage from the existing distilleries on the island and low local energy generation - despite the amazing natural resource, one of the best tidal power resources in EU with the exception of the Pentland Firth.</p> <p>The pilot would examine the use of smart grid technologies to improve energy provision, reduce cost and support local growth on our islands, building on the learning from smaller scale projects including the ACCESS project on Mull.</p> <p>This would be secured by examining the development of an integrated smart energy system to improve energy efficiency and manage energy demand, incorporating low carbon and smart technologies. This approach would be based on a partnership between public and private sector. It would support the community on Islay to deliver sustainable energy solutions that maximise benefit from the natural renewable resource on and around the island, reduce energy demand and the islands carbon footprint, reduce energy costs including transport and heat and increase the opportunity to generate income to the community.</p>
Context	<ul style="list-style-type: none"> • The UK Industrial Strategy promotes smart systems that link energy supply, storage and use and join up power, heating and transport to increase efficiency and reduce costs as well as potentially creating high value jobs for the future. • Low-carbon generation supports the UK Industrial Strategy's 4 Grand Challenge to promote clean growth, taking into account the five foundations of people, infrastructure, place, business environment and ideas. • Islay's distilleries all currently use oil for their primary energy source which is imported onto the island at great expense. However Islay has considerable potential to increase renewable energy generation given its significant natural resources of wind,

	<p>wave and tidal power.</p> <ul style="list-style-type: none"> • There are limited options to high energy bills given the lack of a gas grid network. • The current fuel poverty rate for Argyll is estimated at 45%, compared with the Scottish average of 26.5%. This project could help tackle the issue of rural fuel poverty and if successful could be transferable to other island and rural communities.
	Estimated costs circa: £5M

Policy	Action on policy to deliver inclusive economic growth.
Proposal 16	Address obstacles to, and open-up opportunities for economic growth through policy developments.
Purpose	As part of the Rural Growth Deal, Argyll and Bute Council have been asked to consider potential policy or fiscal powers which could be implemented to complement the infrastructure, skills and training projects included within the deal.
Detail	<p>Some potential policy projects are set out below;-</p> <ul style="list-style-type: none"> • Invest the circa £700k currently spent by Argyll and Bute Council on the apprenticeship levy on local apprenticeships and training tied to local job opportunities to help retain and attract working age people to Argyll and reverse our declining population. • Investigate the potential to relocate some government funded departments / organisations to Argyll e.g. Marine Scotland, CMAL/CalMac – this would create high value jobs in rural areas where the services are delivered. • Based on key export targets being achieved, return a proportion of excise duty on locally produced spirits to Argyll and Bute Council to be used for localised infrastructure projects that support / encourage growth in exports e.g. transport infrastructure focusing on key routes to markets. • Grow our working age population by encouraging more students to live, study and work in Argyll. Introduce a bursary and or write down student debt for graduates to encourage more students and graduates to work and study in rural areas. (subject to conditions e.g. resident for minimum period). Increase funding from the Scottish Funding Council for delivery of local college and university courses tailored to key sector skills gaps. At present Argyll gets a lower share of funding which restricts the courses which can be offered locally e.g. Moray awarded £15M as opposed to £3m in

	<p>Argyll despite similar numbers of students. This is a significant disadvantage to Argyll, particularly given the ambitious proposals to grow student numbers via projects such as Oban University Town.</p> <ul style="list-style-type: none"> • There should be no VAT applied on works undertaken to refurbish older buildings in line with new build houses. This would make it more viable to regenerate some of our town centres and encourage investment by the private sector in domestic and commercial properties. • Create a number of Enterprise zones in Argyll at strategic business sites e.g. European Marine Science Park, Machrihanish Airbase Community Company site (also potential to consider sites at Craigendoran, Sandbank and Kilmory Phase 2). • Following the Scottish Ferries Review and Publication of the Scottish Ferries Plan we would encourage Transport Scotland ensure all local ferry services receive fair and consistent funding in recognition of their importance to local communities. This includes a fares structure which supports economic growth for all users.
<p>Context</p>	<p>Argyll brings together much of what is best about Scotland – natural and built resources that drive national and international business markets, expertise that inspires innovation, and people committed to developing the prosperous future the area needs and deserves.</p> <p>Argyll therefore provides opportunities for economic growth that would benefit life in Argyll, Scotland and the UK. To turn opportunity into success we must reverse the decline in our population.</p>

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****CUSTOMER SERVICES****18 OCTOBER 2018**

