



**Argyll and Bute Council**  
**Comhairle Earra-Ghàidheal Agus Bhòid**

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10 October 2019

**NOTICE OF MEETING**

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 17 OCTOBER 2019** at **12 NOON**, which you are requested to attend.

Douglas Hendry  
Executive Director

**BUSINESS**

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 3 - 10)  
Policy and Resources Committee held on 15 August 2019
- \* 4. **FINANCIAL REPORT MONITORING PACK - 31 AUGUST 2019** (Pages 11 - 138)  
Report by Head of Financial Services
5. **BUDGET OUTLOOK 2020-2021 TO 2022-23** (Pages 139 - 160)  
Report by Head of Financial Services
- \* 6. **BUDGET 2020-21 SAVINGS OPTIONS** (Pages 161 - 168)  
Report by Head of Financial Services
- \* 7. **BUDGET CONSULTATION** (Pages 169 - 176)  
Report by Executive Director with responsibility for Customer Support Services
8. **COMMUNITY CHOICES/PARTICIPATORY BUDGETING** (Pages 177 - 182)  
Report by Head of Financial Services

- \* **9. PROCUREMENT STRATEGY 2020/21 AND SUSTAINABLE PROCUREMENT POLICY 2020/21 - FINAL DOCUMENTS AND CONSULTATION** (Pages 183 - 250)  
Report by Executive Director with responsibility for Legal and Regulatory Support
- 10. DRAFT NTS2 CONSULTATION RESPONSE**  
Report by Executive Director with responsibility for Development and Economic Growth (to follow)
- REPORTS FOR NOTING**
- 11. ARGYLL AND BUTE JOINT BRITISH SIGN LANGUAGE PLAN 2018 - 2024 PROGRESS REPORT** (Pages 251 - 258)  
Report by Executive Director with responsibility for Customer and Support Services
- 12. POLICY AND RESOURCES COMMITTEE WORK PLAN** (Pages 259 - 262)

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

## **Policy and Resources Committee**

Councillor Rory Colville	Councillor Robin Currie
Councillor Lorna Douglas	Councillor Audrey Forrest
Councillor Bobby Good	Councillor Kieron Green
Councillor Yvonne McNeilly	Councillor Aileen Morton (Chair)
Councillor Ellen Morton	Councillor Gary Mulvaney (Vice-Chair)
Councillor Douglas Philand	Councillor Alastair Redman
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, 15 AUGUST 2019**

**Present:** Councillor Aileen Morton (Chair)

Councillor Robin Currie	Councillor Douglas Philand
Councillor Lorna Douglas	Councillor Alan Reid
Councillor Kieron Green	Councillor Elaine Robertson
Councillor Yvonne McNeilly	Councillor Sandy Taylor
Councillor Ellen Morton	Councillor Richard Trail
Councillor Gary Mulvaney	

**Also Present:** Councillor Jim Anderson  
Councillor Donald MacMillan

**Attending:** Cleland Sneddon, Chief Executive  
Douglas Hendry, Executive Director  
Pippa Milne, Executive Director  
Kirsty Flanagan, Head of Financial Services  
Jane Fowler, Head of Customer and Support Services  
Patricia O'Neill, Governance Manager  
Fergus Murray, Head of Development and Economic Growth  
Marina Curran Colthart, Local Biodiversity Project Officer  
Ishabel Bremner, Economic Growth Manager

The Chair advised that she had received a request under Standing Order 22.1 from Councillor Jim Anderson to speak and vote on item 10 of the agenda (Strategic Events and Festivals Fund – Lessons Learnt and Key Changes to 2020/21 Fund Process). She advised that his request did not meet the requirements of Standing Order 22.1 and therefore he would not be permitted to speak and vote on the item, but would be entitled to take part in the discussions generally.

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Rory Colville, Audrey Forrest, Roddy McCuish and Len Scoullar.

**2. DECLARATIONS OF INTEREST**

There were none intimated.

**3. MINUTES**

**(a) Policy and Resources Committee held on 16 May 2019**

The Minutes of the meeting of the Policy and Resources Committee held on 16 May 2019 were approved as a correct record.

