



Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry

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9 May 2019

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 16 MAY 2019** at **10:30 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST (IF ANY)**
- 3. MINUTES** (Pages 3 - 8)
Policy and Resources Committee held on 14 February 2019
- 4. BUDGET OUTLOOK 2020-21 TO 2022-23** (Pages 9 - 28)
Report by Head of Strategic Finance
- 5. HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2018-19**
(Pages 29 - 36)
Report by Head of Strategic Finance
- 6. CUSTOMER SERVICES PERFORMANCE REPORT FQ3 AND FQ4** (Pages 37 - 60)
Report by Executive Director – Customer Services
- 7. ALTERNATIVE OPTIONS FOR DISTRIBUTION OF DISCRETIONARY FUNDING TO COMMUNITY COUNCILS** (Pages 61 - 74)
Report by Executive Director – Customer Services

- * **8. COUNCIL OPERATED FERRIES - POTENTIAL TRANSFER TO TRANSPORT SCOTLAND** (Pages 75 - 82)
Report by Executive Director – Development and Infrastructure Services
- 9. HELENSBURGH WATERFRONT DEVELOPMENT (HWD) - DEVELOPMENT FUNDING** (Pages 83 - 90)
Report by Executive Director – Development and Infrastructure Committee
- 10. TARBERT AND LOCHGILPHEAD REGENERATION PROJECT - IMPROVEMENTS TO BARMORE ROAD/GARVEL ROAD JUNCTION, TARBERT** (Pages 91 - 114)
Recommendation from Special Meeting of Mid Argyll, Kintyre and the Islands Area Committee held on 24 April 2019

REPORTS FOR NOTING

- 11. REVIEW OF ADVICE SERVICES** (Pages 115 - 118)
Report by Executive Director – Development and Infrastructure Services
- 12. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT MAY 2019** (Pages 119 - 120)

EXEMPT REPORT FOR DECISION

- E1 13. COUNCIL OFFICER SUPPORT TO CHARITABLE TRUST** (Pages 121 - 124)
Report by Executive Director – Customer Services

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

The Committee will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an “E” on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraph is:-

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

Policy and Resources Committee

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

Contact: Hazel MacInnes Tel: 01546 604269

MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 14 FEBRUARY 2019

Present:

Councillor Aileen Morton (Chair)

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

Also Present:

Councillor Jim Anderson	Councillor Jim Lynch
Councillor Bobby Good	

Attending:

Cleland Sneddon, Chief Executive
 Douglas Hendry, Executive Director of Customer Services
 Pippa Milne, Executive Director of Development and Infrastructure Services
 Kirsty Flanagan, Head of Strategic Finance
 Jane Fowler, Head of Improvement and HR
 Patricia O'Neill, Central Governance Manager

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 13 December 2018 were approved as a correct record.

*** 4. FINANCIAL REPORT MONITORING PACK - 31 DECEMBER 2018**

The Committee gave consideration to a report which provided a summary of the financial monitoring reports as at the end of December 2018. There were 6 detailed reports summarised within the executive summary including the Revenue Budget Monitoring Report as at 31 December 2018; Monitoring of Service Package Policy Options as at 31 December 2018; Monitoring of Financial Risks as at 31 December 2018; Capital Plan Monitoring Report as at 31 December 2018; Treasury Monitoring Report as at 31 December 2018 and Reserves and Balances as at 31 December 2018.

In respect of the treasury monitoring update at paragraph 2.5.2 of the executive summary, the Head of Strategic Finance advised that there had been an error in the paper and advised that the paragraph should have read that there had been an

increase of £0.019m in external borrowing due to new temporary borrowing of £0.028m and repayment of temporary borrowing of £0.09m.

Decision

The Policy and Resources Committee –

1. Noted the Revenue budget Monitoring Report as at 31 December 2018.
2. Noted the comments in respect of the Health and Social Care Partnership position and noted that a recommendation was included within the budget pack to agree to defer the pay-back of the 2017-18 Social Work overspend by the Health and Social Care Partnership by 1 year, resulting in repayments of £0.100m in 2019-20, £0.300m in 2020-21 and £0.755m in 2021-22.
3. Noted the progress of the Service Package Policy Saving Options as at 31 December 2018.
4. Noted the current assessment of the Council's Financial Risks.
5. Noted the Capital Plan Monitoring Report as at 31 December 2018 and approved the proposed changes to the Capital Plan as detailed at Appendix 7 to the submitted report.
6. Noted the Treasury Monitoring Report as at 31 December 2018.
7. Noted the Reserves and Balances report as at 31 December 2018.

(Reference: Report by Head of Strategic Finance dated 15 January 2019, submitted)

* **5. BUDGETING PACK 2019-2020**

The Committee gave consideration to the full package of papers included in the Budget Pack 2019/20 in relation to the Revenue and Capital Budgets for 2019/20.

Decision

The Committee agreed to refer consideration of the Budget Pack 2019/20 to the Council meeting on 21 February 2019, without recommendation.

(Reference: Budgeting Pack 2019/20 dated 7 February 2019, submitted)

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

The Committee gave consideration to a report which sought approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy which set out the Council's Strategy for borrowing and investment for the forthcoming year. The report also set out the policy for the repayment of loans fund advances for 2019-20.

Decision

The Policy and Resources Committee agreed to refer the Treasury Management Strategy Statement and Annual Investment Strategy to Council on 21 February 2019, without recommendation.

(Reference: Report by Head of Strategic Finance dated 6 February 2019, submitted)

* **7. EQUALITY AND DIVERSITY POLICY**

The Committee gave consideration to a report which presented a draft of the updated Equality and Diversity Policy for approval.

Decision

The Policy and Resources Committee agreed to recommend to Council, approval of the updated Equality and Diversity Policy.

(Reference: Report by Executive Director – Customer Services dated 13 December 2018, submitted)

* **8. EQUALITIES OUTCOMES (2019 - 2023)**

A report which presented the draft Equality Outcomes for the period 2019-2023 was before the Committee for consideration. The report set out the reasons for developing new outcomes as well as the work carried out to develop them.

Decision

The Policy and Resources Committee –

1. Noted that the Equality Legislation recognises the Council, the Education Authority and the Argyll and Bute Licensing Board as separate 'listed authorities', each of which is required to publish sets of, and report on progress towards achieving equality outcomes.
2. Endorsed the draft Equality Outcomes 2019-2023.
3. Agreed to recommend to Council approval of the draft Equality Outcomes 2019-2023.

(Reference: Report by Executive Director – Customer Services dated 18 December 2018, submitted)

* **9. WEEKLY AND MONTHLY PARKING PERMITS**

A report which provided an overview of changes to parking permits and parking payment methods was before the Committee for consideration. The report proposed to introduce a greater level of choice by introducing weekly and monthly permits.

Decision

The Policy and Resources Committee –

1. Approved the introduction of weekly and monthly parking permits to be piloted in the Oban, Lorn and the Isles area for a 12 month period.

2. Endorsed the proposed fees for new charges which would be subject to approval by the Council as part of its consideration of the Budget 2019/20.

(Reference: Report by Executive Director – Development and Infrastructure Services dated January 2019, submitted)

* **10. ROYAL NATIONAL MOD AND FUNDING SUPPORT**

The Committee gave consideration to a report which provided Members with an update on a meeting held between the Council and the Royal National Mod with a view to the Council providing support to the Royal National Mod in Oban in 2023.

Decision

The Policy and Resources Committee agreed to refer the decision to Council as part of the budget decision, without recommendation.

(Reference: Report by Executive Director – Development and Infrastructure Services dated February 2019, submitted)

11. POLICY AND RESOURCES COMMITTEE WORK PLAN AS AT FEBRUARY 2019

The Policy and Resources Committee Workplan as at February 2019 was before the Committee for noting.

Decision

The Policy and Resources Committee noted the work plan as at February 2019.

(Reference: Policy and Resources Committee Workplan as February 2019, submitted)

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following 2 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8 and 9 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

12. ARGYLL AIR SERVICES PSO TENDER

The Committee gave consideration to a report in relation to the contract for the provision of air services between Oban and the Islands of Coll, Colonsay and Tiree.

Decision

The Policy and Resources Committee –

1. Agreed to retendering the Argyll Air Services PSO Contract, applying the minimum timescale possible, within the rules under the EC which apply to PSO Air Services.

2. Noted that it is not legally possible to extend the existing air services contract with the provision of the indemnities requested by the provider.
3. Noted that a further update would be provided as soon as practicable after the conclusion of the procurement exercise.

(Reference: Report by Executive Director – Development and Infrastructure Services dated February 2019, submitted)

* **13. KINTYRE RECYCLING LIMITED**

A report which set out the current position with the services Kintyre Recycling Limited contract to the Council was given consideration by the Committee.

Decision

The Policy and Resources Committee –

1. Endorsed the proposals at paragraph 4.6 of the submitted report and that additional funding up to a maximum of £23,330 is offered to Kintyre Recycling Limited up until the end of August 2019.
2. Agreed to a consultation with the community regarding the introduction of blue bin recycling collections in Kintyre.
3. Agreed to recommend to the Council that provision is made for an increased payment of £23,330 for Kintyre Recycling Limited.

(Reference: Report by Executive Director – Development and Infrastructure Services dated January 2019, submitted)

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****16 MAY 2019**

BUDGET OUTLOOK 2020-21 TO 2022-23

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2020-21 to 2022-23 taking into consideration the budget decisions taken at the Council Budget meeting held on 21 February 2019. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2022-23. The assumptions will be updated and refined as the year progresses.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 It is very difficult to estimate the future Scottish Government funding levels with any degree of accuracy. Reflecting on previous year funding, I would consider a prudent estimate to be in the range of 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%. The worst case is based on the percentage reduction in 2019-20 prior to the additional funding announcement on 31 January 2019.
- 1.4 I have also been giving consideration to the Scottish Government's Medium Term Financial Strategy published on 31 May 2018. The change in spending in the central scenario within other expenditure (in which Local Government is included), suggests a 2.32% reduction in 2020-21 with a 2.20% growth in 2021-22 and a further 3.01% growth in 2022-23. If these percentage changes to funding did materialise for Local Government the budget gap over the three years would be significantly different to what I have estimated within this report. I have insufficient information at this stage to be clear as to whether the growth in "other expenditure" would have the same proportional change for Local Government. There is also uncertainty around the implications from the outcome of the Exit from the EU deliberations and also from the Fiscal Framework. I will give further consideration to this over the summer and seek out any additional information to help inform any changes to the funding assumption in the next budget outlook report.
- 1.5 It is welcomed that there will be a three year funding settlement from 2020-21 as this provides certainty around the medium term funding. This should also enable the Council to consider bringing forward a medium term budget considered to be good practice by Audit Scotland.
- 1.6 The Council tax base has been assumed to grow by between 0.25% and 0.75%, with a mid-range of 0.50%.
- 1.7 As part of the budget for 2019-20 funding was anticipated in relation to the

increase in the teachers' employer contribution rate for pensions. The increase has been deferred until 1 September 2019 but the rate increased by a further 0.6%. The funding had been assumed to be 79% of the cost and funding is now anticipated to be £1.497m after the new rate is applied.

- 1.8 The starting point for the 2020-21 budget is the approved budget for 2019-20 as agreed at Council on 21 February 2019 with the following updates:
- Additional funding announced on 7 March 2019 in the Local Government Finance Order 2019 with matching additional expenditure amounting to £1.130m.
 - Increase to loans charges of £0.100m to pay for prudential borrowing for roads capital expenditure as agreed on 22 February 2018.
 - Remove Mod baseline funding from 2020-21 onwards.
 - Reduce budget for Events and Festivals to £0.090m from 2020-21 onwards.
 - Reduce budget for Supporting Communities Fund to £0.090m from 2020-21 onwards.
 - Local Plan enquiry cost pressure agreed in 2019-20 reducing in both 2020-21 and 2021-22.
- 1.9 The assumptions in respect of employee costs for Council services are as follows:
- Pay award for 2020-21 as agreed per the multi-year pay deal.
 - Pay award of between 2.7% and 3.5%, with mid-range 3% for 2021-22 and 2022-23.
 - Increments between zero and £0.848m with mid-range £0.424m.
 - Further increase to the teachers' employer contribution rate.
- 1.10 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios, with an additional 1% general inflation built into the worst case scenario.
- 1.11 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
 - Asbestos Management Plan
 - ASN Demand
- 1.12 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.13 In addition to the allowance for unknown cost pressures, there are two known costs pressures that have not been quantified at this stage, and are therefore not included within the budget gap figures, but due to the significance of them merit being noted within this report. The first is in relation to the introduction of a ban on Biodegradable Municipal Waste (BMW) going to landfill from January 2021. We currently send biodegradable items to landfill in some parts of the Council area and this change will have significant cost implications for the Council. The second is in relation to the consolidation of the Living Wage.

There is an agreement between CoSLA and Joint Trades unions at national level to consolidate the living wage into Council pay scales.

- 1.14 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2019, indicative allocations for 2020-21 and 2021-22 were agreed on the basis of current year funding less 1%. This indicative position has been included as the mid-range scenario with the 1% reflected in 2022-23 also. In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario and assumed a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.15 For Live Argyll, I have assumed the increase in 2020-21 as previously agreed by the Policy and Resources Committee on 17 August 2017. For 2021-22 and 2022-23 I have assumed a reduction equal to the mid-range Scottish Government Funding reduction (2%) within the best case scenario, a 1% reduction within the mid-range scenario and a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.16 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the three year period of £24.746m with a gap of £8.298m in 2019-20.
- 1.17 The measures to balance the budget over the next three years are as follows:
- Proposed increase to fees and charges of between 1% and 5% (3% mid-range).
 - Service choices savings in respect of longer term redesign of catering and cleaning service agreed in February 2016 to be delivered by 2021-22.
 - Management/operational savings already agreed in October 2017 and further management/operational savings agreed in February 2019.
 - Policy Savings already agreed February 2018 and further policy savings agreed in February 2019.
 - Proposed increase to Council Tax (4.79% in best case, 3% in mid-range and no increase in worst case scenario).
- 1.18 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £17.605m with a gap of £4.917m in 2020-21.
- 1.19 In contrast, the budget gap in the best case scenario over the three years is £5.658m with a gap of £1.326m in 2020-21 and in the worst case scenario, the budget gap over the three years is £32.836m with a gap of £9.071m in 2020-21. A summary of all three scenarios is included within Appendix 1.
- 1.20 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2020-21 to 2022-23.

BUDGET OUTLOOK 2020-21 TO 2022-23

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2020-21 to 2022-23 taking into consideration the budget decisions taken at the Council Budget meeting held on 21 February 2019. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2022-23. The assumptions will be updated and refined as the year progresses.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2020-21 to 2022-23.

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

- 4.1.1 The Local Government finance settlements provided over the last few years have been for one year only and this does not provide any certainty for future years. The last three years have also seen additional funding distributed after the provisional announcement in December, and whilst welcome, does undermine estimated planning assumptions and makes it difficult to plan given uncertainty over whether similar announcements will be repeated in future settlements.
- 4.1.2 For 2019-20 a package of further measures was announced following the Budget Bill Stage 1 debate in Parliament on 31 January 2019. It included additional funding of £90m (our share £1.626m), flexibility around the funding that local authorities could allocate to Integration Authorities, and flexibility around the Council Tax increase. There was also a commitment to bring forward a three year funding settlement for local government from 2020-21 onwards.
- 4.1.3 Following the setting of the Council budget on 21 February 2019, the Local

Government Finance Order 2019 was published on 7 March 2019. This included additional funding for the Council, but all additional funding is matched to additional spending. The settlement for 2019-20 net of specific grants increased by £1.130m from £190.215m to £191.345m, the increases as noted below:

	Increase £000
Discretionary Housing Payments	578
1+2 Languages	44
Scottish Assessors Association Barclay Implementation	62
Free Personal Care for Under 65s (to be passed to HSCP)	437
Change in Carers Act Extension (to be passed to HSCP)	9
Total Increase	1,130

- 4.1.4 In considering the estimates of future years funding, I have reflected on the three previous years and taken into consideration the funding reduction after additional monies and also any settlement commitments.
2017-18 funding reduction of 3.2%
2018-19 funding reduction of 1.5%
2019-20 funding reduction of 1.6%.
- 4.1.5 Over the last two years the reduction in funding has ultimately been lower than it was in previous years, helped by parliamentary budget negotiations and an assumed appreciation of the pressure on local government core funding. It is extremely difficult to estimate future funding levels particularly when this current year and the previous two years the initial provisional settlement announced was then increased following the Stage 1 budget bill.
- 4.1.6 If I reflect on previous years funding, I would consider a prudent estimate to be in the range of 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%. The worst case is based on the percentage reduction in 2019-20 prior to the additional funding announcement on 31 January 2019. This is the position that I have reflected in this current budget outlook.
- 4.1.7 I have also been giving consideration to the Scottish Government's Medium Term Financial Strategy published on 31 May 2018. Within their Strategy they outline three planning assumption scenarios, upper range, central range and lower range. The published Strategy outlines the resource budget outlook over the period to 2022-23. COSLA obtained additional information that breaks the total resource budget down into further categories with Local Government included within the "Other expenditure" category.
- 4.1.8 The change in spending in the central scenario within other expenditure, suggests a 2.32% reduction in 2020-21 with a 2.20% growth in 2021-22 and a further 3.01% growth in 2022-23. If these percentage changes to funding did materialise for Local Government the budget gap over the three years would be

significantly different.

- 4.1.9 The “Other expenditure” category includes a number of other funding streams and it is unclear whether Local Government as a component of this would have the same proportional change. There is also uncertainty around the implications from the outcome of the Exit from the EU deliberations and also from the Fiscal Framework. The Strategy makes it clear that the economic and financial outlook is uncertain, there is no confirmed resource budgets beyond 2019-20 and the Strategy could change at the point the Scottish Government sets firm budgets in the future. For these reasons, at this stage, I consider my outlook estimates as outlined in paragraph 4.1.6 to be prudent. I will give further consideration to this over the summer and seek out any additional information to help inform any changes to the funding assumption in the next budget outlook report.
- 4.1.10 It is welcomed that there will be a three year funding settlement from 2020-21 as this will provide certainty around the medium term funding. This should also enable the Council to consider bringing forward a medium term budget considered to be good practice by Audit Scotland.
- 4.1.11 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2020-21 £000	2021-22 £000	2022-23 £000
% Change to Funding	-2.0%	-2.0%	-2.0%
Estimated SG Funding Reduction	(3,827)	(3,750)	(3,675)
Estimated SG Funding	187,518	183,768	180,093

Council Tax

- 4.1.12 The Council Tax budget for 2019-20 was set at £50.457m. This included a 4.79% increase and 0.5% growth in the Council Tax base.
- 4.1.13 In terms of future growth in the Council tax base it has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%.
- 4.1.14 Councils now have discretion to increase Council Tax by a maximum of 3% each year. As part of the budget for 2019-20, Councils were given the flexibility to increase the Council Tax for 2019-20 by 3% in real terms which the Scottish Government confirmed as 4.79%. Within this report, I will present the budget gap, prior to any decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2019-20. Different scenarios are outlined in paragraph 4.9.6 and feed into the final estimated budget surplus/(gap) in paragraph 4.10.1.

UK Government Funding for Teachers Pensions

- 4.1.15 The Teachers’ Pension Scheme circular 2019/01 published on 6 February 2019

confirmed that following the scheme valuation, the revised employer contribution rate for the period 1 April 2019 to 31 March 2023 would be 22.4%. The circular also confirmed that funding to support the higher employer contribution costs would be provided by the UK Government and that the extent of that funding had still to be confirmed. For the budget in 2019-20, as per the letter from the Cabinet Secretary for Finance, Economy and Fair Work, the funding was assumed to be 79% of the cost, meaning only 21% of the cost would have to be funded by the local authority.

- 4.1.16 It was expected that details of the funding provided to public service pension schemes would be set out in the UK Government Spring Statement on 13 March. However, that did not happen and the Scottish Government continues to engage with HM Treasury on this urgent issue to confirm the final details of what additional funding will be provided. Provisional details of the proposed funding were received by the Scottish Government on 21 February which confirmed that the funding would be calculated using the Barnett formula.
- 4.1.17 Although HM Treasury were aware that the Scottish Government planned to introduce the increase in employer contributions from 1 April 2019, the proposed share of the additional funding reflects the fact that the Teachers' scheme in England and Wales is deferring the increase of employers contributions until 1 September, with the rate adjusted to account for the later implementation date. This means that the Scottish Government's share of the additional 2019-20 funding would be based on costs covering the period 1 September 2019 to 31 March 2020 rather than the whole financial year.
- 4.1.18 Retaining an implementation date of 1 April 2019 would create a significant shortfall between the costs being incurred and the funding to be provided for 2019-20. Therefore, Scottish Ministers have decided that, to better manage that shortfall, the employer contribution increase for the Scottish scheme should be similarly deferred to 1 September 2019. Deferring the increase will add an additional 0.6% to the employer rate, taking the revised rate to 23% from 1 September 2019.
- 4.1.19 The cost in 2019-20 was anticipated to be £1.846m, with funding of £1.458m (79% of cost). As the rate is now increasing by 0.6%, the anticipated full year cost would be £1.895m with funding of £1.497m. This funding has been built into the budget outlook.
- 4.1.20 The table below summarises the estimated total funding in the mid-range scenario.