REVIEW OF HEALTH AND SOCIAL CARE INTEGRATION SCHEME - UPDATE

1.0 EXECUTIVE SUMMARY

1.1 At the Special Council meeting held on 22 February 2018 the Council:-

- *Recognised the need for a further formal review of the full Integration Scheme to ensure that this continues to meet Scottish Government policy expectations, and that this must include how budget underspends or overspends are written back to the parent organisations; and*
- *Requested that the Chief Executive engage with NHS Highland and the Health and Social Care Partnership (HSCP) Integration Joint Board (IJB) to initiate a formal review of the Integration Scheme.*

1.2 This report provides an update against these decisions and invites Member to note the progress that has been made to date in undertaking the requested review.

REVIEW OF HEALTH AND SOCIAL CARE INTEGRATION SCHEME - UPDATE

2.0 INTRODUCTION

2.1 At the Special Council meeting held on 22 February 2018 a report was tabled setting out revisions to the Integration Scheme to take account the requirements imposed by The Carers (Scotland) Act 2016, which were agreed by the Council for submission to the Scottish Government by 2 March 2018.

2.2 The Council also:-

- *Recognised the need for a further formal review of the full Integration Scheme to ensure that this continues to meet Scottish Government policy expectations, and that this must include how budget underspends or overspends are written back to the parent organisations; and*
- *Requested that the Chief Executive engage with NHS Highland and the Health and Social Care Partnership (HSCP) Integration Joint Board (IJB) to initiate a formal review of the Integration Scheme.*

2.3 This report provides an update on the progress that has been made against the decisions detailed at 2.2 above.

3.0 RECOMMENDATIONS

3.1 Members are asked to note:-

- i. the lack of progress that had been made in respect of implementing the Council decision, in February 2018, to pursue a review of the Integration Scheme thus far;
- ii. that arrangements will now be made for an initial meeting of the SLWG; and
- iii. that a revised version of the timetable detailed at paragraph 4.2 will be agreed by the SLWG and reported back to Members.

4.0 DETAIL

4.1 Following the decision by Argyll and Bute Council in February 2018 to request a review of the Integration Scheme, the Secretary of the NHS Highland Board was notified of this and the request formally recorded within the Chief Executive's report, which was tabled at the Board meeting held on 27 March 2018. In addition a further report from Argyll and Bute HSCP entitled "Proposal to Revise IJB Integration Scheme" was tabled at the NHS Highland Board on 29 May 2018 setting out the proposed process for such a review. The Board noted the request from the Council and

agreed to investigate informal resolution to the concerns prior to commencing the formal review process.

- 4.2 Statutory responsibility for the review sits with the NHS Board and the Local Authority and requires Director level engagement from both organisations. Following initial discussions between Officers from the Council, the NHS Board, the IJB, and the Scottish Government Health Directorate (SGHD), the following process/timescales were suggested:-

Action	Timescale
Establishment of a short life working group (SLWG), chaired by the Council as requestors of the review, with the following membership:- <ul style="list-style-type: none"> • Executive Director - Argyll and Bute Council (Lead) • Director – NHS Highland • Chief Officer – Argyll and Bute HSCP • Director of Finance – NHS Highland • Section 95 Officer – Argyll and Bute Council • Chief financial Officer – Argyll and Bute HSCP • Legal Teams – NHS Highland and Argyll and Bute Council 	May 2018
Scope of review to be clarified by SLWG and a report with recommendations prepared	June 2018
Formal agreement to proceed with review obtained from Argyll and Bute Council and NHS Highland Board	Aug 2018
If approved, revisions to Integration Scheme identified / documented, and submitted to Argyll and Bute Council and NHS highland Board for approval	Sept/Oct 2018
Public consultation	Nov/Dec 2018
Results of consultation considered by Argyll and Bute Council and NHS Highland Board	Jan 2019
If revisions agreed, revised Integration Scheme submitted to SGHD to be laid before parliament (28 days) awaiting ministerial approval	Feb 2019

5.0 CONCLUSION

- 5.1 Unfortunately there was a delay in confirming the NHS Director who would be part of the SLWG. This has now been resolved and arrangements are being put in hand for the SLWG to meet. At their first meeting a review of the initial timetable detailed at 4.2 above will be undertaken and a revised timeline reported back to Members.