**(b) Sub-Committee of the Policy and Resources Committee held on 16 May 2019**

The Minutes of the meeting of the Sub-Committee of the Policy and

Resources Committee held on 16 May 2019 were noted.

**4. FINANCIAL REPORT MONITORING PACK - 30 JUNE 2019**

The Committee gave consideration to a report that provided a summary of the financial monitoring reports as at the end of June 2019. There were six detailed reports summarised in the executive summary which were the revenue budget monitoring report as at 30 June 2019, the monitoring of policy savings options as at 30 June 2019, monitoring of financial risks as at 30 June 2019, capital plan monitoring report as at 30 June 2019, treasury monitoring report as at 30 June 2019 and reserves and balances as at 30 June 2019.

**Decision**

The Policy and Resources Committee –

1. Noted the revenue budget monitoring report as at 30 June 2019 and noted the comments in respect of the Health and Social Care Partnership.
2. Noted the progress with the policy savings options as at 30 June 2019.
3. Noted the financial risks for 2019-20.
4. Noted the capital plan monitoring report as at 30 June 2019 and agreed the proposed changes to the capital plan as detailed in Appendix 7 to the submitted report.
5. Noted the treasury monitoring report as at 30 June 2019.
6. Noted the reserves and balances report as at 30 June 2019.
7. Noted that there were no revenue virements over £0.200m for approval.

(Reference: Report by Head of Financial Services dated 16 July 2019, submitted)

\* **5. BUDGET OUTLOOK 2020-21 TO 2022-23**

The Committee gave consideration to a report that provided an update to the Budget Outlook 2020-21 to 2022-23 reported to the Policy and Resources Committee on 16 May 2019. The estimates within the report were based on the mid-range scenario with best and worst case scenarios noted in Appendix 1 to the submitted report.

**Decision**

The Policy and Resources Committee –

1. Noted the current estimated budget outlook position for the period 2020-21 to 2022-23.
2. Agreed to refer to council to agree the earmarking of the surplus budget in 2019-20 in relation to teachers pensions as a result of the decision by Scottish Government to defer the pension increase from 1 April 2019 to 1 September 2019.

(Reference: Report by Head of Financial Services dated 18 July 2019, submitted)

**6. QUARTERLY PERFORMANCE REPORT FQ1 2019-20**

The Committee gave consideration to a report presenting them with the Customer Services and Strategic Finance performance reports and associated scorecards for financial quarter one 2019-20 (April to June).

**Decision**

The Policy and Resources Committee noted the performance reports and associated scorecards as presented.

(Reference: Report by Executive Director – Customer Services dated August 2019, submitted)

**7. SERVICE ANNUAL PERFORMANCE REVIEWS 2018-19**

The Committee gave consideration to a report presenting them with the Service Annual Performance reviews 2018-19 for Customer Services and Strategic Finance as set out by the Council's Planning and Improvement Framework.

**Decision**

The Policy and Resources Committee endorsed the Service Annual Performance Reviews 2018-19 for Customer Services and Strategic Finance as presented.

(Reference: Report by Executive Director – Customer Services dated 10 June 2019, submitted)

**8. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 - ANALYSIS AND COMMENTARY**

The Committee gave consideration to a report presenting them with the final Local Government Benchmarking Framework (LGBF) 2017/18 data for Argyll and Bute which included "Telling Our Story" and "Looking Forward – Expected Impact on Indicator" commentary from Heads of Service.

**Decision**

The Policy and Resources Committee –

1. Noted the content of the report for scrutiny and performance reporting purposes and welcomed the level of detail coming to the Committee.
2. Noted that the completed LGBF 2017/18 is published on the website as part of the Council's statutory public performance reporting duty.

(Reference: Report by Executive Director with responsibility for Customer and Support Services dated 22 July 2019, submitted)

\* **9. WELLBEING STRATEGY: IMPROVING THE WELLBEING OF OUR WORKFORCE**

The Committee gave consideration to a report that outlined proposals for a long term preventative agenda to improve wellbeing and manage sickness absence in the workforce.