	2020-21 £000	2021-22 £000	2022-23 £000
Estimated SG Funding	187,518	183,768	180,093
Council Tax Base	50,457	50,457	50,457
Council Tax Growth	252	506	761
UK Government Funding for Teachers Pensions	1,497	1,497	1,497
Total Estimated Funding	239,724	236,228	232,808

4.2 Base Budget

4.2.1 The 2019-20 budget approved by Council on 21 February 2019 was £241.918m. As noted in paragraph 4.1.3, the Local Government Finance Order 2019 was published on 7 March 2019 and this allocated additional funding of £1.130m which is matched by additional spending and was added into the base budget. The revised base budget is £243.048m.

4.2.2 There are adjustments required to the base budget from decisions by Council on 22 February 2018 and 21 February 2019, noted as follows:

	2020-21 £000	2021-22 £000	2022-23 £000
Base Budget 2019-20	243,048	243,048	243,048
Increase loans charges budget by £0.100m from 2020-21 to pay for prudential borrowing cost of £2.8m of capital expenditure on roads – agreed 22 February 2018	100	100	100
Remove MOD baseline funding from 2020-21 as additional one-off funding was agreed in 2019-20 and the base budget is no longer required – agreed 21 February 2019	(40)	(40)	(40)
Reduce budget for Events and Festivals to £0.090m from 2020-21 – agreed 21 February 2019	(23)	(23)	(23)
Reduce budget for Supporting Communities Fund to £0.090m from 2020-21 – agreed 21 February 2019	(8)	(8)	(8)
Local Plan Enquiry Cost Pressure of £0.068m agreed for 2019-20 to be reduced to £0.022m in 2020-21 and zero from 2021-22 – agreed 21 February 2019	(46)	(68)	(68)
Total	243,031	243,009	243,009

4.3 Employee Cost Changes

Pay Award

4.3.1 A multi-year pay deal was agreed in March for SJC employees, Craft Workers and Chief Officers. The pay deal covered the years 2018-19 to 2020-21 and was 3.5% in 2018-19 with a cap of £1,600 for those earning above £80,000, 3% in 2019-20 and 3% in 2020-21. For the budget outlook this gives us certainty for the cost of the pay award for this group of employees for 2020-21. For 2021-22 and 2022-23 it has been assumed that the pay award would be within the range

of 2.7% (best case) and 3.5% (worst case) with a mid-range of 3%

- 4.3.2 In terms of teachers, a pay deal has just been agreed covering the years 2018-19 to 2020-21. Further work is required to assess the adequacy of the current year's budget and this will inform whether the future year's estimates require to be updated. For 2021-22 and 2022-23 it has been assumed that the pay award would be within the range of 2.7% (best case) and 3.5% (worst case) with a mid-range of 3%.

Increments

- 4.3.3 The cost of employee increments for 2019-20 was £0.848m. There remains a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade. This is shown in adjustments to the employee base budget.
- 4.3.4 In terms of the budget outlook it has been assumed that for the best case scenario the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2019-20 and the mid-range is between the two.

Teachers Pensions Increase

- 4.3.5 Paragraphs 4.1.15 to 4.1.19 provide the latest position in respect of the increase in teacher's pensions costs. The base budget includes the estimated full year cost of the teachers' pension scheme if it had been implemented on 1 April 2019 at a rate of 22.4% - a cost of £1.846m. As the rate is increasing by a further 0.6% the full year cost has increased by £0.049m to £1.895m. This additional cost will need to be built into the employee increases. Due to the deferral of the rate increase, there will be a surplus in 2019-20 and this surplus could be carried forward to fund the increased cost in future years.
- 4.3.6 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	2020-21 £000	2021-22 £000	2022-23 £000
Pay Award	3,500	7,000	10,500
Increments	424	848	1,272
Teachers Pensions Increase	49	49	49
Total Employee Cost Changes	3,973	7,897	11,821

4.4 Non-Pay Inflation

- 4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable.

4.4.2 In terms of the budget outlook, only unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios and this is based on the non-pay inflation estimate for 2019-20. Within the worst case scenario, an additional 1% general inflation has also been included. The non-pay inflation estimates will be reviewed during 2019-20 and updated throughout the year.

4.4.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	2020-21	2021-22	2022-23
	£000	£000	£000
Unavoidable/Inescapable	1,031	2,062	3,093
Total Non-Pay Inflation	1,031	2,062	3,093

4.5 Cost and Demand Pressures

4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services (and reported as part of the budget in February 2019) and these are noted in the table below with further detail included within Appendix 2. The cost pressure in respect of the Asbestos Management Plan has been updated. This and the other cost pressures will be subject to review during the financial year.

	2020-21	2021-22	2022-23
	£000	£000	£000
Universal Credit – HB Admin Grant	60	120	180
Asbestos Management Plan	87	135	135
ASN Demand	129	257	386
Total	276	512	701

4.5.3 When creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance is included within the best case scenario, £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.

4.5.4 In addition to the allowance for unknown cost pressures, there are two known costs pressures that have not been quantified at this stage, and are therefore not included within the budget gap figures, but due to the significance of them merit being noted within this report.

4.5.5 The first is in relation to the Waste Strategy. In January 2021 the Scottish Government is introducing a ban on Biodegradable Municipal Waste (BMW) going to landfill. This means that all BMW (such as food waste, garden waste, paper and cardboard) cannot be disposed of in landfill. In effect this ends landfill as a method of disposing of waste. At the moment, in some parts of the Council

area, we send biodegradable items to landfill. This change will have significant cost implications for the Council as we will have to find an alternative way to dispose of waste, and it remains to be seen whether we will receive any additional funding from the Scottish Government to help us do this. In particular, the cost implications for the waste service on islands are potentially huge because of the need to transport waste off islands.

- 4.5.6 The Council's preferred approach with the Scottish Government is to seek additional funding to meet the additional costs of complying with the BMW ban. Both rural and island local authorities have expressed concern about the implications of the BMW ban for their areas and, through COSLA, discussions are ongoing with the Scottish Government about whole or even partial exemptions for rural and island locations if additional funding pressures are not met by Scottish Government. A joint Scottish Government/COSLA working group has been created with the aim of identifying how best the Scottish Government can support local authorities to meet their obligations in terms of the BMW ban. The lack of clarity on the currently proposed future changes to waste services makes the development of an over-arching waste strategy difficult but imperative. The finalised waste strategy will include costed models.
- 4.5.7 The second known cost pressure is in relation to the consolidation of the Living Wage. Argyll and Bute Council become a Living Wage employer in 2012 and has since paid a Living Wage Supplement to staff employed on Local Government Employee (LGE) grades whose hourly rate falls beneath the Living Wage hourly rate. There is an agreement between CoSLA and Joint Trades unions at national level to consolidate the living wage into Council pay scales. This will involve pay modelling and it would be prudent to take the opportunity to conduct a review of the pay and grading model/conditions of service at the same time as the consolidation of the Living Wage as this would ensure the Council is able to achieve its workforce planning goals as it continues to transform in the coming years.
- 4.5.8 The effect of the Living Wage, which has seen much higher percentage rises than other pay increases, has been to compress the pay grading at the lower end of the pay scales resulting in pay differentials at the lower end of the pay scale being eroded. A project team is already in place and costed proposals/options will be brought forward later in the financial year.
- 4.5.9 The table below summarises the cost and demand pressures in the mid-range scenario for Council services. The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.4.

	2020-21 £000	2021-22 £000	2022-23 £000
Previously Identified Cost and Demand Pressures	276	512	701
General Allowance	250	500	750
Total Cost and Demand Pressures	526	1,012	1,451

4.6 Health and Social Care Partnership

- 4.6.1 The Council agreed an allocation to the Health and Social Care Partnership of £58.368m for 2019-20 at its meeting on 21 February 2019. On 7 March 2019, the Local Government Finance Order 2019 was published and it included funding for Free Personal Care for Under 65s (£0.437m) and Change in Carers Act Extension (£0.009m). This additional funding is part of the £160m of Scottish Government funding that is to be passed onto Integration Authorities as part of the settlement conditions. This increases the payment to the Health and Social Care Partnership to £58.814m.
- 4.6.2 In terms of future years, the Council further agreed to indicative allocations for 2020-21 and 2021-22 and the basis of this funding was current year less 1%. With the revised payment for 2019-20 as noted in the paragraph above, the reduction becomes £0.588m in 2020-21 and a further reduction of £0.582m in 2021-22. This indicative position has been included as the mid-range scenario with the 1% reduction reflected in 2022-23 also.
- 4.6.3 In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario and assumed a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 4.6.4 Social Work services have already identified a number of cost pressures and these are summarised below and included within Appendix 3 for information purposes.

	2020-21 £000	2021-22 £000	2022-23 £000
Pay Inflation	970	1,940	2,910
Pay Increments	46	92	138
Non-Pay Inflation	1,165	2,216	3,324
Care Services for Older People (Growth)	320	645	975
Care Services for Younger Adults	181	359	540
National Care Home Contract	308	625	952
Throughcare (previously included as Continuing Care)	232	406	580
Unknown Cost and Demand Pressures	500	1,000	1,500
Total Cost Increase estimates for Social Work	3,722	7,283	10,919

4.7 Live Argyll

- 4.7.1 A report on the Leisure and Libraries Trust Financial Agreement was presented to the Policy and Resources Committee on 17 August 2017. The Committee agreed the management fee for three full financial years to 2020-21. The

increase between 2018-19 and 2019-20 was £0.093m and a further increase of £0.096m in 2020-21. This represented a 2.6% increase year on year.

4.7.2 A three year financial arrangement was agreed on the basis that the Trust will be able to grow its income streams and over time the percentage of the trust expenditure represented by the management fee will reduce. For the budget outlook, I have assumed the increase as previously agreed for 2020-21 in all scenarios. For future years, the assumption is the same as the Health and Social Care Partnership, that is:

- Best Case – reduction equal to mid-range Scottish Government funding reduction (2%).
- Mid-Range – 1% reduction
- Worst Case – flat cash.

4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

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

	2020-21 £000	2021-22 £000	2022-23 £000
Base Budget	243,031	243,009	243,009
Employee Cost Changes	3,973	7,897	11,821
Non-Pay Inflation	1,031	2,062	3,093
Cost and Demand Pressures	526	1,012	1,451
Increase/(Decrease) to HSCP allocation	(588)	(1,170)	(1,746)
Increase/(Decrease) to Live Argyll payment	96	58	21
Total Estimated Expenditure	248,069	252,868	257,649
Estimated Funding	239,724	236,228	232,808
Estimated Budget Surplus / (Gap) Cumulative	(8,345)	(16,640)	(24,841)

4.9 Measures to Balance the Budget

4.9.1 In previous years, a general inflationary increase of 3% has been applied to fees and charges. For the budget outlook it has been assumed a similar increase within the mid-range scenario, a small 1% increase in the worst case scenario and a 5% increase in the best case scenario.

4.9.2 The longer term redesign of catering and cleaning services, previously agreed by Council, was expected to achieve a further £0.446m of savings by 2021-22. One of the workstreams was in connection with shared services and this workstream is not progressing as quickly as anticipated and as the Argyll and Bute HSCP is already working to deliver significant savings from its catering service, there is a clear risk that the saving for this workstream of £0.274m will

not be deliverable or will not deliver by 2021-22. For the budget outlook, I have assumed full delivery of the £0.446m savings in the best case scenario and £0.172m of savings in mid-range and worst case scenario by year 2021-22.

- 4.9.3 As part of the work of the Transformation Board, management/operational savings were identified for 2018-19 to 2020-21 and reported to the Council meeting on 26 October 2017 and further management/operational savings were identified for 2019-20 to 2021-22 and reported to the Council meeting on 21 February 2019. These will be implemented as per the profiles reported to Council as part of normal business.
- 4.9.4 A number of policy options for 2018-19 to 2020-21 were agreed at the Council meeting on 22 February 2018 and further policy options for 2019-20 to 2021-22 were agreed at the Council meeting on 21 February 2019. These are now factored into the budget outlook, reducing the budget gap.
- 4.9.5 Councils have had the discretion to increase Council Tax by a maximum of 3% each year since 2017-18. As noted in paragraph 4.1.10, Councils were given the flexibility to increase the Council Tax for 2019-20 by 3% in real terms which the Scottish Government confirmed as 4.79%. It could be assumed that a similar increase would be permitted in future years, however, this has not been confirmed. For the budget outlook, I have assumed no increase in the worst case scenario, a 3% increase in the mid-range scenario and a 4.79% increase in the best case scenario.
- 4.9.6 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2020-21 £000	2021-22 £000	2022-23 £000
Fees and Charges Increase	275	550	825
Catering and Cleaning Service Choices	0	172	172
Management/Operational Savings Agreed October 2017	326	326	326
Management/Operational Savings Agreed February 2019	(452)	(692)	(692)
Policy Savings Agreed February 2018	1,286	1,286	1,286
Policy Savings Agreed February 2019	472	547	547
Council Tax Increase	1,521	3,111	4,772
Total Savings already agreed	3,428	5,300	7,236

4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	2020-21 £000	2021-22 £000	2022-23 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(8,345)	(16,640)	(24,841)
Savings Measures	3,428	5,300	7,236
Estimated Budget Surplus / (Gap) Cumulative	(4,917)	(11,340)	(17,605)
Estimated Budget Surplus / (Gap) In Year	(4,917)	(6,423)	(6,265)

- 4.10.2 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £17.605m with a gap of £4.917m in 2020-21.
- 4.10.3 In contrast, the budget gap in the best case scenario over the three years is £5.658m with a gap of £1.326m in 2020-21 and in the worst case scenario, the budget gap over the three years is £32.836m with a gap of £9.071m in 2020-21. A summary of all three scenarios is included within Appendix 1.
- 4.10.4 The changes from the previous anticipated outlook to 2021-22 (as noted at the budget meeting on 21 February 2019) are summarised in the table below:

	2020-21 £000	2021-22 £000
Previously reported budget surplus / (gap) Cumulative	(4,847)	(11,352)
Further Teachers pensions increase	(49)	(49)
Rounding of pay award		102
Update to HSCP payment following additional funding for 2019-20	4	8
Update to Live Argyll mid-range assumption		38
Small change to Fees and Charges	5	10
Small change to Council Tax	4	4
Update to funding following additional funding announcement for 2019-20	(23)	(45)
Additional anticipated funding for teachers pensions	39	39
Update to Asbestos Management Plan Cost Pressure	(47)	(95)
Rounding	(3)	
Revised Budget Surplus / (Gap) Cumulative	(4,917)	(11,340)

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £17.510m with a gap of £4.870m in 2020-21. 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 updated 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 | Fairer
Duty - | Scotland | None directly from this report but any proposals to address the estimated budget gap will need to consider equality and socio-economic impact. |
| 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
8 May 2019

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

APPENDICES:

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

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048
Base Budget Adjustments	(17)	(39)	(39)	(17)	(39)	(39)	(17)	(39)	(39)
Revised Base Budget	243,031	243,009	243,009	243,031	243,009	243,009	243,031	243,009	243,009
Pay Award	3,500	6,650	9,800	3,500	7,000	10,500	3,500	7,583	11,666
Pay Increments	0	0	0	424	848	1,272	848	1,696	2,544
Change to employee base	0	0	0	0	0	0	0	0	0
Teachers Pensions Increase	49	49	49	49	49	49	49	49	49
Total Employee Cost Changes (Council Services)	3,549	6,699	9,849	3,973	7,897	11,821	4,397	9,328	14,259
Non-Pay Inflation - Council Services	1,031	2,062	3,093	1,031	2,062	3,093	1,031	2,812	4,593
Previously Agreed - HB Admin Grant	60	120	180	60	120	180	60	120	180
Asbestos Management Plan	67	115	115	87	135	135	107	155	155
ASN Demand	0	0	0	129	257	386	214	428	642
Allowance for Cost and Demand Pressures Future Years	0	0	0	250	500	750	500	1,000	1,500
Total Cost and Demand Pressures	127	235	295	526	1,012	1,451	881	1,703	2,477
Adjustment to Health and Social Care Partnership Payment	(1,176)	(2,329)	(3,459)	(588)	(1,170)	(1,746)	0	0	0
Adjustment to Live Argyll Management Fee	96	20	(54)	96	58	21	96	96	96
Total Estimated Expenditure PRIOR to measures to balance the budget	246,658	249,696	252,733	248,069	252,868	257,649	249,436	256,948	264,434
Scottish Government Grant	188,475	185,648	182,863	187,518	183,768	180,093	186,561	181,897	177,350
UK Government Funding - Teachers Pensions	1,497	1,497	1,497	1,497	1,497	1,497	1,497	1,497	1,497
Council Tax	50,835	51,216	51,600	50,709	50,963	51,218	50,583	50,709	50,836
Total Funding	240,807	238,361	235,960	239,724	236,228	232,808	238,641	234,103	229,683
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(5,851)	(11,335)	(16,773)	(8,345)	(16,640)	(24,841)	(10,795)	(22,845)	(34,751)
Measures to Balance the Budget:									
Fees and Charges	458	916	1,374	275	550	825	92	184	276
Catering and Cleaning Longer Term Redesign (Service Choices February 2016)	0	446	446	0	172	172	0	172	172
Management/Operational Savings Identified October 2017	326	326	326	326	326	326	326	326	326
Management/Operational Savings Identified February 2019	(452)	(692)	(692)	(452)	(692)	(692)	(452)	(692)	(692)
Policy Savings Options agreed February 2018	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286
Policy Savings Options agreed February 2019	472	547	547	472	547	547	472	547	547
Council Tax Increase	2,435	5,041	7,828	1,521	3,111	4,772	0	0	0
Total Measures to Balance the Budget	4,525	7,870	11,115	3,428	5,300	7,236	1,724	1,823	1,915
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	(1,326)	(3,465)	(5,658)	(4,917)	(11,340)	(17,605)	(9,071)	(21,022)	(32,836)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	(1,326)	(2,139)	(2,193)	(4,917)	(6,423)	(6,265)	(9,071)	(11,951)	(11,814)

COUNCIL COST AND DEMAND PRESSURES 2020-21 to 2022-23

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Customer Services	Customer and Support Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2020. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council 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 fully predict what the impact will be on the Council's caseload. DWP announce funding allocations each December. For 2019/20 we are benefitting from transitional protection. These figures represent our best estimates at this time.	60	120	180	60	120	180	60	120	180
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 the end of FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the best case scenario is that funding of the anticipated staff resource will continue to be required beyond the end of FQ2 2020 with no emergent asbestos related issues. The worst case scenario includes an allowance to deal with non-funded emergent issues associated with the management of asbestos.	67	115	115	87	135	135	107	155	155
Education	Education	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 was a substantial increase in ASN provision, resulting in an overspend for that 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.	0	0	0	129	257	386	214	428	642
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
TOTAL			127	235	295	526	1,012	1,451	881	1,703	2,477

SOCIAL WORK - COST AND DEMAND PRESSURES

APPENDIX 3

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
All Services	Based on pay deal until 2020-21 and thereafter between 2.7% and 3.5% (mid-range 2%)	970	1,843	2,716	970	1,940	2,910	970	2,102	3,234
All Services	Cost of increments - the best case assumes the incremental cost is absorbed in the base budget changes, the worst case is based on the incremental cost in 2019-20 and the mid-range is in between the two.	0	0	0	46	92	138	91	182	273
All Services	Non-pay inflation - the largest element of the non-pay inflation is in respect of the Living Wage uplift.	1,153	2,192	3,288	1,165	2,216	3,324	1,176	2,238	3,357
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. For 2019-20 this was absorbed within existing resources by changing the assessment and service provision processes.	0	0	0	320	645	975	641	1,302	1,983
Adult Services	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	181	359	540	362	718	1,080
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% (in-line with the 2019/20 increase in the Scottish Living Wage rounded to the nearest whole number), the mid range reflects an increase of 4% and the worst case 5%. For 2019-20, this pressure was absorbed within the current underspend in this area.	231	469	714	308	625	952	385	782	1,190

SOCIAL WORK - COST AND DEMAND PRESSURES

APPENDIX 3

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
Children and Families	Estimated cost of Throughcare Services for Young Adults leaving Continuing Care Services as they reach 21 from 1 April 2020 onwards. Children and Families will continue to have a responsibility up to the day before the affected Young Adults turn 26, should the Young Adults choose to continue to receive support. The cost pressure is based on the trend in expenditure on continuing care over the period 2014-15 to 2018-19. The mid-range assumes 5% demand, best case 2.5% and worst case 7.5%.	116	203	290	232	406	580	325	568	812
All Services	Provision for Unknown Cost and Demand Pressures	250	500	750	500	1,000	1,500	750	1,500	2,250
Total		2,720	5,207	7,758	3,722	7,283	10,919	4,700	9,392	14,179

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****16 MAY 2019**

HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2018-19

1. EXECUTIVE SUMMARY

- 1.1 A formal request has been received from the Chief Financial Officer of the Integrated Joint Board (IJB) to request that consideration is given to a payback arrangements relating to the overspend on Social Work services within the Health and Social Care Partnership (HSCP) for 2018-19. The final year end outturn for Social Work is an overspend of £3.127m.
- 1.2 It was clear from the beginning of financial year 2018-19 that the HSCP had financial challenges the Board were not able to set a balanced budget for 2018-19 and had unidentified savings of £1.6m. The Chief Officer and Chief Financial Officer left the HSCP during 2018-19 and this did not help with the pursuit of identifying additional savings or in delivering the savings already agreed by the Board for 2018-19.
- 1.3 A report to the IJB at the end of January noted that against the savings target of £10.954m for 2018-19, only £3.777m of savings were estimated to be achieved and it was clear at this point that the Partnership would not be able to deliver financial balance within 2018-19.
- 1.4 As a result of the financial position, a request was made to the Council to defer the repayment arrangements for the 2017-18 overspend by 1 year and this was agreed by Council on 21 February 2019. The repayment arrangements for the 2017-18 overspend are now £0.100m in 2019-20, £0.300m in 2020-21 and £0.755m in 2021-22.
- 1.5 Measures were put in place from February 2019 to regain more grip and control of the financial position of the HSCP and these measures will continue into 2019-20 and beyond. The IJB also agreed a balanced budget for 2019-20 at their meeting on 27 March 2019 and this includes the first instalment of the pay back of the 2017-18 overspend.
- 1.6 The final outturn for the HSCP overall is a £6.681m overspend and the breakdown of this overspend is £3.127m for Social Work related services and £3.554m for Health related services. NHS Highland have confirmed that the brokerage from Scottish Government will cover the 2018-19 Health overspend and this will not require to be repaid.
- 1.7 My recommendation is that the repayment of the 2018-19 Social Work overspend is deducted from the Council's payment to the HSCP on a phased basis from 2020-21, over a three year period. The HSCP have set a balanced budget for 2019-20 and this is a positive step forward for the Partnership and if an additional repayment was required in 2019-20 they would need to open up

their budget and identify further in year savings. The repayment for 2017-18 was on a phased basis, with weighting on the payback towards the end of the three year period to allow time for the HSCP to deliver sufficient change to accommodate the repayment. A similar approach for the 2018-19 overspend is recommended with phasing noted in the following table. The table also outlines the 2017-18 agreed repayments.