6.0 IMPLICATIONS

- 6.1 Policy – review will ensure compliance with Scottish Government policy

- 6.2 Financial – None
- 6.3 Legal – review will take account of relevant legislation
- 6.4 HR – none
- 6.5 Equalities and Socio Economic – none for this report
- 6.6 Risk – adverse impact on service delivery
- 6.7 Customer Service – delivery of national health and wellbeing outcomes for people of Argyll and Bute

7.0 APPENDICES

- 7.1 None

Douglas Hendry
Executive Director – Customer Services

10 October 2018

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

18 OCTOBER 2018

**COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – UPDATE – EXPRESSIONS
OF INTEREST / ASSET TRANSFER REQUESTS/REPORTING REQUIREMENTS**

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise the Committee on 1: current live Expressions of Interest (EOI's) which may become subject to a formal asset transfer request 2: community group proposals which have been dealt with out-with the formal asset transfer process 3: the progress of the asset transfer request which has been submitted by Mull and Iona Community Trust (MICT) in respect of Calgary Bay Site of Special Scientific Interest (SSSI) 4: current live ongoing or agreed Participation Requests received by the Council and 5 the annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

RECOMMENDATIONS

It is recommended that:

- 1.2 The Committee note the report and the positive outcomes being achieved.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

18 OCTOBER 2018

**COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – UPDATE – EXPRESSIONS
OF INTEREST / ASSET TRANSFER REQUESTS/ REPORTING REQUIREMENTS**

2. INTRODUCTION

2.1 The purpose of this report is to advise the Committee on 1: current live Expressions of Interest (EOI's) which may become subject to a formal asset transfer request 2: community group proposals which have been dealt with out-with the formal asset transfer process 3: the progress of the asset transfer request which has been submitted by Mull and Iona Community Trust (MICT) in respect of Calgary Bay Site of Special Scientific Interest (SSSI) 4: current live ongoing or agreed Participation Requests received by the Council and 5 the annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

3. RECOMMENDATIONS

It is recommended that:

3.1 The Committee note the report and the positive outcomes being achieved.

4. DETAIL

EXPRESSIONS OF INTEREST

4.1 There are currently fifteen live expressions of interest relating to potential asset transfer requests (attached as Appendix 1). It should be noted that not all EOI's will necessarily become subject to a formal asset transfer request. Some may be subsequently withdrawn, or dealt with in a way that delivers the outcome required by the community group out-with the asset transfer process.

PROPOSALS DEALT WITH OUT-WITH THE ASSET TRANSFER PROCESS

4.2 There are currently 5 proposals which have been dealt with in a way that delivers the outcome required by the community group outside the formal asset transfer process, specifically:

- Old Quay Building, Campbeltown, Valuation Joint Board – Non Exclusive Licence;
- Show Field, Lochgilphead, Mid Argyll Agricultural Society - Non Exclusive Licence;
- Rose Garden, Dunoon – Dunoon Regeneration – Non Exclusive Licence;

- Land at King George V Park, Ardrishaig – KGV (a subgroup of Ardrishaig Community Council) – Council have agreed to maintain the fence at the expiry of the 10 year warranty; and
- Land at Lismore Primary School - Lismore Parent Council – Non Exclusive Licence

ASSET TRANSFER REQUESTS

MULL AND IONA COMMUNITY TRUST – CALGARY BAY SSSI

- 4.3 On 23 November 2017, Mull and Iona Community Trust (MICT) submitted an asset transfer request in respect of Calgary Bay SSSI seeking a 25-year lease of the asset at £1 per annum. It should be noted that:
- The Asset Transfer Request was validated on 1 December 2017;
 - The Asset Transfer Group agreed to recommend approval of the Asset Transfer Request on 9 May 2018;
 - The Executive Director of Customer Services in conjunction with the Executive Director of Development and Infrastructure agreed to the request on 21 May 2018; and
 - The Decision Notice was issued to MICT and published online on 21 May 2018.
- 4.4 MICT now require to submit an offer to the Council in respect of the Asset Transfer Request by 26 November 2018 which must reflect the terms and conditions set out in the Decision Notice (attached as Appendix 2), and which may include other reasonable terms and conditions as are necessary, or expedient to secure the lease within a reasonable time.
- 4.5 It should be noted that it was open to MICT to make an application to the Council for a review of the decision by the 18 June 2018, if they considered the terms and conditions set out in the Decision Notice were significantly different to those in their original request. No such request was received by the Council.