**Decision**

The Policy and Resources Committee -

1. Agreed to recommend to Council approval of the wellbeing strategy and associated actions to address the issue of sickness absence and improve the wellbeing of the workforce.
2. Noted the following measures would be put in place, funded from existing resources across the Council to support delivery of the proposed wellbeing strategy:
  - Funding for 2x Attendance and Wellbeing Assistants within the HR and OD team
  - Funding of 10k annually for teams to bid for funds to implement actions that will improve wellbeing.

(Reference: Report by Executive Director with the responsibility for Customer and Support Services dated 19 July 2019, submitted)

**10. STRATEGIC EVENTS AND FESTIVALS FUND - LESSONS LEARNT AND KEY CHANGES TO 2020/21 FUND PROCESS**

Consideration was given to a report that advised Members of lessons learnt from the 2019/20 round (round one) of the Argyll and Bute Council Strategic Events and Festivals Fund and to ask for approval of an enhanced process, based on evaluation of the initial round.

**Motion**

To agree the recommendation within the report as follows –

It is recommended that Members of the Policy and Resources Committee:

- a) Note the lessons learnt from the first round of the Strategic Events and Festivals Fund 2019/20;
- b) Approve the process for the second round of the Strategic Events and Festivals Fund 2020/21, as outlined in the report at paragraph 5.10.

Moved Councillor Aileen Morton, seconded Councillor Gary Mulvaney.

**Amendment**

To agree the terms of the Motion but to add at the end the words “with the change of the two references to £30,000 in para 5.10 (2) to £40,000.

Moved Councillor Alan Reid, seconded Councillor Dougie Philand.

**Decision**

On a show of hands vote, the Motion was carried by 10 votes to 2 and the Committee resolved accordingly.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 15 August 2019, submitted)

**11. DRAFT COMMUNITY FOOD GROWING STRATEGY**

The Committee gave consideration to a report that presented the Draft Argyll and Bute Council Community Food Growing Strategy prior to it being put out to public consultation. Following the consultation the updated Strategy would be presented to Council for adoption prior to April 2020 in order to comply with the requirements of the Community Empowerment (Scotland) Act 2015.

**Decision**

The Policy and Resources Committee –

1. Noted the content of the Draft Community Food Growing Strategy which reflects the duties placed on local authorities arising from Part 9 – Allotments of the Community Empowerment (Scotland) Act 2015.
2. Approved the Draft Community Food Growing Strategy for the purposes of public consultation.

(Reference: Report by Executive Director with the responsibility for Development and Economic Growth dated August 2019, submitted)

**12. BUSINESS LOANS SCOTLAND LTD - PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION**

The Committee gave consideration to a report requesting approval for amendments to be made to the Articles of Association for Business Loans Scotland and to progress the procedure to withdraw appropriate resources from Business Loans Scotland, up to a total of £50k, to be returned to Argyll and Bute Council's Business Gateway Service to be used for 'SME development activities'.

**Decision**

The Policy and Resources Committee –

1. Approved the change to the Business Loans Scotland Articles of Association.
2. Provided delegated authority to the Economic Growth Manager, Director of Business Loans Scotland to advise the Business Loans Scotland Board of this decision and to complete any necessary paperwork to be signed, with the Head of Development and Economic Growth, to withdraw the Phase 1 match funding.

(Reference: Report by Executive Director with the responsibility for Development and Economic Growth dated August 2019, submitted)

**13. REQUEST FROM THE COUNCIL'S INWARD INVESTMENT FUND: SCOTTISH MARINE INDUSTRY TRAINING CENTRE - PROJECT DIRECTOR**

Consideration was given to a report concerning a request by Argyll College UHI seeking funding of £105,040 over a two year period to July 2021 from Argyll and Bute Council's Inward Investment Fund. The purpose of the funding is to create a new role of Project Director to help deliver a new £7m Scottish Marine Industry Training Centre within the European Marine Science Park at Dunstaffnage, Oban.

**Decision**

The Policy and Resources Committee approved the release of £105,040 funding from the Council's Inward Investment Fund over two financial years to enable Argyll College UHI to develop a comprehensive curriculum plan and business case for a new Scottish Marine Industry Training Centre within the European Marine Science Park at Dunstaffnage, Oban.