Financial Year	Repayment 2017-18 Overspend £000	Repayment 2018-19 Overspend £000	Total Repayment £000
2019-20	100	0	100
2020-21	300	800	1,100
2021-22	755	1,000	1,755
2022-23	0	1,327	1,327
Total	1,155	3,127	4,282

HEALTH AND SOCIAL CARE PARTNERSHIP OVERSPEND 2018-19

2. INTRODUCTION

- 2.1 A formal request has been received from the Chief Financial Officer of the Integrated Joint Board (IJB) to request that consideration is given to a payback arrangements relating to the overspend on Social Work services within the Health and Social Care Partnership (HSCP) for 2018-19. The final year end outturn for Social Work is an overspend of £3.108m.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee approve that the Social Work 2018-19 overspend of £3.127m is repaid by the HSCP over a period of three years with repayments weighted across the three years. Repayments are to be £0.800m in 2020-21 and £1.000m in 2021-22 and the balance of £1.327m in 2022-23. This agreement will be reviewed at the end of 2019-20.

4. DETAIL**Health and Social Care Partnership Financial Position**

- 4.1 It was clear from the beginning of financial year 2018-19 that the HSCP had financial challenges. At the IJB meeting on 28 March 2018, the Board were not able to set a balanced budget for 2018-19 and had unidentified savings of £1.6m.
- 4.2 During 2018-19, two key members of staff left the organisation, namely the Chief Officer and the Chief Financial Officer. A new Chief Officer was appointed in October 2018 and the Chief Financial Officer has been covered by an interim during July 2018 to November 2018 and by the Head of Strategic Finance for the Council from December 2018 to date. This change in key personnel early on in the financial year did not help with the pursuit of identifying additional savings or in delivering the savings already agreed by the Board for 2018-19.
- 4.3 When I took over as Interim Chief Financial Officer for the Health and Social Care Partnership at the beginning of December, my first task was to prepare a budget outlook and within this identify progress with the savings options already agreed. The progress with the savings options was really disappointing and I reported to the IJB at the end of January 2019 that against a savings target of £10.954m for 2018-19, only £3.777m of savings were estimated to be achieved, resulting in a shortfall of £7.177m. Some in year savings had been made that reduced this shortfall but it was evident at that time that the Health and Social Care Partnership would not be able to deliver financial balance within 2018-19.

- 4.4 As a result of the financial position, a request was made to the Council to defer the repayment arrangements for the 2017-18 overspend by 1 year and this was agreed by Council on 21 February 2019. The repayment arrangements for the 2017-18 overspend are now £0.100m in 2019-20, £0.300m in 2020-21 and £0.755m in 2021-22.
- 4.5 Measures were put in place from February 2019 to regain more grip and control of the financial position of the HSCP and these measures will continue into 2019-20 with the expectation that they will lead to a change in culture that will bring the expenditure under control in the future. These measures were implemented too late to help with the 2018-19 financial position.
- 4.6 The final outturn for the HSCP overall is a £6.681m overspend and the breakdown of this overspend is £3.127m for Social Work related services and £3.554m for Health related services. NHS Highland have confirmed that the brokerage from Scottish Government will cover the 2018-19 Health overspend and this will not require to be repaid.
- 4.7 The IJB agreed a balanced budget for 2019-20 at their meeting on 27 March 2019. Any savings options previously agreed that are considered to be undeliverable have been removed from the savings plan. Management/operational savings of £5.058m were agreed, many of which are right-sizing of the budget and are therefore easily delivered and policy savings options of £1.736m were agreed. Whilst there are still financial challenges for the HSCP as it is a demand led service, the Partnership is in a much better financial position and robust monitoring and reporting processes are now in place so that any deviations from plan are reported as early as possible to allow corrective action to take place. HSCP management will continue to seek further efficiencies in year to support the delivery of financial balance.

Scheme of Integration

- 4.8 The approved Scheme of Integration outlines what should happen in the event of an overspend at the year end:

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

Options for Members to Consider

- 4.9 A report was presented to the Policy and Resources Committee on 24 May last

year in respect of the 2017-18 overspend and it outlined a number of options for Members to consider. This included writing off the overspend with no repayment required, deferring the repayment for a period of 3 years, phasing of repayments with the weighting towards the end of the three year term or deducting in full from the next year's funding. Similar options are open for Members to consider in respect of the 2018-19 overspend.

- 4.10 My recommendation is that the repayment of the 2018-19 Social Work overspend is deducted from the Council's payment to the HSCP on a phased basis from 2020-21, over a three year period. The HSCP have set a balanced budget for 2019-20 and this is a positive step forward for the Partnership and if an additional repayment was required in 2019-20 they would need to open up their budget and identify further in year savings. The repayment for 2017-18 was on a phased basis, with weighting on the payback towards the end of the three year period to allow time for the HSCP to deliver sufficient change to accommodate the repayment. A similar approach for the 2018-19 overspend is recommended with phasing noted in the following table. The table also outlines the 2017-18 agreed repayments.

Financial Year	Repayment 2017-18 Overspend £000	Repayment 2018-19 Overspend £000	Total Repayment £000
2019-20	100	0	100
2020-21	300	800	1,100
2021-22	755	1,000	1,755
2022-23	0	1,327	1,327
Total	1,155	3,127	4,282

Impact on HSCP Budget Outlook

- 4.11 Following acceptance of the balanced budget for 2019-20 the budget outlook for the IJB over the next two years (mid-range scenario) is a budget gap of £6.287m in 2020-21 and a further gap of £6.778m in 2021-22. The budget gap already includes the repayment of the 2017-18 overspend. This represents savings of approximately 2.3% and 2.4% respectively.
- 4.12 If the repayment arrangements outlined in paragraph 4.10 above are accepted, the in-year estimated savings would rise to £7.087m or 2.5% of budget in 2020-21 and £7.778m or 2.8% of budget. Putting this into context against the Council budget, the Council in 2019-20 had a gap of £7.896m or 3.3% prior to any measures to balance the budget.

Impact on the Council Unallocated General Fund Balance

- 4.13 The Council Reserves and Balances report as at the end of February 2019 advises that the unallocated General Fund balance as at the end of financial year 2018-19 is estimated to be £1.499m, this is after accounting for the Social Work overspend in both 2017-18 and 2018-19. If the 2018-19 repayment arrangements are approved, the estimated unallocated General Fund balance,

not accounting for any other movements, would be as follows:

Financial Year	Opening Balance £000	Repayment 2017-18 Overspend £000	Repayment 2018-19 Overspend £000	Closing Balance £000
2019-20	1,499	100	0	1,599
2020-21	1,599	300	800	2,699
2021-22	2,699	755	1,000	4,454
2022-23	4,454	0	1,327	5,781

5. CONCLUSION

- 5.1 The Health and Social Care Partnership is £6.681m overspent in 2018-19 (£3.127m Council and £3.554m Health). The Health overspend is covered by the Scottish Government brokerage to NHS Highland and will not require to be repaid. The HSCP are seeking a payback arrangement from the Council in relation to the 2018-19 overspend in line with the approved Scheme of Integration.
- 5.2 It is recommended that the repayment of the 2018-19 Social Work overspend is deducted from the Council's payment to the HSCP on a phased basis from 2020-21, over a three year period.
- 5.3 There remains a risk to the Council that the HSCP are not in position to repay both their 2017-18 and 2018-19 overspend, however, there has been an improvement over the last few months, with more grip and control on their financial position and the HSCP has also set a balanced budget for 2019-20 with clearly identified savings.

6. IMPLICATIONS

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

- 6.7 Customer Service None from this report but savings options considered by
- the IJB will likely have customer service implications.

Kirsty Flanagan
Head of Strategic Finance
8 May 2019

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

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****CUSTOMER SERVICES****16 MAY 2019****PERFORMANCE REPORT – FQ3 & FQ4**

1. EXECUTIVE SUMMARY

- 1.1 The Council's Planning and Improvement Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Policy and Resources Committee with the Customer Services Departmental performance report with the scorecards for Customer Services and Strategic Finance for FQ3 2018-19 (October - December) & FQ4 2018-19 (January – March)
- 1.2 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

PERFORMANCE REPORT – FQ3 & FQ4**2. INTRODUCTION**

- 2.1 The Planning and Improvement Framework sets out the process for presentation of the council's quarterly performance reports. This paper presents the Departmental performance reports with associated scorecards for performance in FQ3 2018-19 (October - December) & FQ4 2018-19 (January – March).

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

4. DETAIL

- 4.1 The performance scorecard for the Customer Services Department was extracted from the Council's Pyramid performance management system and is comprised of key performance indicators incorporating the four services that make up Customer Services. Likewise the scorecard for Strategic Finance comprises the key performance indicators for this service.

5. IMPLICATIONS

- | | | |
|-----|---------------------------|--|
| 5.1 | Policy | None |
| 5.2 | Financial | None |
| 5.3 | Legal | The Council has a duty to deliver best value under the Local Government Scotland Act 2003. |
| 5.4 | HR | None |
| 5.5 | Socio Economic/Equalities | None |
| 5.6 | Risk | Ensuring performance is effectively scrutinised by members reduces reputational risk to the Council. |
| 5.7 | Customer Services | None |

Douglas Hendry, Executive Director – Customer Services

For further information contact:

Jane Fowler, Head of Improvement and HR
Kirsty Flanagan, Head of Strategic Finance

Key Successes

Business Outcome BO05 Information and support are available for everyone

1. Won Gold Excellence award for our Passport Interview Service in the category of Achieving Better Outcomes in Partnership
2. New Instagram site ABplace2bwed to promote weddings in our area launched.
3. Continued to develop corporate social media sites as a way in which to make information available and engage with people: follower numbers continue to increase across Facebook, Twitter, LinkedIn and Instagram; we increased by 50% the number of enquiries about becoming a foster carer.

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

1. The transport team and Hermitage Academy worked to minimise disruption caused by ScotRail train cancellations/delays to ensure pupils were able to attend school.

Business Outcome BO18 Improved lifestyle choices are enabled

1. Annual audit of the Catering and Quality Management System was carried out over two days in October and the surveillance audit was positive, endorsing our system at the recognised standard and ISO9001 was approved.

Business Outcome BO27 Infrastructure and assets are fit for purpose

1. Time to fix IT faults for quarter is 2.6 hours well below target of 5.0 hours, application downtime for quarter is at very low level of 0.03%, and unscheduled infrastructure downtime for the quarter was even lower at 0.01%, both well below targets.
2. Tender awarded for Kilmory data centre refresh within budget and implementation commenced
3. Bespoke interface developed with Health and Social Care Partnership to enable them to connect with council systems in a lower cost way

Business Outcome BO23 Economic growth is supported

1. Year to date we have paid 97.35% of invoices within 30 days – above target of 95.0%. 90.6% of contracts for quarter were won by SMEs (above target of 75%)
2. NDR relief has continued to climb – now at £14.77m above target of £12m

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

1. Successful completion of 3rd round of community council by elections.
2. Two gold excellence awards and both of the Provosts special awards won by Governance and Law teams.
3. Workforce planning meetings have taken place with all managers and the plans are now inputting to the development of an action plan which will see growing our own opportunities created that directly link to needs and opportunities highlighted in our workforce plans

Key Challenges and Actions Completed In Previous Quarter

Business Outcome BO18 Improved lifestyle choices are enabled

1. The school meal autumn winter menu has been implemented and the three week menu has been introduced and is proving successful.

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

1. Legionella Management - Create and implement a structured Council wide training programme for key staff. Simplicity of task now accepted. Confirmation of those to be trained in other Services taking longer than anticipated.

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

1. The new council tax portal now has online forms for single person discount and changes of address which integrate directly to the back office systems
2. Performance on issuing contracts within 5 days dipped this quarter. This was due in large part to unexpected down time associated with IT upgrades and patches. Changes implemented in the service redesign mean this leaner team are less well equipped to catch up on significant processing time lost to unplanned downtime. This coupled with a continued higher than target sickness absence figure meant that payroll processing was prioritised and resource was diverted from issuing contracts to support the catch up of payroll processing within the very tight remaining window for processing and ensure the vast majority of employees were paid on time. Additional short term resource has been allocated to the pensions and payroll team. The contract module on talent link has now been implemented and reduces the time taken to generate a contract considerably. Major incident review taking place with IT to identify lessons learned from recent unplanned down time events

Short-term Operational Challenges

1. Benefit changes in circumstances YTD have taken an average of 9.80 days above target of 9.0 days. Now expected to be back on target by end of next quarter.
2. Full launch of new council tax and benefits portal to be completed at end of January (portal already live) in advance of annual bills being issued in early March.

3. Develop & implement plans to meet savings target for 2019-20 and beyond in line with Council’s budget process – to produce improved council tax collection income and reduce cost of benefits processing; improved procurement savings through contract and demand management; re-organised service desk and print room operation; review fees and remuneration to create more demand for weddings
4. CONTEST strategy update
5. Members uptake of Personal Development Plans remains low
6. Judicial Review on planning decision for a single dwelling in Lorn
7. The resignation of two Property Officers along with one Property Officer on long term absence (recuperation following surgery) has resulted in the maintenance team being significantly under-resourced. A recruitment process to address this was not totally successful. Short-term use of agency staff to be implemented in FQ4.
8. Difficulties recruiting an Early Years Catering Co-ordinator is resulting in additional workload for the catering and cleaning officer who has been continuing to work on implementing the phased roll out of early years meals while delivering her own role.
9. BREXIT – uncertainty of the potential impact from the withdrawal of the UK from the EU e.g. procurement and commissioning of goods and services. Working Group has been established.

Key Challenges and Actions to address the Challenges

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

1. **Challenge:** Legionella Management Training - the detail of how temperatures are recorded and how infrequently used outlets are flushed has been agreed with Client Departments and staff will be trained once those undertaking the roles have been identified.
Action: Heads of Services, as Facility Responsible Persons, have been asked to identify those undertaking the roles.

Carried Forward From Previous Quarter – Yes, in part

Completion Due Date: Ongoing

Responsible Person: Malcolm MacFadyen/Craig Houston

2. **Challenge:** Provision of Maintenance Term Contractor for Tiree and Coll.
Action: In conjunction with colleagues from Procurement and Commissioning, alternative contractors are being researched and if we are able to identify a single interested contractor that meets our requirements for this contract we will be able to proceed to a direct award.

Carried Forward From Previous Quarter – No	Completion Due Date: End of FQ4	Responsible Person: James Hamilton
Business Outcome BO28 Our processes are efficient cost effective and compliant.		
Key Challenges and Actions to address the Challenges		
1. Challenge: Complete preparations for go live of remaining new online facilities for new council tax and benefits system by end of FQ3 2018. Action: Prepare launch materials and publicise generally to all new users		
Carried Forward From Previous Quarter – Yes	Completion Due Date: 31 January 2019	Responsible Person: Fergus Walker
Key Challenges and Actions to address the Challenges		
2. Challenge: Budget Reconstruction Process – develop plans to meet savings target for 2019-20 and beyond Action: Continue to consult with staff and unions and develop detailed plans and implement.		
Carried Forward From Previous Quarter – Yes	Completion Due Date: 30 June 2019	Responsible Person: Heads of Service
Key Challenges and Actions to address the Challenges		
Business Outcome BO18 Improve lifestyle choices are enabled		
1. Challenge: Early Years meals phasing and implementation – continues to cause operational issues as there is demand centrally to plan, co-ordinate, monitor and ensure statutory compliance with the various guidance. Action: The recent formation of a Working Group and the appointment of an Early Years Co-ordinator should alleviate the issues and allow the required resources for successful implementation.		
Carried Forward From Previous Quarter – Yes	Completion Due Date: Ongoing	Responsible Person: Jayne Jones

Key Challenges and Actions to address the Challenges		
<p>2. Challenge: Food for Life inspection identified a number of issues in terms of incorrect purchasing of items in schools Action: Review of management information from suppliers and follow-up from management team over the coming months.</p>		
Carried Forward From Previous Quarter – No	Completion Due Date: On-going	Responsible Person: Christine Boyle
Key Challenges and Actions to address the Challenges		
Business Outcome BO28 Our processes are efficient, cost effective and compliant		
<p>1. Challenge: Address performance data for benefits new claims Action: Maintain improvement in processing of new claims to bring that PI back on target.</p>		
Carried Forward From Previous Quarter – Y	Completion Due Date: 31 March 2019	Responsible Person: Fergus Walker



Customer Services Scorecard
2017-20 FQ3 18/19
 Scorecard owned by: **Douglas Hendry**

[Click here
for Full
Scorecard](#)

Management Information

RESOURCES

<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence CU		1.88 Days	3.45 Days	R	↑
CU % of PRDs completed		90 %	91 %	G	↑

<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>
Finance Revenue totals CU	£K 44,084	£K 43,880	A	↓
Capital forecasts - current year CU				
Capital forecasts - total project CU				

Asset management red risks	4	On track	3	G	→
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IMPROVEMENT

					<i>Status</i>
Improvement Plan	Total No	Off track	On track	Complete	
Improvement Plan Outcomes CU	Actions	25	0	11	14 A →
Customer Services Audit Recommendations	R	Overdue	Due in future	Future - off target	
	1	↓	6	→	0 →
Customer Service CU		Customer satisfaction	95 %	G	↓
Customer Charter		Stage 1 Complaints	81 %	G	↓
Number of consultations	3	Stage 2 Complaints	100 %	G	→



Customer Services Scorecard 2017-20

Scorecard owned by: Douglas Hendry

FQ3 18/19

[Click here for Council Scorecard](#)

Customer & Support Services

Facility Services

Governance & Law

Improvement & HR

Priorities for 2015-17: Customer Services

[Click here for Management Information](#)

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

Making A&B a place people choose to live

- ABOIP Outcome No.5 - People live active, healthier and independent lives [Related Business Outcomes](#)
- ABOIP Outcome No.6 - People live in safer and stronger communities [Related Business Outcomes](#)
- ABOIP Outcome No.4 - Children and young people have the best possible start [Related Business Outcomes](#)

Making A&B a place people choose to learn

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

Making A&B a place people choose to work

- ABOIP Outcome No.1 - The economy is diverse and thriving [Related Business Outcomes](#)
- ABOIP Outcome No.2 - We have infrastructure that supports sustainable growth [Related Business Outcomes](#)

Making it happen

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

BO04 Benefits are paid promptly and accurately [CU Dept]

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

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

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

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

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

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

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

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

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

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

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

BO18 Improved lifestyle choices are enabled [CU Dept]

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

BO23 Economic growth is supported [CU Dept]

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

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

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

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

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

BO29 Health and safety is managed effectively [CU Dept]

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

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

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

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

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

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

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

Key Successes

Business Outcome BO04 Benefits are paid promptly and accurately

1. Accuracy year to date is 96.8% better than target of 95%. 100% of community care grants processed within 15 days for year; 100% of crisis grants processed within 1 day and community care grants within 15 days. 98.7% of Scottish Welfare Fund spent at end of year, above target of 97.5%. New housing benefit claims processed in 18.72 days average for year to date, well below target of 21 days. Benefit change in circs processed in 7.05 days for the year well below target of 9 days.