PARTICIPATION REQUESTS

- 4.6 Part 3 of the Community Empowerment (Scotland) Act 2015 provides a framework for the use of participation requests by community bodies, with the intention of enabling communities to have more influence over services and decisions which affect them. Part 3 of the Act came into force on the 1st April 2017.
- 4.7 In line with the requirements of the Act, the Council has put in place a procedure which allows consideration of any requests made community bodies. The procedure and further information can be found on the Council's website at <https://www.argyll-bute.gov.uk/find-out-more-about-participation-requests>
- 4.8 During the period 1 April 2017 to 31 March 2018, the Council received 4 participation requests, all were agreed. The Council has received one Participation Request subsequent to 31 March 2018 which is currently being considered by the Service. (Details of all Participation Requests are attached at Appendix 3).

ASSET TRANSFER AND PARTICIPATION REQUESTS - ANNUAL REPORTING REQUIREMENTS

- 4.9 Section 95 of the Community Empowerment (Scotland) Act 2015 requires the Council to publish an annual report setting out the numbers of asset transfer requests received and their outcomes. The relevant report has been published on the Council's website.
- 4.10 The report also requires to set out what the Council has done to 1: promote the use of asset transfer requests and 2: support community bodies to make requests (report attached as Appendix 4).
- 4.11 Annual reports cover each year from 1 April to 31 March and must be published by 30 June. The Commencement Order for the Act provides that the first annual report should cover all requests received from the scheme coming into force on 23 January 2017 up to 31 March 2018.
- 4.12 In addition to the information required by the Act, the Scottish Ministers may request further details to provide information on progress towards their target of 1 million acres in community ownership, and other policy issues. If further information is required, the Scottish Government will contact relevant authorities directly and provide a standard form to record any information required.
- 4.13 Section 32 of the Act also requires the Council to publish an annual report in respect of Participation Requests (attached as Appendix 5) setting out:
- The number of requests received
 - The number of requests agreed and refused
 - The number of requests which resulted in changes to a public service provided by, or on behalf of, the public service authority
 - Any action taken by the public service authority to promote and support the use of participation requests.
- 4.14 Annual reports Participation Requests cover each year from 1 April to 31 March and must be published by 30 June. The relevant report has been published on the Council's website.

5. CONCLUSION

- 5.1 The purpose of this report is to advise the Committee on 1: current live Expressions of Interest (EOI's) which may become subject to a formal asset transfer request 2: community group proposals which have been dealt with out-with the formal asset transfer process 3: the progress of the asset transfer request which has been submitted by Mull and Iona Community Trust (MICT) in respect of Calgary Bay Site of Special Scientific Interest (SSSI); 4: current live ongoing or agreed Participation Requests received by the Council and 5 on the annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

6. IMPLICATIONS

6.1 The implications of the proposal are outlined in the table below.

Table 6.1: Implications	
Policy	In line with Council policy relating to the Asset Transfer and Participation Request Process
Financial	None at present
Legal	In line with Statutory requirements of the Community Empowerment (Scotland) Act 2015 and related Regulations
HR	None at present
Equalities	None at present
Risk	None at present
Customer Service	None at present

Douglas Hendry - Executive Director of Customer Services 18 October 2018

Policy Lead Community Empowerment – Councillor Rory Colville

For further information contact:

David Logan, Special Projects and Quality Improvement Manager 01546 604 322

Michael Nicol, Solicitor, Special Projects, 01546 604 468

Iain Jackson, Governance and Risk Manager, 01546 604 188

Appendix 1

Active Asset Transfer Requests

No	Date Received	Organisation	Asset	Summary of Asset Transfer Request	Status	Summary of Current Position
1.	1.12.17	Mull and Iona Community Trust	Calgary Bay SSSI	25 year lease at £1 per annum - Manage the land as deemed appropriate as a SSSI, Provide over flow car parking if necessary and manage access onto the site.	Asset Transfer Request Approved Decision Notice issued 21.05.18	Group require to submit formal offer by 26 November 2018