(Reference: Report by Executive Director with responsibility for Economic Growth dated 2 August 2019, submitted)

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

\* **14. FILM IN ARGYLL AND BUTE - REVIEW OF FILM LOCATION CHARGING SCHEDULE**

The Committee gave consideration to a report in relation to the Film Location Charging Schedule that had been previously approved to run for 1 year as a pilot, for permanent implementation.

**Decision**

The Policy and Resources Committee agreed to recommend to Council approval of the Film Location Charging Schedule for permanent implementation with charges to be reviewed annually as part of the budget process.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 12 June 2019, submitted)

**15. ARGYLL AIR SERVICES PSO TENDER**

A report was before the Committee for noting advising that a compliant tender for the Argyll Air Services Public Service Obligation (PSO) Contract had been received from Hebridean Air Services Ltd.

**Decision**

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



(Reference: Report by Executive Director with responsibility for Strategic Transportation – Airports dated August 2019, submitted)

**16. POLICY AND RESOURCES COMMITTEE WORK PLAN**

The Policy and Resources Committee work plan was before the committee for noting.

**Decision**

The Policy and Resources Committee noted the content of the work plan.

(Reference: Policy and Resources Committee Work Plan dated August 2019, submitted)

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****17 OCTOBER 2019**

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**EXECUTIVE SUMMARY****FINANCIAL REPORT MONITORING PACK – 31 AUGUST 2019**

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**1. INTRODUCTION**

1.1 This report provides a summary of the financial monitoring reports as at the end of August 2019. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 31 August 2019
- Monitoring of Policy Savings Options as at 31 August 2019
- Monitoring of Financial Risks as at 31 August 2019
- Capital Plan Monitoring Report as at 31 August 2019
- Treasury Monitoring Report as at 31 August 2019
- Reserves and Balances as at 31 August 2019.

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

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

2.1.2 There is a forecast overspend of £1.972m as at the end of August 2019. The overspend is in respect of the following and will continue to be monitored closely over the remainder of the financial year:

- Overspend of £1.712m in Social Work due to forecast slippage on the delivery of agreed efficiency savings and also a high demand for services.
- Overspend of £0.260m from Roads and Infrastructure Services due to loss of income in public conveniences, loss of car parking income partially offset by additional income from DPE and increased costs of essential repairs for vehicles within Waste Collection.

2.1.3 There is a year to date underspend of £0.278m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.

***Health and Social Care Partnership – Financial Update***

- 2.1.4 I have been providing a regular update at each Policy and Resources Committee since October 2018 in relation to the Health and Social Care Partnership and I intend to continue to include an update in each financial monitoring pack.
- 2.1.5 The forecast outturn position at the end of the August is an estimated overspend of £2.012m for 2019-20 (£1.712m Social Work and £0.300m Health). This is an improvement on the June position of £2.806m (£2.306m for Social Work and £0.500m for Health).
- 2.1.6 A financial recovery plan was approved by the Integrated Joint Board (IJB) on 7 August 2019. It has since been reported to the IJB on 25 September 2019 that the recovery plan will be insufficient to achieve financial balance. Although the forecast outturn position has improved, further review of the agreed savings has shown that delivering 50% of most of the savings has been over optimistic. Further savings options have now been proposed in a new recovery plan and this was approved by the Board on 25 September 2019 with the exception of one saving in respect of care packages for older people (Option 1) which has to be brought back to the Board.
- 2.1.7 The IJB's Head of Finance and Transformation has reported that over the remaining months of the year, concerted efforts will continue to be made in order to deliver an outturn which is considerably closed to a balanced budget. This statement does flag up a risk that the IJB will not be able to deliver a balanced budget in 2019-20, despite the existence of the recovery plan. I will continue to keep in close contact with the Head of Finance and Transformation and consideration may have to be given to creating a Council recovery plan later in the year, if the forecast outturn for Social Work continues to push the Council into forecast contingency.
- 2.1.8 The comments above don't take into consideration the most significant risk affecting the forecast outturn position (on the Health side) and that is the SLA for Greater Glasgow and Clyde. A decision was taken at the IJB to reject the increase and the current forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by up to £2m.
- 2.1.9 There remains a significant estimated budget gap in future years and officers are currently developing options to reduce the gap, however, to date insufficient options have been identified to bridge the estimated gap.