Business Outcome BO05 Information and support are available for everyone

1. Continued to increase followers on Facebook, Twitter, LinkedIn and Instagram.
2. Communications Team gained the Communications Management Standard, awarded by the PRCA (Public Relations and Communications Association) as the “mark of communications professionalism worldwide”.

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

1. The Aqualibrium Heat from Sewage Project met the Scottish Government Low Carbon Infrastructure Transition Programme (LCITP) funding requirement on 20 March 2019 when 1kWh of heat was generated. The main outstanding items are electrical connection and some internal heating modifications with formal project completion expected during April/May 2019.

Business Outcome BO23 Economic growth is supported

1. For the full year we have paid 97.312% of invoices within 30 days – above target of 95.0%. 84% of contracts for quarter were won by SMEs (above target of 75%).
2. NDR relief has continued to climb – now at £15.74m for the full year above target of £12m.

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

1. Over 4,700 people have signed up for eBilling following promotion of the council tax prize draw.
2. Governance and Law have been shortlisted for a SOLAR (Society of Local Authority Lawyers & Administrators in Scotland) award for Argyll and Bute Remembers.

Business Outcome BO29 Health and safety is managed effectively

1. The Health and Safety Team have worked in partnership with the Health and Safety Executive to help them to promote their Awareness of Health Risks in Construction programme in Lochgilphead. This work helps to consolidate good relations with the regulator which reduces the possibility of poor understanding and low levels of confidence, increasing the level of scrutiny by the regulator.
2. The Health and Safety Team have increased the level of competence available for fire risk assessment, with one of the Health and Safety Officers successfully completing a course of study in fire risk assessment.

Business Outcome BO32 Our workforce is supported to realise its potential

1. The Council's apprentice scheme has been shortlisted for a Learning and Performance Institute award.

Key Challenges and Actions Completed In Previous Quarter

1. The Early Years Co-ordinator post has now been successfully filled.
2. Benefit changes in circumstances year to date were taking an average of 9.80 days above target of 9.0 days. Now back on target.
3. Full launch of new council tax and benefits portal achieved in advance of annual bills being issued in early March.

Short-term Operational Challenges

1. Delivery of Early Years capital programme – additional trainee architectural technician appointed to assist with the delivery.
2. Short timescales for elements of the budget savings being implemented has put pressure on the IHR team.
3. Work for Audit Scotland's inspection of Equalities and Performance as part of the Best Value 3 Audit which is taking place in April/May which is much earlier than originally planned.
4. Ensuring that the backdated pay award is processed in March.
5. Casebook Audit Action Report follow up with Development and Infrastructure.
6. Complete restructurings to meet savings target for 2019/20.
7. Vacancies/sickness absence and leave across Customer Services has risen – recruitment taking place to fill vacant posts/workplans being revised and staff are being redirected to priority areas. Managers continue to carryout Council procedures for managing attendance.
8. BREXIT – uncertainty of the potential impact from the withdrawal of the UK from the EU e.g. procurement and commissioning of goods and services. Working Group has been established.

Key Challenges and Actions to address the Challenges		
Business Outcome BO04 Benefits are paid promptly and accurately		
<p>1. Challenge: Improve child poverty outcomes by automatically awarding entitlement to free school meals (without stigma) and school clothing grants. Improve update of Best Start Grants by ensuring these offered when registering births.</p> <p>Action: Seek approval for this automation and the resultant financial impacts of greater numbers and values of awards of school clothing grants (50% funded by Council) and for expansion of online school payments to remove stigma from free school meals (fully funded) in support of Local Child Poverty Action Plan. Registrars to be trained in new processes to provide assistance for applying for the Best Start Grants at time of birth registrations.</p>		
Carried Forward From Previous Quarter – No	Completion Due Date: 30 June 2019	Responsible Person: Anne Paterson/Judy Orr
Key Challenges and Actions to address the Challenges		
Business Outcome BO09 Our assets are safe, efficient and fit for purpose		
<p>1. Challenge: Legionella Management Training - the detail of how temperatures are recorded and how infrequently used outlets are flushed has been agreed with Client Departments and those undertaking the roles are to be trained.</p> <p>Action: Flushing and temperature recording to be trialed in offices where Planning and Regulatory Services are the Facility Responsible Person and rolled out throughout the Council.</p>		
Carried Forward From Previous Quarter – Yes	Completion Due Date: On-going	Responsible Person: Malcolm MacFadyen/Craig Houston
Key Challenges and Actions to address the Challenges		
<p>2. Challenge: Provision of maintenance term contractor of Tiree and Coll</p> <p>Action: Following a failed procurement, alternative contractors were researched but proved unsuccessful. Discussions have taken place with the local contractor that previously provided the service and a negotiated agreement has been reached. The Justification for Non-Competitive Action (JNCA) should be finalised early in FQ1 2019/20.</p>		

Carried Forward From Previous Quarter – Yes	Completion Due Date: 30 April 2019	Responsible Person: James Hamilton
Key Challenges and Actions to address the Challenges		
<p>2. Challenge: Police Scotland have advised that they will be issuing a tender for their cleaning and janitorial contract. This could lead to loss of income for the Council.</p> <p>Action: The 13 affected Local Authorities are considering whether a consortium bid can be submitted to try to retain this business.</p>		
Carried Forward From Previous Quarter – No	Completion Due Date: 31 August 2019	Responsible Person: Jayne Jones
Key Challenges and Actions to address the Challenges		
Business Outcome BO18 Improved lifestyle choices are enabled		
<p>1. Challenge: Early Years meals phasing and implementation is creating pressure on the central team as they plan, co-ordinate, monitor and ensure compliance with the various statutory guidance.</p> <p>Action: A working group has been established and a co-ordinator has recently been appointed, to ensure that changes to the phasing and roll out is discussed within group.</p>		
Carried Forward From Previous Quarter – Y	Completion Due Date: On-going	Responsible Person: Jayne Jones
Key Challenges and Actions to address the Challenges		
Business Outcome BO28 Our processes are efficient, cost effective and compliant		
<p>1. Challenge: Finalise putting staff into new structures, recruiting to unfilled posts, plan and complete handovers to ensure smooth transition from 1 July 2019.</p> <p>Action: Continue to consult with staff and unions and develop detailed plans and implement.</p>		
Carried Forward From Previous Quarter – No	Completion Due Date: 30 June 2019	Responsible Person: Customer Services Heads of Service and relevant Third Tier Managers

Key Challenges and Actions to address the Challenges

Business Outcome BO29 Health and safety is managed effectively


1. **Challenge:** A number of targets within the Health and Safety Plan have not been completed due to the long term absence of the Corporate Health and Safety Manager and other staff sickness absence during the year.

Action: These actions will be picked up and reviewed now that the Corporate Health and Safety Manager has returned to work

Carried Forward From Previous Quarter – No

Completion Due Date: On-going

Responsible Person: Andrew MacKrell



Customer Services Scorecard
2017-20 FQ4 18/19

Scorecard owned by: Douglas Hendry

[Click here for Full Scorecard](#)

Management Information

RESOURCES

<i>People</i>	<i>Benchmark</i>	<i>Target</i>	<i>Actual</i>	<i>Status</i>	<i>Trend</i>
Sickness Absence CU		1.88 <small>None</small>	3.78 <small>None</small>	R	↓
CU % of PRDs completed		90 %	97 %	G	↑

<i>Financial</i>	<i>Budget</i>	<i>Forecast</i>	<i>Status</i>	<i>Trend</i>	
Finance Revenue totals CU	£K 44,181	£K 43,894	R	↓	
Capital forecasts - current year CU					
Capital forecasts - total project CU					
Asset management red risks	4	On track	3	G	⇒

IMPROVEMENT *Status*

	<i>Total No</i>	<i>Off track</i>	<i>On track</i>	<i>Complete</i>	<i>Status</i>	<i>Trend</i>	
Improvement Plan Outcomes CU	Actions	25	0	5	20	A	⇒
Customer Services Audit Recommendations	Overdue	0	2	1		↓	
	Due in future		2			↓	
	Future - off target			1		↓	
Customer Service CU	Customer satisfaction			91 %		↓	
Customer Charter	Stage 1 Complaints			95 %	G	↑	
Number of consultations	1	Stage 2 Complaints		100 %	G	⇒	



Customer Services Scorecard 2017-20

Scorecard owned by: Douglas Hendry

FQ4 18/19

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

[Click here for Council Scorecard](#)

Customer & Support Services

Facility Services

Governance & Law

Improvement & HR

Priorities for 2015-17: Customer Services

[Click here for Management Information](#)

Making A&B a place people choose to live

ABOIP Outcome No.5 - People live active, healthier and independent lives

[Related Business Outcomes](#)

ABOIP Outcome No.6 - People live in safer and stronger communities

[Related Business Outcomes](#)

ABOIP Outcome No.4 - Children and young people have the best possible start

[Related Business Outcomes](#)

Making A&B a place people choose to learn

ABOIP Outcome No.3 - Education, skills and training maximises opportunities for all

[Related Business Outcomes](#)

Making A&B a place people choose to work

ABOIP Outcome No.1 - The economy is diverse and thriving

[Related Business Outcomes](#)

ABOIP Outcome No.2 - We have infrastructure that supports sustainable growth

[Related Business Outcomes](#)

Making it happen

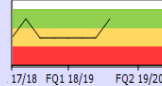
Supporting Outcome - Service Delivery Enablers

[Related Business Outcomes](#)

BO04 Benefits are paid promptly and accurately [CU Dept]

Aligns to ABOIP Outcome No. 5

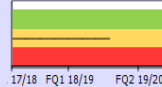
Success Measure



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

Aligns to ABOIP Outcome No. 5

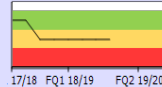
Success Measure



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

Aligns to ABOIP Outcome No. 6

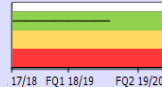
Success Measure



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

Aligns to ABOIP Outcome No. 6

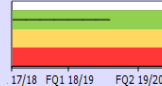
Success Measure



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

Aligns to ABOIP Outcome No. 6

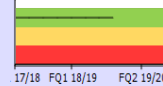
Success Measure



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

Aligns to ABOIP Outcome No. 4

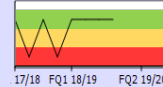
Success Measure



BO18 Improved lifestyle choices are enabled [CU Dept]

Aligns to ABOIP Outcome No. 4

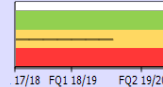
Success Measure



BO23 Economic growth is supported [CU Dept]

Aligns to ABOIP Outcome No. 1

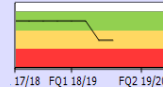
Success Measure



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

Aligns to Council Outcome MIH

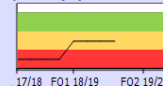
Success Measure



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

Aligns to Council Outcome MIH

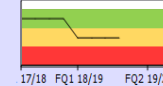
Success Measure



BO29 Health and safety is managed effectively [CU Dept]

Aligns to Council Outcome MIH

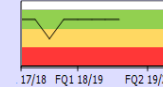
Success Measure



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

Aligns to Council Outcome MIH

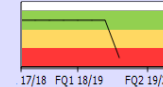
Success Measure



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

Aligns to Council Outcome MIH

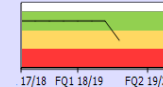
Success Measure



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

Aligns to Council Outcome MIH

Success Measure



Key Successes

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

1. Investment returns continue to exceed the benchmark rate of return – the rate of return for the third Quarter was 0.925% which compares favourably with the target of 7 day LIBID (London Interbank Bid Rate – the rate which banks are willing to borrow from other banks) which was 0.582% for the period.
2. Seven audits were completed in quarter 3 in addition to good progress being made on the two scrutiny reviews contained in the 2018/19 Annual Scrutiny Plan and additional work being performed on key system interfaces and logical access to assess the Council’s vulnerability to the weaknesses that led to a high profile fraud at another Scottish local authority . In addition the Chief Internal Auditor assisted Roads & Amenity Services with an examination of the financial position of a third sector partner involved in the delivery of waste collection / recycling services.
3. As part of the work of the Transformation Board, further management/operational savings were identified for 2019-20 and new policy options and reported to Policy and Resources Committee in December. The options exceed the estimated budget gap which put us in a good position in terms of achieving a balanced budget in February.
4. The forecast significantly reduced between September and December. September outturn was and overspend of £3.053m and December was an overspend of £2.041m. The most significant change was identification of and underspend within fleet in respect of the retained budget that is used to purchase vehicles. This has not only helped to reduce the outturn position but this budget can be used to fund future years prudential borrowing to replace ageing fleet and also provide some one-off savings as part of the 2019-20 budget.
5. Completed and submitted the statutory Local Finance Return by the required deadline.
6. Despite the vacancies and sickness absence within the service, the service worked together as a team to deliver on the key deadlines within the budget preparation process.
7. The finance team provided a significant level of support an analysis in respect of the ASN overspend and this information helped to reduce the overspend during the period.

Business Outcome BO05 – Information and support are available for everyone

8. The Money Skills Argyll KPI targets and unit costs were renegotiated with the Big Lottery Fund and the Scottish Government as part of a review of the wider program of which Money Skills Argyll is a part. The new arrangement is now in place and this will enable the Council and our delivery partners to continue the project on a sure financial footing with realistic targets for client engagement and outcomes. We also paid out circa £150k to the project partners for repriced work on the new model.

Key Challenges and Actions Completed In Previous Quarter		
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.		
<ol style="list-style-type: none"> 1. Challenge: Completion of Local Finance Return. 1. Action: Secondment of staff member into post where there is a long term absence and part of their immediate duty will be to focus on statutory return. 1. Completion Due Date: Statutory Return due end of October. 		
Short-term Operational Challenges		
<ol style="list-style-type: none"> 1. Staff absence and vacancies will continue to have an impact on the service. A new structure for the service has been agreed and recruitment to the new structure has commenced. 2. Recruit a new contract manager to the money Skills Argyll Project and leverage the redesigned financial framework to increase the number of clients supported by the project partners. 3. The revenue forecast outturn position as at the end of December was a forecast overspend of £2.041m of which £2.998m relates to Social Work Services within the Health and Social Care Partnership. 4. The Head of Strategic Finance took on the additional responsibility of the Section 95 Officer for the IJB at the start of December. This will create challenges in terms of time available to work on both Council and IJB budget preparation. 		
Key Challenges and Actions to address the Challenges		
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.		
<ol style="list-style-type: none"> 1. Challenge: Progress with restructuring proposals for Strategic Finance to ensure we have a service that is fit for purpose to support the organisation, whilst at the same time providing business as usual service. 1. Action: Implementation of new structure and liaison with Trade Unions. 		
Carried Forward From Previous Quarter – Y/N	Completion Due Date:	Responsible Person
Yes	Implementation commenced, Finance Manager commenced post in August, Principal Accountants were matched into posts October and Senior Accountants were interviewed and appointed in December. Moving onto other qualified staff in the new year. Restructure will be complete by end of March.	Kirsty Flanagan, Head of Strategic Finance

Key Challenges and Actions to address the Challenges		
Business Outcome BO05 – Information and support are available for everyone		
<p>2. Challenge: Significantly increase the number of people being supported by the Money Skills Argyll Project now that the financial structure of the project has been redesigned to meet the costs of service delivery.</p> <p>2. Action: Recruit a new contract manager to increase capacity within the team to support partners, publicize the service and increase service activity.</p>		
Carried Forward From Previous Quarter – Y/N	Completion Due Date:	Responsible Person
No	New contract manager in place by 30 June 2019.	David Forshaw, Principal Accountant
Key Challenges and Actions to address the Challenges		
Business Outcome BO05 – Information and support are available for everyone		
<p>3. Challenge: Close monitoring of the forecast outturn position to bring the forecast overspend position within budget or as close to within budget as is possible.</p> <p>3. Action: Council Services actively pursuing options to reduce any forecast overspend. Liaison with the Chief Financial Officer of the IJB on the recovery plan and provide support and assistance to reduce the forecast overspend position. Also will discuss the accounting treatment for Social Work overspend with External Audit as part of the audit process.</p>		
Carried Forward From Previous Quarter – Y/N	Completion Due Date:	Responsible Person
No	Ongoing throughout the year.	Kirsty Flanagan, Head of Strategic Finance
Key Challenges and Actions to address the Challenges		
Business Outcome BO05 – Information and support are available for everyone		
<p>4. Challenge: Establish enhanced reporting and control arrangements for the Health and Social Care Partnership to reduce their overspend and work towards a balanced budget for 2019-20.</p> <p>4. Action: Gain understanding about the outturn position and take a key role in identifying savings options to balance the budget for 2019-20.</p>		
Carried Forward From Previous Quarter – Y/N	Completion Due Date:	Responsible Person
No	31 March 2019	Kirsty Flanagan, Head of Strategic Finance

Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan** FQ3 18/19

[Click here for Full Outcomes](#)

[Corporate Support Team Scorecard](#)

[Departmental Support Team Scorecard](#)

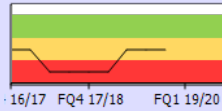
[Internal Audit Team Scorecard](#)

[Click here for Council Scorecard](#)

BO05 Information and support are available for everyone [SF]

Aligns to ABOIP Outcome No.
5

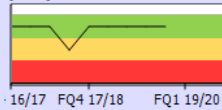
Success Measure
A →



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

Aligns to Council Outcome MIH

Success Measure
G →



Management Information

RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		1.5 Days	3.6 Days	R	↓
PRDs SF		90 %	95 %	G	→
Financial	Budget	Forecast			
Finance Revenue totals SF	£K 1,653	£K 1,653		G	→
Capital forecasts - current year SF					
Capital forecasts - total project SF					

IMPROVEMENT

	Total No	Off track	On track	Complete	Status
SF Service Improvements 2017-20	5	5			
Strategic Finance Audit Recommendations	R	Overdue	Due in future	Future - off target	
	1	↓	5	↑	0
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions					
H&S Investigation Actions					
Customer Service SF	Customer satisfaction				
Customer Charter	Stage 2 Complaints	100 %			G →
Number of consultations	Stage 2 Complaints	100 %			G →

Key Successes

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

9. The Council set a balanced budget at its meeting on 21 February 2019 – officers within Strategic Finance spend a significant amount of time supporting the Council during the budget process.
10. The IJB set a balanced budget at its meeting on 27 March 2019 – the Council’s Head of Strategic Finance has been covering the role of Chief Financial Officer of the IJB since 3 December 2018.
11. Preparations in place for the year-end, planning timetable reported to the Council’s Audit and Scrutiny Committee.
12. Investment returns continue to exceed the benchmark rate of return – the rate of return for the fourth Quarter was 0.888% which compares favourably with the target of 7 day LIBID (London Interbank Bid Rate – the rate which banks are willing to borrow from other banks) which was 0.570% for the period.
13. Four audits were completed and a further six were in progress by the end of quarter 4. In addition the 2019/20 audit plan was agreed by the Audit and Scrutiny Committee, a series of scrutiny panels were held and the Chief Internal Auditor made good progress preparing the Council’s Governance and Accountability BV3 submission. Internal Audit also carried out work to inform a response to a stage 2 complaint regarding a traffic regulation order.
14. Completed and submitted the statutory Projected Outturn Budget Estimate (POBE) return by the required deadline.
15. Two members of Strategic Finance staff completed their accountancy exams, with one being a prize winner in two categories.
16. Recruited to the remaining vacant qualified accountant posts during the period with new staff taking up post on 1 April 2019. Despite the restructure and the service being short of qualified staff, the service worked together as a team to deliver on the key deadlines within the budget preparation process.

Business Outcome BO05 – Information and support are available for everyone

17. The project has continued to deliver services to the public during the quarter. Access to support has been enhanced through an agreement with Allenergy for them to expand the range of services they provide through them commencing work on Digital Inclusion in addition to the Fuel Poverty work they were undertaking previously.