Active Expressions of Interest

No	Date Received	Organisation	Asset	Summary of Expression of Interest	Status	Summary of Current Position
1	01.03.17	Oban Lorne Rugby Club	Glencruitten Sports Field and clubhouse, Oban	Transfer of ownership of clubhouse and long term lease of both sport pitches adjacent to clubhouse – No price indicated.	Open– Ongoing	Group's Constitution does not currently meet legislative requirements. Group currently working on amendments to rectify.
2	16.03.17	Ardrishaig Community Trust	Ardrishaig Public Toilets and Land adjacent to	Transfer of ownership to run amenity and link hall to amenity - no price indicated.	Open – Ongoing	No further officer actions currently required – Action with group to progress the

			toilets			request.
3	13.06.17	Grubs Up	Guide Hall, Stag Park, Lochgilphead	Transfer of ownership for £1 to run recovery café at the hall.	Open - May be withdrawn	Property Services undertook asbestos demolition survey identifying ACM's in the sink pad (generally considered low risk) and that access was not possible in the solum area but that this should not prevent demolition of the site which may be desirable given its current condition. EOI likely to be withdrawn as group have identified alternative premises.
4	30.06.17	Fyne Futures	Ardencraig Gardens, Rothesay	25 year lease for Universal Horticultural Training Centre with Teaching Kitchen/Café - no price indicated	Open – May be withdrawn	Groups Constitution does not currently meet legislative requirements. Group currently working on amendments to rectify.

						Proposal may be concluded outwith ATR process by means of non-exclusive licence.
5	12.07.17	Helensburgh Football Club	East King Football Pitches/ Changing rooms, Helensburgh	Lease for 5 – 10 years to help grow and develop "Football for all" Ethos in the Community.	Open - Ongoing	HFC & Ardencaple have agreed to work together to submit a joint proposal for a partnership agreement with Council– group currently exploring options to do so which may be out-with formal asset transfer process.
6	02.08.17	Ardencaple Football Club	East King Football Pitches/ Changing rooms, Helensburgh	EOI does not specify terms of transfer - to allow Ardencaple FC to grow within the community and additional facilities to the club. – no further details provided.	Open - Ongoing	HFC & Ardencaple have agreed to work together to submit a joint proposal for a partnership agreement with Council– group currently exploring options to do so which may be out-with formal asset transfer process.
7	05.09.17	Lochgilphead Phoenix Project	Land at Corran	Transfer of ownership of this land to create a nature reserve,	Open - Ongoing	Presence of knotweed detected

			Roundabout, Lochgilphead	establish a network of paths/trails and install at least one bird hide – no price indicated.		following report from ACT – group currently liaising with D&I about any possible options for assistance with eradication and currently no further progress with any potential asset transfer.
8	28.09.17	Helensburgh Seafront Development Project	Ground at Helensburgh Pier / seabed	Transfer or ownership or 25-lease to dredge Pierhead, installation of pontoons and wavebreaker/walkway - no price indicated.	Open – Ongoing.	EOI includes land on the seabed that the Council does not own. Clarification sought from group on specifics about their plan to regenerate the pier – awaiting response.
9	23.11.17	Friends of Hermitage Park Association	Hermitage Park Depot, Sinclair Street, Helensburgh	Transfer of ownership or 25 year lease to set up and manage community hub at the Depot for a range of community activities/groups – no price indicated	Open until sale concluded	EOI likely to be withdrawn as closing date for sale on the market has passed and negotiations currently ongoing with Legal Services and preferred bidder.
10	28.02.18	MYADS/Kilmory Woodlands		Transfer of ownership of land for newly forming group of	Open – Ongoing	Group currently developing request

				organisations – primarily sports based - -initially a rugby pitch.		and have advised they are not yet ready to proceed.
11	10.04.18	Mull and Iona Community Trust	Public Toilets adjacent to Calgary Bay SSSI	Transfer of ownership to secure future of toilets including an upgrade of the toilets to ensure they are fit for purpose – No price indicated	Open - Ongoing	View of Service being obtained in relation to any sale following which joint valuation to be instructed following agreement with MICT on cost share.
12	24.08.18	Inspire Inverary	Akrland District Depot	Lease of depot for use as a recreational facility for young people in the community – no length of term or price indicated.	Open – Ongoing	Constitution currently under review to ascertain whether they are a community transfer body able to make an asset transfer request.
13	24.04.18	Inspire Inverary	Marriage Room and Tourist Information Office	Lease of building to maintain a tourist information office on the ground floor and to use the first floor as a temporary meeting facility to be replaced by the new community centre currently under proposal – No length of term or price indicated	Open - Ongoing	Constitution currently under review to ascertain whether they are a community transfer body able to make an asset transfer request.
14	24.04.18	Inspire Inverary	Inverary Public Toilets	Transfer of ownership – including Marina plan to install visitor moorings and installation of showers in the toilets	Open - Ongoing	Constitution currently under review to ascertain whether they are a community

						transfer body able to make an asset transfer request.
15	17.05.18	Argyll and Bute Third Sector Interface	Dunoon CEC Woodside Building	Dunoon CEC Woodside Building – Terms of transfer not specified	Open - Ongoing	Groups Constitution does not currently meet legislative requirements. Group currently working on amendments.