**2.2 Monitoring of Policy Savings Options**

- 2.2.1 This report provides an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20. The savings options will be reported as being delivered, on track to be delivered, still to be

implemented, being developed, potential shortfall or delayed.

2.2.2 Of the 41 savings options, 24 have already been delivered, 10 are on track to be delivered as per their timescale, 1 is being developed, 4 have a potential shortfall and 2 are delayed. The table below includes savings agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018/19 or have further increases in value in 2019-20.

2.2.3 The table below outlines the progress as at 30 June 2019 for the new policy savings options agreed in February 2019.

<b>Category</b>	<b>No of Options</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
Delivered	9	441.3	470.0	545.0
On Track to be Delivered	8	1,052.0	1,460.0	1,460.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	1	105.0	140.0	140.0
Delayed	0	0.0	0.0	0.0
<b>Total</b>	<b>18</b>	<b>1,598.3</b>	<b>2,070.0</b>	<b>2,145.0</b>

2.2.4 The table below outlines the progress as at 30 June 2019 for the policy savings options agreed in February 2018 but not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards.

<b>Category</b>	<b>No of Options</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	2	37.5	121.5	271.5
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	3	200.0	389.0	581.0
Delayed	2	-113.5	128.5	458.5
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>

2.2.5 There are three savings categorised as having a potential shortfall and three that are currently delayed as summarised below.

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.

- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. Alternatives to turn styles are being progressed including gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b Review charges for stadiums to enable improvement work - Possible shortfall in achieving 2019-20 target due to charging issues.
- Potential Shortfall – TB08 Parking Increase parking charges and introduce additional parking charges – This saving will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.
- Delayed – TB07 Create one main depot in key areas to reduce costs – It has become apparent that the operating costs of the single redeveloped site in each town will increase reducing the anticipated saving by around £0.050m in 2019-20 and furthermore, the savings package also set out that the depot rationalisation programme would run beyond the three year savings horizon.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council's Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

## **2.3 Monitoring of Financial Risks**

- 2.3.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.
- 2.3.2 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £3.578m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.
- 2.3.3 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Facility Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500
Roads and Amenity Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	4	620
Roads and Amenity Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert , road or sea defence.	3	300

2.3.5 There has been no changes to the departmental risks since the financial risks report as at the end of June 2019 and reported to the Policy and Resources Committee in August.

## 2.4 Capital Plan Monitoring Report

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

2.4.2 Actual net expenditure to date is £8.753m compared to a budget for the year to date of £8.658m giving rise to an overspend for the year to date of £0.095m (1.1%). There are a number of small variances contributing to this year to date position.

2.4.3 The forecast outturn for 2019-20 is a forecast net expenditure of £32.301m compared to an annual budget of £32.039m giving rise to a forecast overspend for the year of £0.262m (0.8%). The most significant project contributing to this overspend is Mill Park Depot where the additional expenditure is anticipated to be covered by insurance claim and Rothesay Swimming Pool where substantial additional rot works have been uncovered.

2.4.4 The forecast total net projects costs on the capital plan are £226.770m compared to a total budget for all projects of £226.337m giving rise to a forecast overspend for the overall capital plan of £0.433m (0.19%). This overspend is mainly due to the projects noted in the previously paragraph. Project Managers will monitor the position closely and will give consideration as to the funding of the overspends.

2.4.5 In respect of total project performance, there are 179 projects within the capital plan, 164 are complete or on target, 14 are off target and recoverable and 1 projects is off track.

## **2.5 Treasury Monitoring Report**

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 The external borrowing of the Council increased by £6.235m during the period, due to £7m of new PWLB borrowing which took advantage of the historically low interest rates, offset by repayments of borrowing.
- 2.5.3 Borrowing is below the Capital Financing Requirement for the period to 31 August 2019.
- 2.5.4 The levels of investments were £104.9m at 31 August 2019. The rate of return achieved was 0.942% which compares favourably with the target of 7 day LIBID which was 0.570%.