Key Challenges and Actions Completed In Previous Quarter

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

2. Challenge Progress with restructuring proposals for Strategic Finance to ensure we have a service that is fit for purpose to support the organisation, whilst at the same time providing business as usual service.
 1. Action: Implementation of new structure and liaison with Trade Unions.
 2. Completion Due Date: Restructure complete by end of March.

Business Outcome BO05 – Information and support are available for everyone

3. Challenge: Establish enhanced reporting and control arrangements for the Health and Social Care Partnership to reduce their overspend and work towards a balanced budget for 2019-20.
2. Action: Gain understanding about the outturn position and take a key role in identifying savings options to balance the budget for 2019-20.
2. Completion Due Date: 31 March 2019

Short-term Operational Challenges

5. Recruit a new contract manager to the money Skills Argyll Project and leverage the redesigned financial framework to increase the number of clients supported by the project partners.
6. The revenue forecast outturn position as at the end of February was a forecast overspend of £1.667m (reduced from the December reported outturn). This is made up of an underspend on Council Services of £1.075m offset by an overspend of £2.742m on Social Work Services within the Health and Social Care Partnership.
7. Building Resilience – as part of the restructuring some staff will be undertaking new tasks, learning new areas of work and as well as making sure there is sufficient handover and procedures notes in place, it will be important that we ensure that we have enough resilience across the service in place to cover any future vacancies or periods of absence.
8. BV3 additional work – The two third tier managers within the service are both leading on a Best Value 3 theme and this will create additional workload during a busy year end time.

Key Challenges and Actions to address the Challenges

Key Challenges and Actions to address the Challenges

Business Outcome BO05 – Information and support are available for everyone

3. Challenge: Significantly increase the number of people being supported by the Money Skills Argyll Project now that the financial structure of the project has been redesigned to meet the costs of service delivery.
1. Action: Recruit a new contract manager to increase capacity within the team to support partners, publicize the service and increase service activity.

Carried Forward From Previous Quarter – Y/N	Completion Due Date:	Responsible Person
Yes	New contract manager in place by 30 June 2019.	David Forshaw, Principal Accountant

Key Challenges and Actions to address the Challenges		
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.		
2. Challenge: Close monitoring of the forecast outturn position to bring the forecast overspend position within budget or as close to within budget as is possible.		
2. Action: Council Services actively pursuing options to reduce any forecast overspend. Liaison with the Chief Financial Officer of the IJB on the recovery plan and provide support and assistance to reduce the forecast overspend position.		
Carried Forward From Previous Quarter – Y/N Yes	Completion Due Date: Ongoing throughout the year. Now into April and the year-end work has commenced to finalise the outturn position.	Responsible Person Kirsty Flanagan, Head of Strategic Finance
Key Challenges and Actions to address the Challenges		
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.		
3. Challenge: Building resilience within the service.		
3. Action: Programme of knowledge sharing and skills transfer ensuring appropriate procedure documents are in place to support service delivery.		
Carried Forward From Previous Quarter – Y/N No	Completion Due Date: 31 March 2020	Responsible Person Kirsty Flanagan, Head of Strategic Finance
Key Challenges and Actions to address the Challenges		
Business Outcome BO28 – Our processes and business procedures are efficient, cost effective and compliant.		
4. Challenge: Best Value 3 work		
4. Action: Ensure that staff are supported and are able to prioritise the work required on Best Value 3. Project team within Finance in place to support the financial management theme.		
Carried Forward From Previous Quarter – Y/N No	Completion Due Date: 30 September 2019	Responsible Person Laurence Slavin, Chief Internal Auditor Anne MacDougall, Finance Manager

Strategic Finance Scorecard 2017-20

Scorecard owned by: **Kirsty Flanagan**

FQ4 18/19

[Click here for Full Outcomes](#)

[Corporate Support Team Scorecard](#)

[Departmental Support Team Scorecard](#)

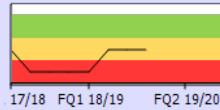
[Internal Audit Team Scorecard](#)

[Click here for Council Scorecard](#)

BO05 Information and support are available for everyone [SF]

Aligns to ABOIP Outcome No. 5

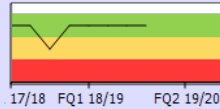
Success Measure **A** →



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

Aligns to Council Outcome MIH

Success Measure **G** →



Management Information

RESOURCES

People	Benchmark	Target	Actual	Status	Trend
Sickness absence SF		1.5 Days	2.2 Days	R	↑
PRDs SF		90 %	97 %	G	↑
Financial		Budget	Forecast		
Finance Revenue totals SF		£K 1,654	£K 1,654	G	→
Capital forecasts - current year SF					
Capital forecasts - total project SF					

IMPROVEMENT

	Total No	Off track	On track	Complete	Status
SF Service Improvements 2017-20	5	5			
Strategic Finance Audit Recommendations	0	6	0	0	↑
Health & Safety	Overdue	Rescheduled	Actions in Plan	Complete	
Service H&S Plan Actions					
H&S Investigation Actions					
Customer Service SF	Customer satisfaction				
Customer Charter		Stage 2 Complaints	100 %		G →
Number of consultations		Stage 2 Complaints	100 %		G →

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****16 MAY 2019**

ALTERNATIVE OPTIONS FOR DISTRIBUTION OF DISCRETIONARY FUNDING TO COMMUNITY COUNCILS

1.0 EXECUTIVE SUMMARY

This report follows the agreement of Policy & Resources Committee on 13 December 2018 that officers proceed to look at the current terms of the discretionary grant in effort to address the concerns. It outlines options for dispersing the monies currently available within the discretionary fund.

The Council previously allocated an additional £10,000 in 2012 to enhance the funding to community councils by way of introducing a discretionary grant fund. The then Executive Committee agreed that allocation of funding should be at a rate of 10p per elector (equivalent to £6,780) and that the remaining funds (£3,220) be set aside to meet mileage or transport costs associated with attendance at Area Community Planning Group (ACPG) meetings at a rate of £0.45p per mile (less the first 20 miles of any claim) and/or reimbursement of any public transport fares. This would only be paid subject to budget being available and to guidance regarding the use of video conferencing and car sharing.

Options were explored by officers which looked at alternative ways to disperse funds in accordance with the existing budget of £10,000. Being limited by budgetary constraints only two options are feasible to progress and in each case there would be a reduction to the level of direct financial support some community councils would receive.

The most recent set of accounts on file for each of these Community Council's does indicate that their core costs could continue to be met from reduced funding but it would limit, particularly for Helensburgh Community Council, some of the community engagement work that could be undertaken.

Mention of a challenge fund was raised but in terms of the proposals only option 1 would provide additional monies for such a fund. However, this particular option would impact negatively on significantly more community councils and is not recommended as the preferred option.

Option 2 is the recommended option should the committee wish to alter the way these funds are distributed. While it does still reduce the grant level for our 5 main towns (Rothesay is excluded on the basis of its Island status), such a reduction could not be avoided when these 5 areas currently benefit from 43.2% of the funding distributed. The options are contained within Appendix 2 which provides members with information regarding how each of the proposals would affect individual community councils.

ALTERNATIVE OPTIONS FOR DISTRIBUTION OF DISCRETIONARY FUNDING TO COMMUNITY COUNCILS

2.0 INTRODUCTION

2.1 This report follows on from the agreement of Policy & Resources Committee, on 13 December 2018, that officers explore alternative methods of distributing the allocated £10,000 of discretionary funding in view of representations to look at the current funding levels from 3 rural/island community councils.

3.0 RECOMMENDATIONS

3.1 The committee is invited to determine whether or not to change the grant criteria for financial year 2019/2020 and if so minded, it is recommended that option 2, outlined in Appendix 2, be progressed as the preferred option.

4.0 DETAIL

4.1 The case for additional funding by 3 rural/island community councils was made on the basis they feel there is an inequity in personal costs to those who volunteer as a community representative in more rural areas and consider that this should not be a barrier to volunteering. In response to this, the Policy & Resources Committee invited officers to look at alternative ways of distributing the funding.

4.2 £10,000 in discretionary funding was made available to support community councils in 2012. £6780 of this is available for community councils by way of a 10p per elector top up. While this benefits our larger community councils, the 2 smallest community councils (in terms of population) benefit to the sum of £11.80 each. The remainder of the funding (£3220) supports community council attendance at ACPG meetings by paying the actual costs of public transport to the meeting or providing 0.45p per mile allowance (excluding the first 20 miles of each journey). Expenses can only be claimed where there is no provision for Video Conferencing.

4.3 Appendix 1 outlines the existing payments made to each community council in respect of their administrative and discretionary top up grants.

4.4 Appendix 2 outlines two options which are within budget for consideration of the committee. Option 2 increases the grant to rural and island communities by being less weighted to electorate although there is a negative impact on the discretionary payments which would

be received by our main towns. Within existing budgetary provision a negative impact to those 5 towns cannot be avoided without additional funding as they presently receive 43.2% of the top up grant of £6780.90 with the remaining monies being split between 51 community councils.

5.0 CONCLUSION

- 5.1 The committee is invited to determine whether or not to change the grant criteria for financial year 2019/2020 and if so minded, it is recommended that option 2 of appendix 2 be progressed as the preferred option for the reasons outlined previously.

6.0 IMPLICATIONS

- 6.1 Policy – The current method for allocating discretionary funding was agreed by Committee and therefore it would be appropriate that any plans to deviate from this should also be made by committee.
- 6.2 Financial – Depending on the preferred option there may be no impact on the Council as costs could be contained with the existing budget but there are negative impacts on the level of overall funding some of our community councils would receive, these are detailed within the attached appendices.
- 6.3 Legal – The Local Government (Scotland) Act 1973 states that councils may provide financial support for community councils. There is no national agreement in place, each local authority must set its own budget.
- 6.4 HR - None
- 6.5 Fairer Scotland Duty:
- 6.5.1 Equalities - none
- 6.5.2 Socio-economic Duty - none
- 6.5.3 Islands - cost of associated travel should not be a barrier to democratic participation
- 6.6 Risk – failure to provide adequate finances to support the reasonable costs to community councils could lead to communities not having a statutory voice.
- 6.7 Customer Service - none

Douglas Hendry
Executive Director of Customer Services
Policy Lead – Councillor Robin Currie
8 May 2019

For further information contact: Melissa Stewart, Area Governance Officer, Kilmory, Lochgilphead (01546 604331)

Appendix 1: Existing Community Council Administrative and Discretionary Grants.

Appendix 2: Options for Reallocation of Discretionary Grants.

Existing Community Council Administrative and Discretionary Grants

Name of CC	Core Grant	Discretionary Grant
Southend	£400	£33.90
The Laggan	£400	£32.50
Campbeltown	£500	£416.80
West Kintyre	£400	£68.50
East Kintyre	£400	£58.30
Tarbert & Skipness	£500	£113.30
Gigha	£400	£13.50
Islay	£500	£258.50
Jura	£400	£16.80
Colonsay	£400	£11.80
South Knapdale	£400	£20.40
North Knapdale	£400	£42.80
Ardrishaig	£500	£110.00
Lochgilphead	£500	£225.10
West Lochfyne	£400	£27.00
Furnace	£400	£22.50
Inveraray	£400	£55.90
Dunadd	£400	£74.40
Craignish	£400	£34.10
MAKI Total	£8100	£1636.10

Name of CC	Core Grant	Discretionary Grant
Mull	£500	£242.10
Iona	£400	£13.10
Coll	£400	£15.90
Tiree	£400	£54.10
Oban	£700	£671.60
Glenorchy & Innishail	£400	£60.60
Taynuilt	£400	£88.30
Avich & Kilchrenan	£400	£22.70
Luing	£400	£15.10
Kilninver & Kilmelford	£400	£34.70
Seil & Easdale	£400	£55.60
Kilmore	£400	£30.90
Dunbeg	£400	£58.50
Lismore	£400	£15.70
Appin	£400	£42.00
Connel	£400	£49.10
Ardchattan	£500	£137.80
OLI Total	£7300	£1607.80

Name of CC	Core Grant	Discretionary Grant
Colintraive & Glendaruel	£400	£28.90
Cairndow	£400	£11.80
Lochgoil	£400	£36.30
Strachur	£400	£64.30
Kilfinan	£400	£64.50
Hunter's Quay	£400	£78.20
Kilmun	£400	£78.80
Ardentinny	£400	£15.40
Sandbank	£500	£103.60
Dunoon	£700	£527.30
South Cowal	£500	£131.00
Bute	£500	£478.60
B&C Total	£5400	£1618.70

Name of CC	Core Grant	Discretionary Grant
Rhu & Shandon	£500	£163.50
Garelochhead	£500	£126.10
Cove & Kilcreggan	£500	£123.30
Arrochar & Tarbet	£400	£68.10
Rosneath & Clynder	£500	£115.00
Luss and Arden	£400	£29.00
Helensburgh	£700	£1090.90
Cardross	£500	£202.40
H&L Total	£4000	£1918.30
Overall Total	£24,800	£6780.90

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Option 1

1p per elector top up for all CCs; PLUS
Islands over 500 get 100% top up of administration grant

Otherwise £100 top up for every CC

Proposal impacts negatively on: Campbeltown, Lochgilphead, Tarbert & Skipness, Oban, Ardchattan, Dunoon, South Cowal and every CC in H&L except – Arrochar, Tarbet & Ardlui and Luss & Arden

Proposal costs:

H&L - £4991.83

B&C - £7161.87

OLI - £9860.78

MAKI - £10563.61

Total - £32,578.09 (Current budget of £34,800)

Underspend on existing budget - £2221.91

Option 2

1p per elector top up for all CCs; PLUS
Islands over 500 get 100% top up of administration grant
Islands under 500 get £150 top up

Otherwise:

Up to 600 electors get £75

Up to 1000 electors get £125

Up to 5000 electors get £175

5001+ electors get £225

Proposal impacts negatively on: Campbeltown, Lochgilphead, Oban, Dunoon, Helensburgh & Cardross

Proposal costs:

H&L - £5491.09

B&C - £7436.87

OLI - £10210.78

MAKI - £10788.61

Total - £33,928.09 (Current budget of £34,800)

Underspend on existing budget - £871.91

	Option 1	1	2	3	4	5	Option 2	1	2	3	4	5
Southend		100	500	3.39	503.39	69.49		75	475	3.39	478.39	44.49
The Laggan		100	500	3.25	503.25	70.75		75	475	3.25	478.25	45.75
Campbeltown		100	600	41.68	641.68	-275.12		175	675	41.68	716.68	-200.12
West Kintyre		100	500	6.85	506.85	38.35		125	525	6.85	531.85	63.35
East Kintyre		100	500	5.83	505.83	47.53		75	475	5.83	480.83	22.53
Tarbert & Skipness		100	600	11.33	611.33	-1.97		175	675	11.33	686.33	73.03
Gigha		100	500	1.35	501.35	87.85		150	550	1.35	551.35	137.85
Islay		500	1000	25.85	1025.85	267.35		500	1000	25.85	1025.85	267.35
Jura		100	500	1.68	501.68	84.88		150	550	1.68	551.68	134.88
Colonsay		100	500	1.18	501.18	89.38		150	550	1.18	551.18	139.38
South Knapdale		100	500	2.04	502.04	81.64		75	475	2.04	477.04	56.64
North Knapdale		100	500	4.28	504.28	61.48		75	475	4.28	479.28	36.48
Ardrishaig		100	600	11.00	611.00	1.00		125	625	11.00	636.00	26.00
Lochgilphead		100	600	22.51	622.51	-102.59		175	675	22.51	697.51	-27.59
West Lochfyne		100	500	2.70	502.70	75.70		75	475	2.70	477.70	50.70
Furnace		100	500	2.25	502.25	79.75		75	475	2.25	477.25	54.75
Inveraray		100	500	5.59	505.59	49.69		75	475	5.59	480.59	24.69
Dunadd		100	500	7.44	507.44	33.04		125	525	7.44	532.44	58.04
Craignish		100	500	3.41	503.41	69.31		75	475	3.41	478.41	44.31
MAKI Totals					10563.61	827.51					10788.61	1052.51

Column 1 – Level of new top up grant

Column 2 – Combined total of existing administration and new top up

Column 3 – Addition of 1p per elector top up

Column 4 – total of new combined grant payment (new top up plus 1p per elector top up)

Column 5 – impact on existing combined grant payment

	Option 1	1	2	3	4	5	Option 2	1	2	3	4	5
Mull		500	1000	24.21	1024.21	282.11		500	1000	24.21	1024.21	282.11
Iona		100	500	1.31	501.31	88.21		150	550	1.31	551.31	138.21
Coll		100	500	1.59	501.59	85.69		150	550	1.59	551.59	135.69
Tiree		400	800	5.41	805.41	351.31		400	800	5.41	805.41	351.31
Oban		100	800	67.16	867.16	-504.44		225	925	67.16	992.16	-379.44
Glenorchy & Innishail		100	500	6.06	506.06	45.46		125	525	6.06	531.06	70.46
Taynuilt		100	500	8.83	508.83	20.53		125	525	8.83	533.83	45.53
Avich & Kilchrenan		100	500	2.27	502.27	79.57		75	475	2.27	477.27	54.57
Luing		100	500	1.51	501.51	86.41		150	550	1.51	551.51	136.41
Kilninver & Kilmelford		100	500	3.47	503.47	68.77		75	475	3.47	478.47	43.77
Seil & Easdale		100	500	5.56	505.56	49.96		150	550	5.56	555.56	99.96
Kilmore		100	500	3.09	503.09	72.19		75	475	3.09	478.09	47.19
Dunbeg		100	500	5.85	505.85	47.35		75	475	5.85	480.85	22.35
Lismore		100	500	1.57	501.57	85.87		150	550	1.57	551.57	135.87
Appin		100	500	4.20	504.20	62.20		75	475	4.20	479.20	37.20
Connel		100	500	4.91	504.91	55.81		75	475	4.91	479.91	30.81
Ardchattan		100	600	13.78	613.78	-24.02		175	675	13.78	688.78	50.98
OLI Totals					9860.78	952.98					10210.78	1302.98

Column 1 – Level of new top up grant

Column 2 – Combined total of existing administration and new top up

Column 3 – Addition of 1p per elector top up

Column 4 – total of new combined grant payment (new top up plus 1p per elector top up)

Column 5 – impact on existing combined grant payment

	Option 1	1	2	3	4	5	Option 2	1	2	3	4	5
Colintraive & Glendaruel		100	500	2.89	502.89	73.99		75	475	2.89	477.89	48.99
Cairndow		100	500	1.18	501.18	89.38		75	475	1.18	476.18	64.38
Lochgoil		100	500	3.63	503.63	67.33		75	475	3.63	478.63	42.33
Strachur		100	500	6.43	506.43	42.13		125	525	6.43	531.43	67.13
Kilfinan		100	500	6.45	506.45	41.95		125	525	6.45	531.45	66.95
Hunter's Quay		100	500	7.82	507.82	29.62		125	525	7.82	532.82	54.62
Kilmun		100	500	7.88	507.88	29.08		125	525	7.88	532.88	54.08
Ardentinny		100	500	1.54	501.54	86.14		75	475	1.54	476.54	61.14
Sandbank		100	600	10.36	610.36	6.76		175	675	10.36	685.36	81.76
Dunoon		100	800	52.73	852.73	-374.57		225	925	52.73	977.73	-249.57
South Cowal		100	600	13.10	613.10	-17.90		175	675	13.10	688.10	57.10
Bute		500	1000	47.86	1047.86	69.26		500	1000	47.86	1047.86	69.26
B&C Totals					7161.87	143.17					7436.87	418.17

Column 1 – Level of new top up grant

Column 2 – Combined total of existing administration and new top up

Column 3 – Addition of 1p per elector top up

Column 4 – total of new combined grant payment (new top up plus 1p per elector top up)

Column 5 – impact on existing combined grant payment

	Option 1	1	2	3	4	5	Option 2	1	2	3	4	5
Rhu & Shandon		100	600	16.35	616.35	-47.15		175	675	16.35	691.35	27.85
Garelochhead		100	600	12.61	612.61	-13.49		175	675	12.61	687.61	61.51
Cove & Kilcreggan		100	600	12.33	612.33	-10.97		175	675	12.33	687.33	64.03
Arrochar, Tarbet & Ardlui		100	500	6.81	506.81	38.71		125	525	6.81	531.81	63.71
Rosneath & Clynder		100	600	11.50	611.50	-3.50		175	675	11.50	686.50	71.50
Luss and Arden		100	500	2.90	502.90	73.90		75	475	2.90	477.90	48.90
Helensburgh		100	800	109.09	909.09	-881.81		225	925	109.09	1034.09	-756.81
Cardross		100	600	20.24	620.24	-82.16		175	675	20.24	695.24	-7.16
H&L Totals					4991.83	-926.47					5691.83	-226.47

Column 1 – Level of new top up grant

Column 2 – Combined total of existing administration and new top up

Column 3 – Addition of 1p per elector top up

Column 4 – total of new combined grant payment (new top up plus 1p per elector top up)

Column 5 – impact on existing combined grant payment

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****16 MAY 2019**

COUNCIL OPERATED FERRIES

1.0 EXECUTIVE SUMMARY

- 1.1 Argyll and Bute Council currently operate four ferries at Easdale – Seil (Ellenabeich), Lismore (Point) – Port Appin, Luing – Seil (Cuan) and Jura (Feolin) – Islay (Port Askaig). Luing and Jura are both vehicular ferries with the other two being passenger only ferries. The council's Lismore ferry operates between the north of Lismore and Appin. There is an additional vehicular service operated by Calmac on behalf of Scottish Government/Transport Scotland which operates between Achnacroish and Oban.
- 1.2 Argyll and Bute Council is not a statutory provider of ferry services, the provision of lifeline ferry services is the responsibility of Transport Scotland. Argyll and Bute Council receive some funding through GAE for ferry services, however, currently, there is a shortfall of around £1M for the four Council services which the Council is currently subsidising. Financial data is set out in paragraph 4.7.
- 1.3 The succession of revenue budget cuts over recent years means that the subsidisation of these lifeline services puts increasing pressure on other essential services. Whilst the Council does receive some income through ferry fares, this is not sufficient to fully fund the service hence the £1M shortfall referred above.
- 1.4 In line with the Scottish Ferries Plan, Argyll and Bute Council have been in discussion with Transport Scotland with a view to transferring these four ferry services to Transport Scotland. It is understood that Transport Scotland's contract with Calmac to run their Clyde and Hebridean Ferry Services (CHFS) makes provision for these ferry services to be transferred. The Council has gone through a six stage assessment process to meet the requirements of Transport Scotland for ferry transfer. This information was presented to Transport Scotland in 2017. At a recent meeting, Transport Scotland officials were unable to provide any update on the assessment and confirmed that progress would be further delayed by staff absence.
- 1.5 Last year (2018/19), Orkney and Shetland received £10.5 million worth of support from the Scottish Government for operating island ferry services – a

similar amount has been made available this year (2019/20). Argyll and Bute Council has not received any payment to date.