APPENDIX 2



Transformation Projects and Regeneration
Economic Development
Social Enterprise Team
Community Learning Centre
Edward Street
Dunoon PA23 7PH
Tel: 01369 708547
Email: asset-transfer@argyll-bute.gov.uk
Website: www.argyll-bute.gov.uk/asset-transfer

ASSET TRANSFER UNDER THE COMMUNITY EMPOWERMENT ACT DECISION NOTICE - AGREED

To: Mull and Iona Community Trust, An Roth Community Enterprise Centre, Craignure,
Mull, PA65 6AY

21/5/18

This Decision Notice relates to the asset transfer request made by **Mull and Iona Community Trust** on **1 December 2018** in relation to **Calgary Bay SSSI, Isle of Mull, PA75 6QT**

Argyll and Bute Council has decided to **agree to** the request.

The reasons for this decision are as follows:

- The Community Benefit is substantial compared to the value of the asset
- The disposal will remove the site from Council responsibility
- The disposal sets out a positive benefit for the Community

The terms and conditions subject to which we would be prepared to lease the land which is subject is the subject of the asset transfer request to you are as follows:

1. The lease will be for a period of 25 years;
2. The rent will be £1 (one pound) per annum;
3. The tenant will require to permit the public to continue to exercise all access rights over the subjects;
4. The lease will be subject to any conditions, burdens and/or rights contained within the Council's title;
5. The Tenant will require to maintain such insurances in respect of the subjects and their operations as are required by the Council;
6. The transfer will include land owned by the Council below the watermark and not contained in the asset transfer request

If you wish to proceed, you must submit an offer to us at the address above by **26 November 2018**. The offer must reflect the terms and conditions attached, and may

include such other reasonable terms and conditions as are necessary or expedient to secure the lease within a reasonable time.

Right to review

If you consider that the terms and conditions attached differ to a significant extent from those specified in your request, you may apply to the Council to review this decision. Any application for review must be made in writing to Douglas Hendry, Executive Director of Customer Services, Kilmory, Lochgilphead, Argyll PA31 8RT by **18 June 2018**, which is 20 working days from the date of this notice.

Guidance on making an **application for review** is available at

<https://beta.gov.scot/publications/asset-transfer-under-community-empowerment-scotland-act-2015-guidance-community-9781786527509/pages/17/>

Appendix 3

Agreed Participation Requests – 1 April 2017 – 31 March 2018

No	Date Validated	Organisation	Request Details	Outcome
1	11.05.17	Blairmore Village Trust	Introduction of process to improve access and service provision in Blairmore Village and requested that the Council facilitate a process where the Council, LL TNP and the community work	Discussion are ongoing to facilitate further discussion on how the aims of the group might be achieved.
2	29.05.17	Helensburgh Community Council	The conjunction of the expectations of the Helensburgh community for well-maintained roads, pavements and road infrastructure with the reality of finite Council support resources.	Agreement between the Council and Helensburgh CC in place which ensures that better communication in relation to roads issues will be available via the Council's website and specific members of the CC will be added to the list of recipients for emails regarding Road closures and Press releases
3	17.10.17	Helensburgh Community Council	A consensual community view that the completion of the multi-million pound Helensburgh Waterfront Development Project will have met and exceeded the aspirations of the Helensburgh community.	The council has engaged Helensburgh Community Council, other community councils and local stakeholder/interest groups in a series of Focus Groups to inform the project and will continue to engage with them through the various stages outlines in the Stakeholder Engagement process.

4	23.10.17	Mull Community Council	To establish more coherent and co-ordinated traffic (including pedestrian traffic) management	The Council set up a short term working group who agreed an Outcome Improvement Plan including proposals, actions, timescales and priorities which will be taken forward. The council continue to work with the community council on implementing improvements and reviewing the plan
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Participation Requests Received from 31 March 2018

No	Date Validated	Organisation	Request Details	Status	Summary of Current Position
1	23.07.18	Inspiralba	To make improvements to Jocks Boat playpark, Campbeltown due to damage to boat and requirement for improved access	Active - Ongoing	Currently with Service for consideration.