1.6 It is recommended that the Committee:

- Agree that the council continue to pursue the transfer of ferries to Transport Scotland,
- Agree that transfer should be on the basis of 'no transfer of revenue funding',
- Refer the Committee's decision to Council to endorse their position,
- Consider how this issue should continue to be escalated.

ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

**DEVELOPMENT AND
INFRASTRUCTURE SERVICES**

16 MAY 2019

COUNCIL OPERATED FERRIES

2.0 INTRODUCTION

2.1 This report details the four ferry services the Council currently operate at a subsidised cost of around £1M per annum. Financial data is included at paragraph 4.7 below. This report also details the work carried out to date with a view to transferring these ferry services to Transport Scotland who have responsibility for running lifeline ferry services.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

- Agree that the council continue to pursue the transfer of ferries to Transport Scotland,
- Agree that transfer should be on the basis of 'no transfer of revenue funding',
- Refer the Committee's decision to Council to endorse their position,
- Consider how this issue should continue to be escalated.

4.0 DETAIL

4.1 Argyll and Bute Council is responsible for the operation of four separate ferry routes:

- Easdale – Seil (Ellenabeich) – Passenger Service
- Lismore (Point) – Port Appin – Passenger Service
- Luing – Seil (Cuan) – Vehicle and passenger Service
- Jura (Feolin) – Islay (Port Askaig) - Vehicle and passenger Service

Average annual passenger / vehicular figures are provided in the table below:-

Table 1 – Passenger / Vehicle Numbers

	Easdale	Lismore	Luing	Jura	Total
Passengers	30,000	45,000	42,500	68,000	185,500
Vehicles			22,500	28,500	51,000

- 4.2 The Easdale and Luing ferries both provide life-line services to those islands from the mainland of Lorn; the Easdale service is a passenger-only service, whilst the Luing service is a vehicular/passenger service. The Jura ferry provides a lifeline vehicular/passenger service from the island of Islay to the island of Jura i.e. an island off an island ferry service.
- 4.3 At Lismore, a separate vehicular/passenger service is operated by Calmac directly from Oban. The Council provides a passenger-only ferry service between Port Appin on the Lorn mainland and the island of Lismore – a proposal to combine both the Calmac and Council services was raised initially in Transport Scotland’s Vessel Replacement and Deployment Plan (VRDP). The 2016 annual report (published in January 2018) states that *‘this is a long-term proposal as we recognise considerable improvements will be required to port infrastructure, public transport and road links. This range of issues will require further work and engagement with the community...’* This issue has not been progressed by Transport Scotland.
- 4.4 Discussions have been ongoing between the Council and Transport Scotland for a considerable number of years regarding the transfer of the four ferry services to Transport Scotland. The rationale for these discussions being that the Council is not a statutory provider of ferry services, this function resting with Transport Scotland. The Council agreed a policy position seeking to transfer ferries to Transport Scotland providing that this could be done at no detriment to the Council in March 2012; at that time, the Council approved the proposal to undertake the Routes and Services Needs Assessment and subsequent Business Case Process that would allow the Council and Transport Scotland to consider the transfer of responsibilities for the four council-operated ferry services.
- 4.5 Transport Scotland asked the Council to complete a six stage process which provided Transport Scotland with the necessary information for them to give consideration to progressing the transfer. This process was concluded in 2017. To date, Transport Scotland have been unable to make any formal response on the submission made.
- 4.6 The Routes and Services Methodology (RSM) Explanatory Paper for Local Authorities produced by the Scottish Government included the six step process which is summarised as follows:

1. Identify the dependencies of the community
2. Define the ferry service profile that fits the communities' dependencies
3. Define the current ferry service profile
4. Compare the current and proposed service profiles to identify gaps in service provision
5. Propose and appraise options for addressing gaps in service provision
6. Prioritise options to be taken forward in the short, medium and long term.

Financial Position

- 4.7 The Council's ferry services operate at an overall loss to the Council. The net annual expenditure in 2017/2018 was £1,690,317. The 2017/2018 grant aided expenditure (GAE) received by the Council from the Scottish Government for ferries was £675,000. There is approximately £1M of subsidy being funded by the Council to these lifeline ferry services when the GAE figure is taken into consideration. Expenditure over the last 3 years is as detailed in the table below:-

Table 2 – Ferry Expenditure / Income

	Financial Year		
	15-16	16-17	17-18
Expenditure	1,612,807	2,076,844	1,952,148
Income	-224,858	-250,100	-258,335
Net Expenditure	1,387,949	1,826,744	1,693,813
Grant Aided Expenditure (GAE)	798,000	754,000	675,000
Net Cost to Council	589,949	1,072,744	1,018,813

- 4.8 The Council has investigated methods of reducing operational costs – this relates to decisions made as part of budget savings cuts put forward in 2017/18. To this end, the Council has employed a member of staff with specialist marine knowledge, to take over management responsibilities from the specialist consultant previously under contract to the Council, ASP Ship Management. To date, management responsibilities for all Lorn-based ferries have now been transferred to the Council. The management of the Jura ferry service has also been transferred to the Council with the staff moving under TUPE. Whilst there is an element of risk in taking over management responsibilities, the Council will continue to operate the four ferry routes as efficiently as possible whilst discussions with Transport Scotland continue.

Future Commitments / The Future

- 4.9 The Council's ferry fleet is an ageing asset; officers are currently compiling a

ferry-vessel replacement plan. There may be an opportunity to upgrade vessels during the replacement process and off-set costs by making savings i.e. by introducing a bow-ramp on the Easdale ferry allowing the Council to provide the island refuse collection service in-house. Replacement costs and the order of replacement is likely to be as outlined in the table below:-

Table 3 – Vessel Replacement Costs

Proposal (subject to future funding)	Estimated Timing	Estimated Costs
Short-term <ul style="list-style-type: none"> • Replace ML Easdale (main Easdale Ferry) • Replace ML Fladda (back-up Easdale Ferry) • Replace ML Torsa (Luing Passenger Ferry) • Replace ML Lismore (Lismore Passenger Ferry) 	<p style="text-align: center;">2019 / 20</p> <p style="text-align: center;">2019 / 20</p> <p style="text-align: center;">2019 / 20</p> <p style="text-align: center;">2020 / 21</p>	<p style="text-align: center;">£100,000</p> <p style="text-align: center;">£60,000</p> <p style="text-align: center;">£60,000</p> <p style="text-align: center;">£500,000</p>
Medium-term <ul style="list-style-type: none"> • Replace MV Belnahua (Luing Car Ferry) 	2025 / 26	£1,200,000
Long-term <ul style="list-style-type: none"> • Replace MV Eilean Dhiura (Jura Car Ferry) 	2028 / 29	£2,000,000

4.10 The costs outlined above do not currently form part of the Council's capital plan. Other means of funding the provision of replacement vessels are being considered i.e. leasing.

4.11 Council Officers and representatives from Transport Scotland held a series of meetings in 2016 and 2017 to consider the potential transfer of Council ferry services. A report was produced which outlined all likely future financial commitments should the transfer take place i.e. enhancement of services, replacement of ferries etc. This report currently sits with Transport Scotland.

4.12 As mentioned previously in this report, both Orkney and Shetland Councils have received financial support from the Scottish Government (last year, and again, this financial year). To date, despite providing all necessary information, Argyll and Bute Council has received no additional financial support. Clearly, further dialogue with Transport Scotland is required to address this financial anomaly. In the meantime, Council officers will continue to engage with local

communities.

5.0 CONCLUSION

- 5.1 Work will continue by Council officers to seek ways of reducing costs, by working more efficiently and, more than likely, by increasing ferry fares. From a Council perspective, it seems likely that the cost of providing ferry services will continue to be a burden for the foreseeable future.

6.0 IMPLICATIONS

- 6.1 Policy – The Council's current policy position is that the Council would seek to transfer the four ferries to Transport Scotland providing this can be done in a way that is cost effective to the Council.
- 6.2 Financial – Argyll and Bute Council is currently subsidising lifeline ferries in the region of £1M per annum.
- 6.3 Legal – None known
- 6.4 HR – Should the ferry transfer take place, there will be staffing (including TUPE) implications which will need to be dealt with in line with Council policy and procedure.
- 6.5 Equalities / Fairer Scotland Duty – None known
- 6.6 Risk – There is a risk to existing core Council services should the ongoing subsidy of lifeline ferry services continue to be made.
- 6.7 Customer Service – None known

Executive Director of Development and Infrastructure, Pippa Milne
Policy Lead, Councillor Roddy McCuish
May 2019

For further information contact: Stewart Clark, Marine Operations Manager

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ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Development & Infrastructure
Services

16 May 2019

Helensburgh Waterfront Development (HWD) – Development Funding

1. EXECUTIVE SUMMARY

1.1. The purpose of this report is to seek approval from the Policy and Resource Committee to drawdown an additional £235,000 of development funding, from the Approved Budget of **£19,510,680**, to cover the costs of the project through to September 2019.

1.2. In August 2016 the Policy and Resource Committee approved the drawdown of up to £1,000,000 to develop the project through to Full Business Case. The funding requirements were based on the project delivery model and programme as they stood at that time, and which have subsequently been subject to revision and change as set out in Sections 5.1 through 5.20 of this report.

2. RECOMMENDATIONS

The Committee is asked to:

2.1. Approve the drawdown of up to a further £235,000 in development funding to take the project through to the completion of the Full Business Case and Contract Award Recommendation Report, scheduled for September 2019.

Helensburgh Waterfront Development – Additional Development Funding

3.INTRODUCTION

3.1.The Helensburgh Waterfront Development Project is all about creating a vibrant and attractive waterfront for the town. The main feature of the project will be a new leisure facility incorporating a swimming pool, with associated parking and public realm works to meet the needs of the local community. At the same time the flood defences will be increased to address current flooding issues on the site. The new leisure facility will be run on behalf of the Council by the recently formed trust LiveArgyll.

3.2.The principle aims and objectives for the project are to:

- Develop Helensburgh as a great place to live, work and visit, by delivering a new state-of-the-art leisure facility and swimming pool which meets the needs of the Helensburgh and Lomond community
- Add to what has been achieved through other projects such as CHORD and Hermitage Park regeneration, which have created an attractive, vibrant and contemporary town Centre that is attracting residents, businesses and visitors to the area.
- To support the provision of a permanent Skate-park
- Encourage additional private sector investment in the waterfront area and town centre
- Through the steps above, support the Helensburgh and Lomond economy with increased opportunities for existing and new businesses

3.3.In August 2016 the Committee approved the drawdown of *'up to £1,000,000 from the Helensburgh Waterfront capital budget allocation to enable the project to be progressed to detailed design, secure statutory approvals and to bring forward the FBC.'* At that time the indicative programme for the delivery of the project anticipated a start on site in June 2018 with a completion date of April 2020. It was anticipated that the detailed design would be presented for approval by the Helensburgh & Lomond Area Committee in spring 2017, with the FBC coming forward to local members and the Policy & Resources Committee in August 2017.

3.4.Changes to the project delivery model, delays in securing statutory approvals, and additional design work, have all contributed to programme delays and/or additional costs. The background to these issues, along with an update on the current status of the project, are set out in more detail at Section 5 of this report.

4.RECOMMENDATIONS

The Committee is asked to:

- 4.1.Approve the drawdown of up to a further £235,000 in development funding to take the project through to the completion of the Full Business Case and Contract Award Recommendation Report, scheduled for September 2019.

5.DETAIL

Development Costs

- 5.1.In August 2016 the Committee approved the drawdown of ‘up to £1,000,000 from the Helensburgh Waterfront capital budget allocation to enable the project to be progressed to detailed design, secure statutory approvals and to bring forward the FBC.’ The estimation of development costs was made up as follows:

Cost Heading	
Professional fees for the delivery of project estimated at £1.1m (Allowance of 60% of total professional fees, used to enable project to be taken through to detailed design, planning and full business case development)	£660,000
Planning, Surveys, Site Investigations, BREEAM etc.	£240,000
Internal Costs – Project Management Function	£100,000
Total	£1,000,000

- 5.2.For the reasons set out in Sections 5.6 through to 5.9 of this report, the costs of developing the project to FBC and Contract Award Recommendation, have been revised as follows:

Cost Heading	
Professional fees, Planning, Surveys, Site Investigations etc. for the delivery of project estimated at £1.34m (Allowance of 73% ¹ of total, used to enable project to be taken through to detailed design, planning and full business case development)	£972,077.71
Planning, Surveys, Site Investigations, BREEAM etc.	Now included in above figure
Internal Costs – Project Management Function	£236,935.19
Sundries	£5,000.00
Total To Date	£1,214,012.90

- 5.3.The Anticipated Final Cost (**AFC**) for the project overall will be fully updated in the Full Business Case, as this takes account of the tender prices from the preferred bidder organisation. It will be these prices and the Live Argyll operational business model, which will ultimately be required to demonstrate the ‘affordability’ of the project to the Council.

¹ Table 5.1: Professional Fees combined with Planning, Surveys, and Site Investigations etc. Total Cost = £1,340,000, Approved Drawdown = £900,000 or 67%.

Table 5.2: Professional Fees combined with Planning, Surveys, and Site Investigations etc. Total Cost = £1,340,000, Approved Drawdown = £972,077 or 73%.

5.4. To enable the project to progress to this stage, it is recommended that we allow for a drawdown in Development Funding, of up to £1,235,000 in total, or +£235,000 on the previously approved drawdown. This would represent some 6% of the Approved Budget of £19,510,680.

5.5. As noted previously, various issues have contributed to programme delays and/or additional costs. The background to these issues, along with an update on the current status of the project, are set out in more detail below.

Project Delivery and Design Development

5.6. As part of the Council's wider budget setting exercise (FY17/18 the delivery model for Multi-disciplinary Design and Cost Management Services was reviewed. This resulted in the multi-disciplinary design team and cost management services for the HWD project using existing internal resources wherever possible.

5.7. The requirement for additional design works to bring all architectural and engineering elements up to Stage 2 Completion status introduced additional time (600 man hours) and professional fees (£30k). This included significant informal and formal public consultation.

Planning Permission

5.8. The full planning application was submitted on 20 July 2018. Unfortunately the planning approvals process took significantly longer than expected due to concerns over the impact of new UK Climate Change Predictions (UKCP18) which were not due for publication until the end of November 2019. As a consequence of the UKCP18 Data the project proposals were modified.

5.9. Full planning permission was granted in January 2019, subject to a number of planning conditions. Taking the project through the planning application process added a minimum of an additional 12-weeks to the project programme, and incurred additional Design Team and Project Management fees.

CURRENT STATUS OF THE PROJECT

Procurement Process Update

5.10. We published the Contract Notice and issued the European Single Procurement Document (ESPD), which replaced the old Pre-Qualification Questionnaire (PQQ), on 4th February 2019. This initiated the formal procurement exercise for the Principal Works Contractor, and the key milestones for the next stages are as follows:

- Deadline for Submission of European Single Procurement Document (ESPD) by interested parties was 11th March 2019 (this used to be referred to as the Pre-Qualification Stage). As at that date we received four submissions from interested parties.
- Following the assessment of the ESPD submissions, we expect to issue the Invitation to Tender to suitable candidates on 13 May 2019
- Deadline for returning Tenders would be 27 June 2019
- Contract award would follow on from the approval of the Full Business Case (FBC) and Contract Award Recommendation Report, and we intend to bring these forward for approval through September 2019.

5.11. Members should note that starting the procurement exercise for the main works contract provides hard market data and prices, which will enable the project team to make subsequent and informed recommendations to the Committees of the Council with respect to the affordability of the project overall. Starting the procurement exercise does not commit the Council to awarding a contract, nor does it commit any significant capital expenditure, over and above the development funding, at this stage.

Full Business Case

5.12. The preparation of the Full Business Case (FBC) is being undertaken in accordance with HMT Green Book Guidance. The FBC development is a mandatory part of the business case development process, which is completed following procurement of the scheme – but prior to contract signature – in most public sector organisations.

5.13. The purpose of the FBC is to:

- Identify the ‘market place opportunity’ which offers optimum Value For Money (VFM);
- Set out the negotiated commercial and contractual arrangements for the deal;
- Demonstrate that it is ‘unequivocally’ affordable;
- Put in place the detailed management arrangements for the successful delivery of the scheme.

Programme Update

5.14. The project’s development has been proceeding on the basis of the key milestones approved by members in June 2018 with the approval of the Stage 3 End Stage Report. We have developed further detail in respect Stage 4, including the procurement of the works contract and the development of the FBC following the determination of our Planning Application.

5.15. Delays in obtaining Planning Permission and allowing additional time during the ESPD Assessment process, to clarify requirements with bidding organisations, has meant that dates have slipped back by an estimated four months. Whilst any delay is unwelcome, it is important that we take the necessary time during the procurement exercise to ensure that we get the right contractor for the delivery of the works. Given the complex nature of the project, a few additional weeks now, could save significant time and costs later. The current project programme, which is yet to be informed by the successful contractors Construction Programme, includes the following milestones:

Project Programme		
Stage	Milestone/ Product/ Activity	Target Date
7	Building Warrant Process	July 2018 to June 2019
8	Procure Main Works Contractor	1 February 2019 to 17 August 2019
9	Full Business Case and Contract Award Recommendation Approval	26 September 2019

Project Programme		
Stage	Milestone/ Product/ Activity	Target Date
10	Observe Standstill Period	2 October to 11 October 2019
11	Award Principal Works Contract	14 October 2019
2	Contract Start-up Meeting	Mid October 2019
3	Main Works Contractor Appointment and Mobilisation Period	Mid October 2019 to Mid November 2019
4	Construction Period for Flood Defences and New Leisure Centre	November 2019 to 13 October 2021
5	Staff Migration from existing building and familiarisation with new	October 2021 to November 2021
6	New Swimming Pool Opens	November 2021
7	Demolition of Existing Pool and Completion of Landscaping/Car Park	November 2021 to March 2022
8	End of Defects Rectification Period Stage 1 and Stage 2	October 2022
9	End of Defects Rectification Period Stage 3	March 2023
10	Project Close Out Report	April/May 2023

Note: all dates are indicative and subject to: the award of the main works contract; and the subsequent submission/agreement of the Master Works Programme by the Contractor and the Council.

UPDATE ON BUDGET AND DEVELOPMENT COSTS

Budget

5.16. In December 2018 Members recommended to the Policy and Resources Committee that additional funding should be made available for the delivery of environmental improvements/public realm works at the north of the site. At the 21 February 2019 Full Council Budget meeting, Members approved this additional budget allowance, taking the approved budget to **£19,510,680**. Whilst this is a major commitment of capital, we recognise that there are still expected to be significant challenges to overcome, including:

- Overall affordability of the project at a time of a reduced capital budget within the Council, and with an expectation that the year-on-year situation is unlikely to show an improvement in the short to medium term.
- Reduced availability of capital funding from external sources, with the focus moving away from local authorities and towards community and

third sector organisations.

- Availability of construction resources, including engineering personnel, general labour, plant, equipment and materials with a number of nationally important projects coming on stream e.g. HS2, A9 Dualling etc.
- Impact of Construction Industry Inflation on the affordability of the project e.g. Input prices for materials and fuels rose by 4.7% in the year through January 2018. Construction Industry Inflation is forecasted at a 1% tender price growth for both 2019 and 2020, increasing in the longer term to 1.5% in 2021 and 2022.
- The cost of diverting or tying-in to existing utilities
- Appeal of the contract opportunity to the market place

6.CONCLUSION

6.1.The Helensburgh Waterfront Development project is a complex, multi-disciplinary project that includes a number of: design and construction interfaces; statutory approvals; construction logistics; and utility diversion and upgrading requirements.

6.2.The Project Team has published the Contract Notice for the main works contract, and is on programme to issue the Invitation To Tender on 28 April 2019, and subsequently to bring forward the FBC and Contract Award Recommendation for approval following summer recess in 2019.

7.IMPLICATIONS

7.1.**Policy** - The delivery of these projects fits with, as appropriate, the Council's Corporate Plan, Single Outcome Agreement, Economic Development Action Plan and approved Local Development Plan key actions and policy for safeguarding our built heritage and town Centre regeneration.

7.2.**Financial** - At the 21 February 2019 Full Council Budget meeting, Members approved this additional budget allowance, taking the approved budget to **£19,510,680**. We are now seeking authority to drawdown up to a maximum of £1,235,000 from that Approved Budget.

7.3.**Legal** - Legal Services will provide support as and when required.

7.4.**HR** - The Helensburgh Regeneration Project Manager continues to manage the project on a day to day basis, supported by colleagues from other departments of the Council.

7.5.**Equalities/Fairer Scotland Duty** - An Equalities and Social Inclusion Assessment will be undertaken during the next stage of project development and reviewed on a regular basis as the project progresses.

7.6.**Risk** - The Helensburgh Waterfront Development Project has a costed Risk Register which is regularly monitored and updated, with reports provided to members at key project milestones.

7.7.**Customer Service** - None.

Executive Director of Development & Infrastructure Services – Pippa Milne
Policy Lead – Cllr Gary Mulvaney

3 May 2019

For further information contact: John Gordon, CHORD Programme Manager, Tel: 01369 708457, Mob: 07901 516 106

ARGYLL & BUTE COUNCIL
CUSTOMER SERVICES

POLICY AND RESOURCES
COMMITTEE
16 MAY 2019

EXTRACT OF SPECIAL MEETING OF THE MID ARGYLL, KINTYRE AND THE ISLANDS AREA COMMITTEE HELD ON 24 APRIL 2019

4. TARBERT AND LOCHGILPHEAD REGENERATION PROJECT – IMPROVEMENTS TO BARMORE ROAD/GARVEL ROAD JUNCTION, TARBERT

The Committee gave consideration to a report providing a full business case to progress with improvements to the junction of Barmore Road with Garvel Road, Tarbert, via the Tarbert and Lochgilphead Regeneration Fund.

Decision:

The Mid Argyll, Kintyre and the Islands Area Committee agreed to recommend to the Policy and Resources Committee that:

1. the full business case is approved and that Council funding of up to £295,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund; and
2. that delegated authority be afforded to the Executive Director of Development and Infrastructure Services for the delivery of the project as per the agreed programme (Appendix 1, Section 4).

(Reference: Report by Executive Director of Development and Infrastructure Services, dated 24 April 2019, submitted)

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ARGYLL AND BUTE COUNCIL

Mid Argyll, Kintyre and the Islands
Area Committee

Development & Infrastructure
Services

24 April 2019

Tarbert and Lochgilphead Regeneration Fund – Improvements to the Barmore Road / Garvel Road Junction, Tarbert – Full Business Case

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides for consideration, a full business case to progress with improvements to the junction of Barmore Road with Garvel Road, Tarbert via the Tarbert and Lochgilphead Regeneration Fund.
- 1.2 To assess this project officers have developed a full business case that has been assessed and scored by Strategic Finance using the assessment criteria and weightings as agreed by the Strategic Assessment Management Board.
- 1.3 Following the assessment, it is considered that overall the impacts of the project are sufficient to enable the Council's funding to be confirmed, subject to committee approval. If the Committee approve the funding the project will progress to the construction phase with a projected site start in September 2019.
- 1.4 The delivery of the improved junction will enable Tarbert Harbour Authority to progress with the extension of their car parking facilities and will provide opportunities for further development on Garvel Road.
- 1.5 The projected costs for the project based on the latest estimate is no greater than £295,000.

Recommendations

- 1.6 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to recommend to Policy and Resources Committee that:
- a) The full business case is approved and the Council funding of up to £295,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund.
 - b) Delegated authority be afforded to the Executive Director of Development and Infrastructure Services for the delivery of the project as per the agreed programme (Appendix 1, Section 4)

ARGYLL AND BUTE COUNCIL

**Mid Argyll, Kintyre and the Islands
Area Committee**

**Development & Infrastructure
Services**

24 April 2019

Tarbert and Lochgilphead Regeneration Fund – Improvements to the Barmore Road / Garvel Road Junction, Tarbert – Full Business Case

2.0 INTRODUCTION

- 2.1 This report provides for consideration, a full business case (Appendix 1) to progress with improvements to the junction of Barmore Road with Garvel Road, Tarbert.
- 2.2 On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed the six projects which should proceed to full business case through the Tarbert and Lochgilphead Regeneration Fund. The decision was ratified by the Policy and Resources Committee on 19 October 2017.
- 2.3 It was noted that full business cases for each of the projects will be submitted for consideration by committee as they become available given that each of the projects will develop at a different pace. The agreed projects included an allocation of up to £410,000 for improvements to the junction of Barmore Road with Garvel Road. The project has now been developed and the projected cost will not exceed £295,000. It is proposed that the budget allocation remains at £410,000 until the project is at the construction phase and there is no risk of the costs increasing.
- 2.4 A full business case has been prepared by Economic Development and assessed by Strategic Finance using the assessment criteria and weightings as agreed by the Strategic Asset Management Board.

3.0 RECOMMENDATIONS

- 3.1 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to recommend to Policy and Resources Committee that:
- 1) The full business case is approved and that Council funding of up to £295,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund.
 - 2) Delegated authority be afforded to the Executive Director of Development and Infrastructure Services for the delivery of the project as per the agreed programme (Appendix 1, Section 4).

4.0 DETAIL

- 4.1 The Tarbert and Lochgilphead Regeneration Fund (TLRF) includes two projects in Tarbert as follows:
- T02 - Improvements to the junction at Barmore Road with Garvel Road.
 - T11 - Improvements to the shore side facilities to be delivered by the Tarbert Harbour Authority (THA) supported by grant funding from the TLRF. This project is split into two elements as detailed within sections 4.2 and 4.3.
- 4.2 Shore Side Facilities – This includes 4 stages:
- A new wash house and laundry block has been constructed with support from the Coastal Communities Fund. Work was completed in January 2019 and the facility is now in use.
 - The refurbishment of the existing wash facilities building to house the office and chandlery. A grant of £125,000 from the T&LRF was awarded in July 2018 and work started on site in November 2018 and is due to be completed in the spring.
 - The provision of a new waste facility this summer.
 - Proposals for a new fuelling berth.
- 4.3 Funding towards the construction of new car parking facilities next to the marina. This project is reliant upon the upgrade of the Barmore Road and Garvel Road junction. THA are planning to start on site in January 2020 to ensure that the new car park is available for the Scottish Series in May 2020. It should be noted that work cannot start on the car park until the junction improvement work is completed.
- 4.4 In accordance with the decision of the MAKI committee in September 2017 the junction improvement project is being developed and delivered by Council officers. The main point of contact is the Transformation Projects and Regeneration Team (TPRT) in close conjunction with Roads and Amenity Services.
- 4.5 Following a make or buy exercise in April 2018 Economic Development (TPRT) commissioned Roads and Amenity Services (The Infrastructure Design Team) via a Service Level Agreement to formally commence with initial design works. The total agreed budget for preliminary design was up to a maximum of £10,000 and overall responsibility for the design phase sits with the Infrastructure Design Team.
- 4.6 The initial design work (Stage 1) was completed in December 2018 at a total cost of £8,538.30 and included:
- Consultation with stakeholders including utility providers and the Highway Authorities.
 - Confirmation of third party land requirements.
 - Initial planning enquiries.

- Estimated costs for construction of the preliminary design.
- 4.7 In January 2019 an additional make or buy update report was approved for the Infrastructure Design Team to complete the detailed design (Stage 2) up to the value of £7,000. This stage is now nearing completion and includes; final drawings, further liaison with stakeholders, estimated costs from utilities providers and revised cost estimates for the construction phase. The total design costs incurred to date is £16,000. Other costs to date include ground testing, lighting design, planning and utilities fees. It should be noted that the design outputs have been accelerated to focus on updating the design documentation for estimation to support the project approval process. Some consultation elements are to be closed out but are not expected to materially affect the project outcomes.
- 4.8 Subject to approval to proceed with the project by the Area Committee and Policy and Resources Committee a further make or buy update report will be required to engage the Infrastructure Design Team to manage the construction phase. This will include full responsibility to ensure that the project is delivered:
- On budget (total project cost does not exceed £410,000)
 - By the 31 December 2019
- 4.9 The capital works will be carried out by the internal Operations Team. This approach has been recommended following a make or buy exercise carried out by the Procurement Team.
- 4.10 To accommodate the proposed junction improvements there is a requirement to purchase land from two separate owners. The land acquisition process is being led by the Estates Section with support from Legal Services. Discussions have taken place with both land owners and agreements are now in place.
- 4.11 Scottish Water are planning to carry out major infrastructure works on Harbour Street. The projected start date is January 2020 but this has still to be confirmed. This includes some work at the south end of Barmore Road and Roads and Amenity Services have notified us that it may not be possible to have traffic management measures in place for both projects at the same time. To avoid the possibility of conflict the junction improvement work must be completed by the end of December 2019. Officers from Roads and Amenity Services are in liaison with Scottish Water and are monitoring the situation.
- 4.12 As agreed by MAKI a full business case (FBC) had to be developed for the project. As the project involves a Council asset the FBC has been prepared in accordance with the Capital Programme Planning and Management Guide. This includes a detailed Risk Log Worksheet (Appendix 2) that sets out the chance, impact and mitigating actions for each risk.
- 4.13 The FBC has been assessed and scored by Strategic Finance using the assessment criteria and weightings as agreed by the Strategic Assessment Management Board and indicated in Appendix 3. The overall score is rated in accordance with the following table:

Business Case Score	Rating
80% -100%	4 (Max.)
70% - 79%	3
60% - 69%	2
Less than 60%	1 (Min.)

Full Business Cases should attain a rating of 4 for them to be considered for progression to the implementation stage.

As per Appendix 3 the junction improvement project secured a score of 80.29% and a rating of 4 therefore it can progress to the implementation stage.

5.0 CONCLUSION

5.1 On the basis of the assessment it is recommended that Council funding of up to £295,000 is confirmed for improvements to the Barmore Road and Garvel Road junction from the Tarbert and Lochgilphead Regeneration Fund. Responsibility for the delivery of the project will be delegated to the executive Director of Development and Infrastructure Services. This project will deliver a key component of the Tarbert and Lochgilphead Regeneration Fund and will enable the Tarbert Harbour Authority to progress with further development that will have benefits for the local economy.

6.0 IMPLICATIONS

6.1 Policy – The project offers the opportunity to support the outcomes of Council's Corporate Plan as well as the Outcome Improvement Plan, Economic Development Action Plan and Local Development Plan. It will deliver a key component of the Tarbert and Lochgilphead Regeneration Fund.

6.2 Financial – Maximum cost of £295,000 from the Tarbert and Lochgilphead Regeneration Fund. To date a total of £21,000 has been committed developing the project. This includes design costs of £16,000 with remainder on; ground testing, lighting design, planning and utilities fees.

6.3 Legal – Governance and Law are dealing with the acquisition of land to enable the project to proceed to the construction phase.

6.4 HR – None at this time

6.5 Equalities / Fairer Scotland Duty - None

6.6 Risk – As indicated within the risk log (Appendix 2).

6.7 Customer Service – None at this time

**Executive Director of Development and Infrastructure Services Pippa Milne
Policy Lead Aileen Morton**

02 April 2019

For further information contact:

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APPENDICES

Appendix 1 - Full Business Case

Appendix 2 – Risk Log

Appendix 3 – Assessment and scoring of Full Business Case

ARGYLL & BUTE
COUNCIL
FULL BUSINESS CASE FOR SERVICE DEVELOPMENT
PROJECTS

DEPARTMENT DIS **SERVICE** Economic Development

Project Name: Improvements to Barmore Road/Garvel Road Junction, Tarbert
 (T02)

1. Executive Summary:

The Argyll and Bute Council 2016-17 budget included an announcement of a £3 million area regeneration fund to be focused upon the Mid Argyll area. The main objective of the 'Tarbert and Lochgilphead Regeneration Fund' (TLRF) is to promote regeneration and economic development of the area with a focus on creating jobs, growing the population and/or stimulating private sector activity.

Improvements to the junction at Barmore Road and Garvel Road, Tarbert was one of the six projects selected to proceed to full business case.

The main objectives of this proposal are:

- To improve the safety of the junction and to regularise its arrangement to make it easier for vehicles to enter and exit Garvel Road in all directions.
- To remove constraints on development which currently affect Garvel Road due to the nature of the existing junction and thereby facilitate additional development. Development potential exists on land owned by Tarbert Harbour Authority and there may also be some small-scale potential for residential development.
- To allow Tarbert Harbour Authority to progress their proposals for development of their land, including the construction of a new car park and the possible creation of workshops and/or self-catering accommodation.

The project outcomes are expected to be:

- A safer junction which enables additional development of Tarbert Harbour facilities which would result in an increased number of people using the harbour area and spending longer resulting in an increase in footfall across the town.
- Addressing market failure/stimulating private sector activity: This infrastructure project would not be addressed by the private sector unless significant development land could be released, this is not expected.
- Environmental Regeneration: Potential for some improvements to this area.
- Supporting jobs: Could support jobs during the construction phase.

Under the do nothing option the existing junction arrangements would remain in place and the objectives of the T&LRF would not be met. This option would not deliver any improvements over the current situation and the restrictions on additional development along Garvel Road would remain. This will mainly impact Tarbert Harbour Authority's development plans for the vicinity. Existing maintenance of the junction is expected to continue with ongoing revenue implications.

Under the improved junction option a realigned junction would be provided where Garvel Road joins the A83 Barmore Road. This option would help to improve visibility and safety at the junction and would in turn enable further development to be accommodated along Barmore Road. The additional maintenance of the widened carriage way, embankment and additional pavement areas is negligible or nil.

The project is being delivered by the Transformation Projects and Regeneration Team in close conjunction with the Infrastructure Design Team who are responsible for the design works and supervision of the construction phase. The detailed design phase is nearing completion and the estimated costs for the project are £295,000. This is well within the total available budget of £410,000.

The capital works will be carried out by the internal Operations Team. This follows the completion of a Make or Buy Recommendation Report based on estimated costs prepared by the Network and Standards Team.

To accommodate the proposed junction improvements there is a requirement to purchase land from the Tarbert Harbour Authority and Scottish Fire and Rescue Service. The land acquisition process is being led by the Estates Section and agreement has been reached with both land owners.

A draft programme (See section 4) has been prepared that allows for capital works to be carried out between September and November 2019. The programme will enable Tarbert Harbour Authority to build a new car park that is available for use for the Scottish Series in May 2020.

2. Impact on Council Plans:

The project links directly to the Council's Corporate Plan:

As outcomes that also relate to national policy:

- Our Economy is diverse and thriving
- We have an infrastructure that supports sustainable growth
- People will live in strong and safer communities

As priorities

- We make the most of our assets to build the local economy
- We strengthen and empower our communities

Outcome 2 of the Council's Outcome Improvement Plan states that we have infrastructure that supports sustainable growth. The junction improvement will allow better use of infrastructure to promote the conditions for economic growth including the enhancement of the built environment and providing opportunities for further investment in community facilities and the possibility of investment in housing at the far end of Garvel Road.

The investments section of the Mid Argyll, Kintyre and the Islands EDAP highlights how investment in communities will in turn attract further business investment, stimulate economic activity and deepen access to the labour market across MAKI.

The project will support Local Development Plan AFA 13/1 Tarbert Harbour and Conservation Area Strategic; harbour improvements, regeneration and environmental improvements.

The project has already been subjected to a rigorous internal assessment process and has secured initial approval as noted below:

The Argyll and Bute Council 2016-17 budget included an announcement of a £3 million area regeneration fund to be focused upon the Mid Argyll area. The agreed main objective for the Tarbert and Lochgilphead Regeneration Fund (TLRF) is:

To promote the regeneration and/or economic development of the Mid Argyll area with a focus on creating jobs, growing the population and/or stimulating private sector activity.

The initial criteria for the fund were agreed by the Policy and Resources Committee on 12 May 2016. This was used to inform the consideration of proposed projects.

Following extensive public consultation a number of projects were proposed. In December 2016 the Mid Argyll, Kintyre and the Islands Area Committee considered an initial assessment of projects and selected 11 projects for further consideration. The MAKI decision was ratified by the Policy and Resources Committee on 15 December 2016.

On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed the six projects which should proceed to full business case and this decision was ratified by the Policy and Resources Committee on 19 October 2017. This project was one of the six projects shortlisted.

3. Affordability:

As part of the approval process for the TLRF an allocation of up to £410,000 has been agreed for the project subject to the assessment of the full business case. The allocation was based on an initial estimate prepared by Roads and Amenity Services in 2017 and included £360,000 for construction works and £50,000 for design work and fees etc. There is no external funding involved.

Based on detailed design information, the Network and Standards Team have provided estimated construction costs. All other costs including; land acquisition, design, construction management and contingencies have been added taking the estimated total project cost to £295,000. The construction costs have been assessed as part of a Make or Buy Recommendation exercise. The report recommends that the works be delivered internally by Argyll and Bute Council internal Operations Team.

Wider junction mouth – It had been suggested that the wider junction mouth would result in an increased revenue costs for maintenance over the long-term. When considered in the context of the Argyll and Bute road network the additional cost are negligible or nil.

4. Deliverability/Work Schedule:

The main point of contact is the Transformation Projects and Regeneration Team (TPRT) in close conjunction with Roads and Amenity Services. Officers from various sections are involved in both the development and constructions phases. Project roles and responsibilities have been clearly defined.

Design Phase: Following a make or buy exercise in April 2018 Economic Development (TPRT) commissioned Roads and Amenity Services (The Infrastructure Design Team) via a Service Level Agreement to carry out the preliminary design work. On January 2019 an additional make or buy update report was approved for the Infrastructure Design Team to complete the detailed design. This stage is now nearing completion and includes; final drawings, further liaison with stakeholders, estimated costs from utilities providers and revised cost estimates for the construction phase. The total design costs incurred to date is £12,000. It should be noted that the design outputs have been accelerated to focus on updating the design documentation for estimation to support the project approval process. Some consultation elements are to be closed out but are not expected to materially affect the project outcomes.

Subject to approval of the full business case and subsequent approvals by the Area Committee and Policy and Resources Committee a further make or buy update report will be required to engage the Infrastructure Design Team to manage the construction phase. This will include full responsibility to ensure that the project is delivered by the 31 December 2019 for the lowest possible cost.

Construction Phase: The capital works will be carried out by the internal Operations Team possibly with assistance from local contractors whose usage will be determined by on site requirements and internal staff availability. This approach has been recommended following a Make or Buy exercise. An internal agreement will be prepared between Economic Development and Roads and Amenity Services outlining key points such as; costs, timescales and reporting. Roads and Amenity Services will oversee the construction and the Infrastructure Design Team will conduct site observation/liaison to ensure the design requirements are met.

The land acquisition process is being led by the Estates Section with support from Legal Services and to accommodate the proposed junction improvements there is a requirement to purchase land from two separate owners as follows:

- 1) An area of land (305m²– or thereby) on the south side from the Tarbert Harbour Authority. Agreement has been reached but the formal transfer will not take place until the full business case has been approved by the Policy and Resources Committee on the 16 May 2019.
- 2) Two small areas of land (15m² and 6m² respectively) from the Scottish Fire and Rescue Service. Agreement has been reached with the land owner and the transfer will be completed as soon as possible.

Utilities – C3 level estimated costs have been obtained from all utilities providers. C4 requests were submitted on the 28 March 2019.