APPENDIX 4



Section 95 - Community Empowerment (Scotland) Act 2015
Part 5 – Asset Transfer Requests
Annual Report 23 January 2017 – 31 March 2018

Summary

This is Argyll and Bute Council's first Annual Report 2017-2018 as required by Section 95 of the Community Empowerment (Scotland) Act 2015 which sets out the relevant information to be included in the report in relation to asset transfer requests received during the reporting period.

The first Annual Report on asset transfer requests covers the period from the introduction of the legislation on 23 January 2017 through to March 2018.

Asset Transfer Requests

Argyll and Bute Council received 1 (one) validated asset transfer request during the reporting period. That asset transfer request was agreed to by the Council.

The asset transfer request received and agreed to by the Council relates to a lease of land by the community transfer body. However, this has not yet resulted in an executed lease as the asset transfer process is still ongoing.

No asset transfer requests were refused by the Council during the reporting period.

The Council did not receive any asset transfer requests during the reporting period which resulted in the transfer of ownership of land, or resulted in other rights in respect of that land being conferred on a community transfer body.

Reviews

There were no requests for a review in respect of a decision taken by the Council in relation to an asset transfer request during the reporting period.

Appeals

There were no appeals in respect of a decision taken by the Council in relation to an asset transfer request during the reporting period.

Promotion of the use of Asset Transfer Requests

The Council's Social Enterprise Team participated in the following meetings or events to present information and / or provide advice on the asset transfer process to 3rd parties:

- 11 March 2017 – Argyll and Bute's Community Planning Partnership's community empowerment event in Arrochar;
- 10 June 2017 - COSS – Asset Transfer Seminar in Glasgow
- 10 October 2017 – presentation on the asset transfer process to the board of Fyne Futures; and
- 10 November 2017 – Business Gateway and Highlands and Islands Enterprise– Leading Communities to Success event in Arrochar;

Generally, there has been an effort to raise awareness throughout all Council Services about the asset transfer process, and to encourage those Services to signpost community groups to that process where appropriate.

Support for Community Transfer Bodies making an Asset Transfer Request

The Council's Social Enterprise Team provide ongoing support to any community group making an asset transfer request, or considering making an asset transfer request.

This includes a pre-application stage where community groups are encouraged to discuss their ideas with the Council at an early stage, in order to help them understand how to make an effective asset transfer request, and provide guidance in relation to what is required in terms of the legislation.

The Council have developed Asset Transfer webpages which provide advice and guidance, a list of the Council's assets, contact details, the relevant forms and documents required to make a request, an Expression of Interest form (to facilitate early informal discussions between organisations and officers) and contact details for a single point of contact for enquiries.

The Social Enterprise Team are the single point of contact for any group who has submitted a formal asset transfer request. They ensure effective lines of communication are open throughout the assessment and determination of the asset transfer request, and advise community groups of the progress of any steps which require to be taken in order for a decision to be made.

APPENDIX 5

ARGYLL AND BUTE COUNCIL

DMT

Governance and Law

9 July 2018

Participation requests – annual report

2.0 EXECUTIVE SUMMARY

This report provides details to DMT of the number and outcome of participation requests received in 2017/18.

The DMT is asked to note the terms of the report.

3.0 INTRODUCTION

- 2.1 The Community Empowerment (Scotland) Act 2015 came into force on 1 April 2017 and part 3 of the Act provided a framework for the use of participation requests by community bodies, the intention being to enable communities to have more influence over services and decisions which affect them.
- 2.2 In line with the requirements of the Act, the Council has put in place a procedure which allows consideration of any requests made community bodies. The procedure and further information can be found on the Council's website at <https://www.argyll-bute.gov.uk/find-out-more-about-participation-requests>

4.0 RECOMMENDATIONS

- 3.1 The DMT note the terms of the report.

5.0 DETAIL

- 4.1 The Act requires the Council to publish an annual report setting out
 - The number of requests received
 - The number of requests agreed and refused
 - The number of requests which resulted in changes to a public service provided by, or on behalf of, the public service authority
 - Any action taken by the public service authority to promote and support the use of participation requests

- 4.2 During the period 1 April 2017 to 31 March 2018, the Council received 4 participation requests, all were agreed and details can be found on our website at the link detailed at 2.2.