Ground Investigation (GI) – Geotechnical testing was carried out on the 7 March

2019. The ground conditions are suitable for construction. Scottish Water are planning to carry out major infrastructure works on Harbour Street. The projected start date is early 2020. This includes some work at the south end of Barmore Road and Roads and Amenity Services have notified us that it may not be possible to have traffic management measures in place for both projects at the same time. To avoid the possibility of conflict the junction improvement work must be completed by the end of December 2019. Officers from Roads and Amenity Services are in liaison with Scottish Water and are monitoring the situation.

Programme – See below.

Following discussions with all relevant stakeholders including the Tarbert Harbour Authority a programme has been prepared. Please see below:

- 22 February 2019 – Revised costs from Roads and Amenity Services
- 7 March – First draft FBC to Strategic Finance
- 22 March – Make or buy exercise for capital phase complete
- 02 April – FBC assessment completed
- 8 April – MAKI report submitted to Executive Director
- 15 April - Final MAKI report to Governance
- 24 April - Special MAKI Area Committee
- May – Policy and Resources pre-agenda
- 16 May – Policy and Resources committee
- June-August – Completion of land acquisition
- August – Mobilisation for construction
- 02 September – Site start (13 week contract)
- 29 November – Construction works complete

5. Risk Log:

The Risk Log Worksheet sets out the chance, impact and mitigating actions re the following:

- Agreed costs increase during capital works
- Utility problems
- Unforeseen technical difficulties
- Missed opportunity to improve safety of junction and enable development that will provide further economic benefits to the community
- Project is not completed by 31 December 2019
- Planning issues
- Approval from Transport Scotland
- MAKI Area Committee or Policy and Resources Committee do not approve capital funding
- Future development does not materialise
- Total project costs exceed available budget
- Reputational damage to Council if project is not delivered
- Internal client concerns
- Salient points missed in Full Business Case development

- Additional land cannot be acquired
- Scottish Water project on Harbour Street impacts on delivery
- Poor contractor performance
- Poor project management of capital phase
- Infrastructure Design Team resources due to other commitments
- Public perception (expenditure)

Argyll & Bute Council									
Project Description Improvements to Barmore / Garvel Road Junction, Tarbert (T02)									
			RISK ASSESSMENT/RISK LOG WORKSHEET						
Ref	Category	Risk Description	Chance	Impact	Score	Risk Level	Risk Lead	Risk owner	Risk Reponse
1	project	Agreed costs increase during capital works	3	4	12	Amber	Infrastructure Design	Graham Nash	Managed
2	project	Utility problems	3	4	12	Amber	Infrastructure Design	Graham Nash	Managed
3	project	Unforeseen technical difficulties	3	4	12	Amber	Infrastructure Design	Graham Nash	Managed
4	political / community	Missed opportunity to improve safety of junction and enable development that will provide further economic benefits to the community	3	4	12	Amber	Council	Argyll and Bute Council	Managed
5	strategic & financial	Project is not completed by 31 Dec 2019	2	5	10	Amber	Economic Development	James Lafferty / Audrey Martin	Managed
6	statutory	Planning issues	2	5	10	Amber	Infrastructure Design	Graham Nash	Managed
7	statutory	Approval from Transport Scotland	3	5	10	Amber	Infrastructure Design	Graham Nash	Mitigated

8	strategic & financial	MAKI or P&R do not approve capital funding	2	5	10	Amber	Council	James Lafferty / Audrey Martin	Mitigated
9	project	Future development does not materialise	2	5	10	Amber	Economic Development	Audrey Martin	Managed
10	project	Total project costs exceed available budget	2	5	10	Amber	Infrastructure Design	James Lafferty / Audrey Martin / Graham Nash	Mitigated
11	Reputational	Reputational damage to Council if project is not delivered	2	5	10	Amber	Economic Development	James Lafferty / Audrey Martin	Managed
12	strategic & financial	Internal client concerns	3	3	9	Amber	Economic Development	James Lafferty / Audrey Martin	Mitigated
13	project	salient points missed in FBC development	3	3	9	Amber	Economic Development	James Lafferty / Audrey Martin	Mitigated
14	project	Additional land cannot be acquired	2	4	8	Amber	Estates/Legal	Dougie Boutell	Mitigated
15	project	Scottish Water project impacts on delivery	2	4	8	Amber	Infrastructure Design Roads and Amenity Svices	Graham Nash	Managed
16	operational	Poor performance contractor	2	4	8	Amber	Operations Team	Julian Green	Managed

17	project	Poor project management of capital phase	2	4	8	Amber	Infrastructure Design	Graham Nash	Managed
18	operational	Infrastructure Design Team resources due to other commitments	2	3	6	Green	Infrastructure Design	Arthur McCulloch	Managed
19	project	Public perception (expenditure)	2	3	6	Green	Council	James Lafferty / Audrey Martin	Managed

Mitigating Action
Initial estimates and detailed design estimates well within allocated budget of £410k. However, every effort will be made to deliver for lowest possible cost to <u>maximise savings</u>
C3 process complete. Utility estimates received. C4 requests submitted 27 March. Detailed estimates will be received within the statutory 6 weeks.
Relatively straightforward project and ground testing has been carried out
Project progressing as per programme and within budget. All risks being managed. This risk will be eliminated.
Overall responsibility sits with Economic Development. Project is progressing as per programme and will be delivered within agreed timescales
Initial feedback received from Planning Services with no concerns. Planning application submitted, still to be <u>validated</u>
On-going discussions with Transport Scotland who support the improvement to the junction. Formal approval will be secured. This will remove this risk

<p>Highly unlikely given that initial approval has been granted based on OBC and costs are within agreed budget. Risk can be removed following MAKI and P&R <u>approvals</u></p>
<p>New build shower and laundry block complete. Refurbishment of new office block in progress. Draft business case for new car park completed. Other plans progressing. Regular meetings with THA regarding these other elements to ensure that they are delivered</p>
<p>Total project costs well with within agreed budget. Individual elements being monitored and updated as further information becomes available.</p>
<p>Project is progressing as per agreed programme. Risks are being managed.</p>
<p>Appropriate staff resource to be afforded to support and supervise the project. Supervision and cost control of capital works - this will be covered in the Make or Buy extension for Inf. Design. Roads and Amenity will deal with operational aspect and will commission additional manpower if required.</p>
<p>FBC scoring process may draw out issues. Early review of FBC by Project Team. Asset Management Board would be informed of significant concerns as the project <u>develops</u>.</p>
<p>Estates Dept have secured agreements with both land owners. Legal Dept. dealing with conveyancing</p>
<p>Scottish Water have confirmed that their projected site start at Harbour Street is January 2020. Should not impact on this project</p>
<p>The Operations Team have experience of delivering <u>similar projects</u></p>

Project management arrangements. This will be dealt with as part of the Make or Buy extension of design services.

Majority of design work complete. Resources available for final design, consultation with utilities providers and construction phase

Initial allocation of £410,000 for junction well received by community. The final cost will be significantly lower.

ARGYLL & BUTE COUNCIL

ASSET MANAGEMENT STRATEGIC BOARD

FULL BUSINESS CASE RATING

PROJECT: Improvements to Barmore Road/Garvel Road Junction, Tarbert

			Matrix Score
1	Executive Summary		
		Brief statement of what is proposed.	N/A
2	Impact on Council Plans		
		Corporate Plan	
		Service plans	
		Area Plans	
		Corporate Strategies	
		Carbon Management Plan	
		Compliance with National and Legal Priorities.	45.20
3	Affordability		
		Capital Costs	
		Ongoing Revenue Costs	
		External Funding	13.00
4	Deliverability		
		Timescales for deliverability	
		Management arrangements to deliver project	
		Residual/knock on consequences	10.84
5	Risk		
		Impact risks	
		Delivery risks	
		Affordability risks	
		Risk Management arrangements	
		Risk of not proceeding with project	11.25
	Total Matrix Score		80.29
	Rating		

Calculation of Rating:

- 4 = matrix score of 80-100%
- 3 = matrix score of 70-79%
- 2 = matrix score of 60-69%
- 1 = matrix score of less than 60%

Comments

Add any comments on the rating of the project.

Prepared by:

Reviewed by:

Appendix 3 Full Business Case Appraisal Assessment and Weightings						
Assessment	Features of Strong Projects	Features of Weak Projects	Issues to Consider	Score	Weight	Weighted Score
Impact: The project will make explicit contributions to the Council's plans and strategies and will ensure compliance with external requirements				Max. 10 Min. 0		
Impact on Corporate Plan	Clear links to corporate plan that demonstrate how the project will contribute to strategic objectives.	Links are not clear and the relationship to strategic objectives is vague.	To encourage active and caring communities. To encourage a growing sustainable economy in Argyll & Bute. Etc.	10	3.000	30.00
Impact on Service Plans	Clear links to service plans that demonstrate how the project will contribute to service priorities.	Links are not clear and the relationship to service priorities is vague.	What service priorities does this impact on? e.g. Streetscene; performance culture; recycling.etc.	10	0.400	4.00
Impact on Area Plans	Clear links to area plans that demonstrate how the project will contribute to area priorities.	Links are not clear and the relationship to area priorities is vague.	What Area priorities does this affect? e.g. Rothesay waterfront/centre; Helensburgh town centre; Jura transport initiative; Dunoon marine gateway; Oban action plan; etc.	10	0.400	4.00
Impact on Corporate Strategies	Clear links to identified corporate strategies that demonstrate how the project contributes to these.	Links are not clear and the contribution of the project is vague.	Consider relationship with:- Asset Management Strategy; ICT Strategy; Customer First Strategy; Transport Strategy; Any other overarching Council strategy.	9	0.400	3.60
Impact on Carbon Management Plan	Clear links to identified Carbon Management Plan that demonstrate how the project contributes to the Plan.	Links are not clear and the contribution of the project is vague.	Identifies improvements to assist in the achievement of Corporate targets to reduce carbon footprint	0	0.400	0.00
Impact on Compliance with Legal and National Priorities.	Compliance and national priorities clearly identified and the relationship of the project clearly demonstrated.	Vague reference to compliance issues and national priorities without specific identification of relationships.	Sustainability; Equality; Health & Safety; Environmental etc.	9	0.400	3.60
Affordability: The project is an acceptable and prudent financial investment for the Council and the Council can sustain the ongoing running costs.						

Capital costs are affordable	Net capital costs are low.	Net capital costs are high.	Points awarded on scale basis: Net cost less than £100k = 10 pts £100k to £250k = 9 points; £251k to £500k = 8 points ; £501k to £750k = 7 points ; £751k to £1m =6 points; £1 to £1.5m = 5pts; £1.5m to £2m = 4pts; £2m to £2.5m = 3pts; £2.5m to £5m = 2pts; £5m to £10m = 1pt; Over £10m. = 0 pts.	8	1.00	8.00
Ongoing revenue costs are affordable	Net revenue costs are low	Net revenue costs are high.	No impact on revenue costs equals 5 points. Increase by 1 point for every 10% decrease in revenue costs. Decrease by 1 point for every 10% increase in revenue cost.	5	1.00	5.00
External funding leveraged by the project	Significant external funding levered in	No external funding levered in.	No external funding equals 0 points. Increase of 1 point for each 10% of external funding i.e.41-50% of external funding equals 5 points.		0.50	0.00
Deliverability: The project can be delivered successfully.						
Timescales for delivery	The timescale for delivery is clearly stated and is acceptable.	The timescale for delivery is not clearly stated or is unacceptable.	Land acquisition; planning permission; environmental issues; level of staff input; tendering requirements.	9	0.42	3.78
Management arrangements to deliver project	The management arrangements for the project are clearly stated and are acceptable.	The management arrangements for the project are not clearly stated or are unacceptable.	Project Manager and Project Team identified and named. Extent of discussions with all parties involved	9	0.42	3.78
Residual/knock on consequences	The residual or knock on consequences of the project are clearly stated and are acceptable.	The residual or knock on consequences of the project are not clearly stated or are unacceptable.	Is the project self contained to one service? Have impacts on other services been identified and discussed?	8	0.41	3.28
Risk: Progressing the project does not expose the Council to unacceptable risk.						
What are impact risks	The risks of not making the intended impact as outlined above have been identified and are assessed as limited.	The risks of not making the intended impact as outlined above have not been identified or are assessed as significant.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	9	0.25	2.25

What are delivery risks	The timescale, management arrangements and residual or knock on consequences have been robustly constructed and the related risks are clearly identified and are limited.	The timescale, management arrangements and residual or knock on consequences have only been compiled on a vague basis or not clearly identified or there are significant or unpredictable risks.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	9	0.25	2.25
What are affordability risks	Robust estimates of capital and revenue cost have been made and external funding is secured. Risks have been clearly identified and assessed.	Only preliminary estimates of capital and revenue cost have been made and external funding is anticipated rather than secured. No clear assessment has been made of the financial impact of risks.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	9	0.25	2.25
Risk Management arrangements	Robust strategies and arrangements to identify, manage and control risk developed.	No clear arrangements to manage risk	Has the approach to risk management been documented? Does it appear robust?	9	0.25	2.25
What are the risks of not proceeding with the project.	An assessment of these has been made and evidenced and there is significant risk of not proceeding with the project.	No assessment made or only vague references or limited risk of not proceeding with the project.	Have the risks been specified? What process has been used to identify them? Has this risk been assessed robustly?	9	0.25	2.25
Total Score (Maximum=100)						80.29

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND INFRASTRUCTURE
SERVICES****14TH MAY 2019**

REVIEW OF ADVICE SERVICES: PROGRESS REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on the implementation of the new arrangements for advice services. At Policy and Resources Committee on the 16th August 2018, a new advice services delivery model was agreed based on mixed economy with core preventative and intervention advice being provided by the Council and a contracted single provider. The aim was to find capacity with a reducing budget, modernise services having regard to new technology, to address issues of duplication and ensure that the vulnerable in our communities have access to advice.
- 1.2 A progress report was considered by Committee on the 13th December 2018 when the actions undertaken were highlighted, and it was agreed to extend the existing contracts on a monthly basis, to the 30th June 2019, to allow a mobilisation period for the new single contractor, and for a further report to a future Policy and Resources Committee.
- 1.3 Good progress is being made to implement the new model for advice services in Argyll and Bute and the project is on target. Work is ongoing to resolve issues with the confidential on-line referral system which is used to refer clients to appropriate advice agencies (including Council services), and in the procurement process to appoint the single advice provider.
- 1.4 The identified savings for 2019/20 have been achieved and the means to deliver the savings for 2020/21 are in place. There is an unbudgeted cost to extending the existing advice contracts to the 30th June 2019 of £2748.51, and this will be subject to a separate earmarking report to Council.
- 1.5 Recommendation
 - 1.5.1 That members note the improvements which have been made to date, and that the new arrangements will be fully in place by the 1st July 2019, when the contract with the single advice provider takes effect

REVIEW OF ADVICE SERVICES: PROGRESS REPORT

3.0 INTRODUCTION

- 3.1 The Council agreed on the 16th August 2018 to implement a new model for the delivery of core statutory advice services within Argyll and Bute. The new model aims to find capacity with a reducing budget, reduce duplication and ensuring that clients, particularly the vulnerable in our communities, have access to advice.
- 3.2 This report provides Members with an update on the position with the implementation of the new arrangement for advice services relating to debt, welfare rights and homelessness advice.

4.0 RECOMMENDATIONS

- 4.1 Members are asked to note the improvements which have been made to date, and that the new arrangements will be fully in place by the 1st July 2019, when the contract with the single advice provider takes effect.

5.0 PROGRESS REPORT

- 5.1 Good progress continues to be made to implement the new arrangements for advice services. Key areas to highlight are:
- (a) The tender process for appointing the new single advice provider to deliver a specific service across the whole of Argyll and Bute, is nearing completion. A preferred tenderer for this contract has been appointed and discussions are ongoing.
 - (b) The redesign of the Councils debt counselling service is complete and now focusses solely on the “particularly vulnerable” clients only, with other clients being referred to other advice agencies or to national advice centres. This assessment is made using a triage system, based on the Councils vulnerability model, which identifies complex cases for the Councils remaining accredited debt counsellor and manages workload. The model has been shared with other providers and the Councils Customer Management Centre to ensure that clients are appropriately referred, rather than being passed around services.
 - (c) The Single landing page on Council website for advice services has been developed on the Councils “test” system and will be going live in May. This includes a range of advice and links to other sources of advice, including affordable credit.

(d) Appropriate governance arrangements are now in place with a new multiagency Financial Inclusion and Advice Group now established (formerly the Welfare Rights Working Group) with an extended remit to consider the areas of welfare reform, antipoverty, debt and money management, financial inclusion, and delivery channels. It will also closely relate to Money Skills Argyll and the Argyll and Bute Advice Network.

Councillor Currie, as Policy Lead for Communities, Housing and Gaelic is to chair this group, supported by the Councils Lead Officer

(e) Argyll and Bute Advice Network ATLAS software system: There are ongoing data protection/GDPR issues which are being progressed with the company. A Data Supplier agreement is being prepared and once will be shared with other subscribers to the system, to allow them to recommence use of the on-line confidential referral system provided they are “GDPR compliant”. Meantime, referrals are being made by other means.

(f) The budget savings associated with the new model have been achieved for 2019/20 through the Lead Debt Counsellor taking voluntary redundancy and from the new contractual arrangements. The savings for 2020/21 will be made through the reduction of one post, which is currently appointed on a temporary basis. Work is ongoing to redesign the welfare rights service to accommodate the reduction, at a time where universal credit has seen an increase in workload

5.2 Work continues to complete the remaining activities with the aim that all aspects of the new model will be in place as of the 1st July 2019. The remaining priorities are:

- Confirm the award of the contract to the successful bidder. On conclusion of the “standstill period” required by the procurement process, we will consider any representations received, prior to formal award.
- Resolve GDPR issues with ATLAS and relaunch the on-line referral system
- To ensure a smooth transition as changes to management arrangements for Advice Services are implemented during the Council’s restructuring.

5.3 To ensure that clients continue to have access to appropriate services meantime, the existing contracts with Argyll and Bute Citizens Advice Bureau and Bute Advice Centre have been extended to the 30th June 2019. This covers the mobilisation period for the new contractor leading up to commencement of the new contract on the 1st July 2019.

6.0 FINANCIAL IMPLICATIONS

6.1 The review will meet the Council’s savings target of £105,100 by 1st April 2020.

7.0 CONCLUSIONS

7.1 Good progress is being made to implement the new advice services model which will be fully implemented for the 1st July 2019. This meets our strategic aim of “*working collaboratively to provide a strategic lead role in the development of policy (e.g. anti-poverty strategy etc.); to deliver our statutory services; to provide core intervention*”

work to vulnerable in our communities, and to support other external agencies to carry out promotional and preventative advice to clients”.

8.0 IMPLICATIONS

8.1	Policy	Dovetails with corporate and community planning priorities and will be embedded therein
8.2	Financial	Savings target may be reduced depending on length of mobilisation period
8.3	Legal	None
8.4	HR	Loss of two posts (31/3/19 and 31/3/20)
8.5	Equalities/Fairer Scotland Duty	No adverse impact although positive target on vulnerable clients
8.6	Socio-economic	Positive as directly supports vulnerable and other clients
8.7	Risk	Risk that demand for services may exceed the capacity of the new model although this will be closely monitored with focus on statutory advice
8.8	Customer Service	None at this stage

Executive Director of Development and Infrastructure: Pippa Milne
Policy Lead: Councillor Robin Currie

For further information contact:

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Policy and Resources Committee Work Plan 2019-20

May 2019 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
16 May 2019	Report Title	Dept/Section	How Often?	Date Due	Comments
	Medium Term Budget Outlook 2020-21 to 2022-23	Strategic Finance			
	Health and Social Care Partnership Overspend 2018-19	Strategic Finance			
	Performance Report FQ3 and FQ4	Customer Services	Quarterly	16 April 2019	
	Alternative Options for the Distribution of Discretionary Funding to Community Councils	Customer Services			
	Council Officer Support to Charitable Trust	Customer Services			
	Council Operated Ferries – Potential Transfer to Transport Scotland	Development and Infrastructure Services			
	Helensburgh Waterfront Development – Development Funding	Development and Infrastructure Services			
	Tarbert and Lochgilphead Regeneration Project – Improvements to Barmore Road, Tarbert	Recommendation by MAKI			
	Review of Advice Services	Development and Infrastructure Services			
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
	Argyll Air Services PSO	Development and Infrastructure			February 2019 meeting agreed that report would come to future meeting once procurement

Policy and Resources Committee Work Plan 2019-20

					exercise was complete.
	Strategic Events and Festivals Fund – Lessons Learnt and Key Changes to 2020/21 Fund Process	Development and Infrastructure Services			To come to meeting in August.

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of Schedule 7A of the Local Government(Scotland) Act 1973

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