Received from	Request details	Outcome
Blairmore Village Trust	Introduction of process to improve access and service provision in Blairmore Village and requested that the Council facilitate a process where the Council, LLTNP and the community work together to agree outcomes.	Discussion are ongoing to facilitate further discussion on how the aims of the group might be achieved.
Helensburgh CC	The conjunction of the expectations of the Helensburgh community for well-maintained roads, pavements and road infrastructure with the reality of finite Council support resources.	Agreement between the Council and Helensburgh CC in place which ensures that better communication in relation to roads issues will be available via the Council's website and specific members of the CC will be added to the list of recipients for emails regarding Road closures and Press releases
Helensburgh CC	A consensual community view that the completion of the multi-million pound Helensburgh Waterfront Development Project will have met and exceeded the aspirations of the Helensburgh community.	The council has engaged Helensburgh Community Council, other community councils and local stakeholder/interest groups in a series of Focus Groups to inform the project and will continue to engage with them through the various stages outlines in the Stakeholder Engagement process.
Mull CC	To establish more coherent and co-ordinated traffic	The Council set up a short term working group who agreed an

	(including pedestrian traffic) management	Outcome Improvement Plan including proposals, actions, timescales and priorities which will be taken forward. The council continue to work with the community council on implementing improvements and reviewing the plan
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- 4.3 Promotion and Support - All information relating to participation requests is available on the Council's website <https://www.argyll-bute.gov.uk/find-out-more-about-participation-requests> and internal guidance was prepared for services who might receive requests, this is available on the HUB <http://intranet.argyll-bute.gov.uk/participation-requests>

A news released was also issued in February 2017 inviting attendees to a community empowerment event on Saturday 11th March at the Three Villages Hall in Arrochar, hosted by Argyll and Bute's Community Planning Partnership. There was a presentation to the Council's Strategic Management Team and all 4 development officers sent information to organisations on their mailing list.

MAKI Health and Wellbeing Network newsletter, March 2017

CPP Bulletin, April 2017

Presentation on participation requests to Heads of Service in September 2017

Presentation to the IJB on 29/11/17

The Chief Executive and his team have promoted Participation Requests at the Big Listen summer roadshow

Information in the May Cascade

5.0 CONCLUSION

- 5.1 The Council has met its obligations in relation to the implementation of part 3 of the Act.

6.0 IMPLICATIONS

- 6.1 Policy – Statutory requirement to publish annual report
- 6.2 Financial – None
- 6.3 Legal – Statutory requirement to publish an annual report
- 6.4 HR – None
- 6.5 Equalities – None

6.6 Risk – None

6.7 Customer Service – None

Douglas Hendry

Executive Director of Customer Services

Policy Lead – Cllr Robin Currie

Date of report - 5/7/18

For further information contact: Iain Jackson, Governance and Risk Manager 01546 604188

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Policy and Resources Committee Work Plan 2018-19

October 2018 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
October 2018	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting		
	Budget Outlook 2019-20 to 2021-22 Update	Strategic Finance			
	Council Tax on Empty Properties	Customer Services			
	Community Empowerment (Scotland) Act 2015 Part 8 – Common Good Property	Customer Services			
	Community Empowerment (Scotland) Act 2015 - Part 9 – Allotments	Customer Services			
	Joint Local British Sign Language Plan for Argyll and Bute	Customer Services			
	Delivering the Argyll Rural Growth Deal	Development and Infrastructure			P&R May 2018 Committee decision states report to be brought back in October 2018.
	Review Of Health And Social Care Integration Scheme - Update	Customer Services			
	Community Empowerment (Scotland) Act 2015 - Update - Expressions Of	Customer Services			

Policy and Resources Committee Work Plan 2018-19

	Interest / Asset Transfer Requests/Reporting Requirements				
December 2018	Report Title	Dept/Section	How Often?	Date Due	Comments
	Requests for Additional Support for Community Councils	Customer Services			To come to December Committee 5/10/18
Future Items – date to be determined					
	IHR Policies: <ul style="list-style-type: none"> • Attendance Management Policy • Secondment Policy 	Improvement and HR	As required		<ul style="list-style-type: none"> • To come in FQ4 2018/19 • To come in 2019
	Review of Strategic Events and Festivals Grant Process	Development and Infrastructure			Report to be brought back following assessment of funding bids received (P&R May 2018)
	CHORD – Dunoon – Queens Hall – Progress and Commercial Update	Development and Infrastructure			Report to be brought back to Committee once final account agreed for each of the contracts seeking substantial decision in respect of actual overspend (P&R May 2018)
	Review of Advice Services				Requested that a report come back to a future Policy and Resources Committee on the progress made towards the delivery of the mixed economy model (P&R August 2018)