## **2.6 Reserves and Balances**

- 2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.6.2 The Council has a total of £187.139m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 2.6.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £1.191m has already been drawn down
  - £5.751m is still to be drawn down in 2019-20
  - £2.702m is planned to be spent in future years.
- 2.6.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates and the current forecast outturn for 2019-20, the Council is forecast to be using £0.360m of its contingency balance by the end of the year.



	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 <sup>th</sup> June 2019	(94)
Current Forecast Outturn for 2019-20 as at 30 June 2019	(1,972)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(360)</b>

2.6.6 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and £0.360m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan has been further revised and was reported to the IJB on 25 September 2019. Whilst there has been some improvement over the last two months, consideration may have to be given to creating a Council recovery plan later in the year, if the forecast outturn for Social Work continues to push the Council into forecast contingency.

## **2.7. VIREMENTS OVER £0.200m (Revenue)**

2.7.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that required approval. Capital virements are included within the capital monitoring report.

2.7.2 For the periods July and August 2019, there are three virements over £0.200m requiring authorisation:

- £211,155 budget transferred into Executive Director Pippa Milne vacancy savings code – this was transferred from across a number of cost centres and the value is over £0.200m as no vacancy savings transfers were made until August due to the corporate restructure.
- £504,480 budget transferred into Social Work HQ vacancy savings code – this was transferred from across a number of cost centres and the value is over £0.200m as no vacancy saving were made until August due to the corporate restructure.
- £646,522 budget transferred to a central code in relation to the teachers revised pay scales and superannuation changes. Less funding will be received for teachers superannuation than originally anticipated and this will reduce this figure and approval has been sought from Council to carry forward the remaining surplus to pay for the additional 0.6% increased teachers superannuation over the next three years.

## **3. RECOMMENDATIONS**

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 August 2019 and note the comments in respect of the Health and Social Care

Partnership.

- b) Note the progress with the policy savings options as at 31 August 2019 and note that saving option TB08 will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.
- c) Note the financial risks for 2019-20.
- d) Consider the capital plan monitoring report as at 31 August 2019 and approve the proposed changes to the capital plan as detailed in Appendix 4 to the report.
- e) Note the treasury monitoring report as at 31 August 2019.
- f) Consider the reserves and balances report as at 31 August 2019.
- g) Recommend to Council that the revenue virements over £0.200m during July and August are approved.

#### **4. IMPLICATIONS**

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2019-20 as at 31 August 2019.
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.6	Risk -	Risks are included in financial risks report.
4.7	Customer Service -	None.

**Kirsty Flanagan**  
**Head of Financial Services**  
**24 September 2019**

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

**Overall Position:**

- There is a forecast overspend for 2019-20 of £1.972m as at the end of August 2019. The main overspend is in relation to Social Work, where there is an overspend of £1.712m due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services. There is also an overspend of £0.260m from Roads and Infrastructure Services resulting from loss of income in public conveniences, loss of car parking income which is partially offset by additional income from DPE and increased costs of essential repairs for vehicles within Waste Collection.
- There is a year to date underspend of £0.278m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances within the departments mainly relate to the timing of income and expenditure and recharging of costs to capital.

**Key Highlights as at August 2019:**

- The forecast outturn is an overspend of £2.064m, this has increased from £1.981m as at July.
- A recovery plan has been prepared by the IJB’s Head of Finance and Transformation and approved by the Board on 7 August 2019. The recovery plan has a number of actions to bring the spending in line with budget and this will be closely monitored.

**Key Financial Successes:**

The performance against budget for the financial year 2018-19 was a net underspend of £1.037m in relation to Council service departmental expenditure, a net underspend of £0.863m in relation to other central costs and additional Council Tax income over budget of £0.109m. However, these underspends were offset by an overspend within Social Work, managed by the Health and Social Care Partnership of £3.127m.

**Key Financial Challenges:**

**Proposed Actions to address Financial Challenges:**

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

Ongoing requirement to fund unavoidable increases in areas like employee costs, utility costs etc.

Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

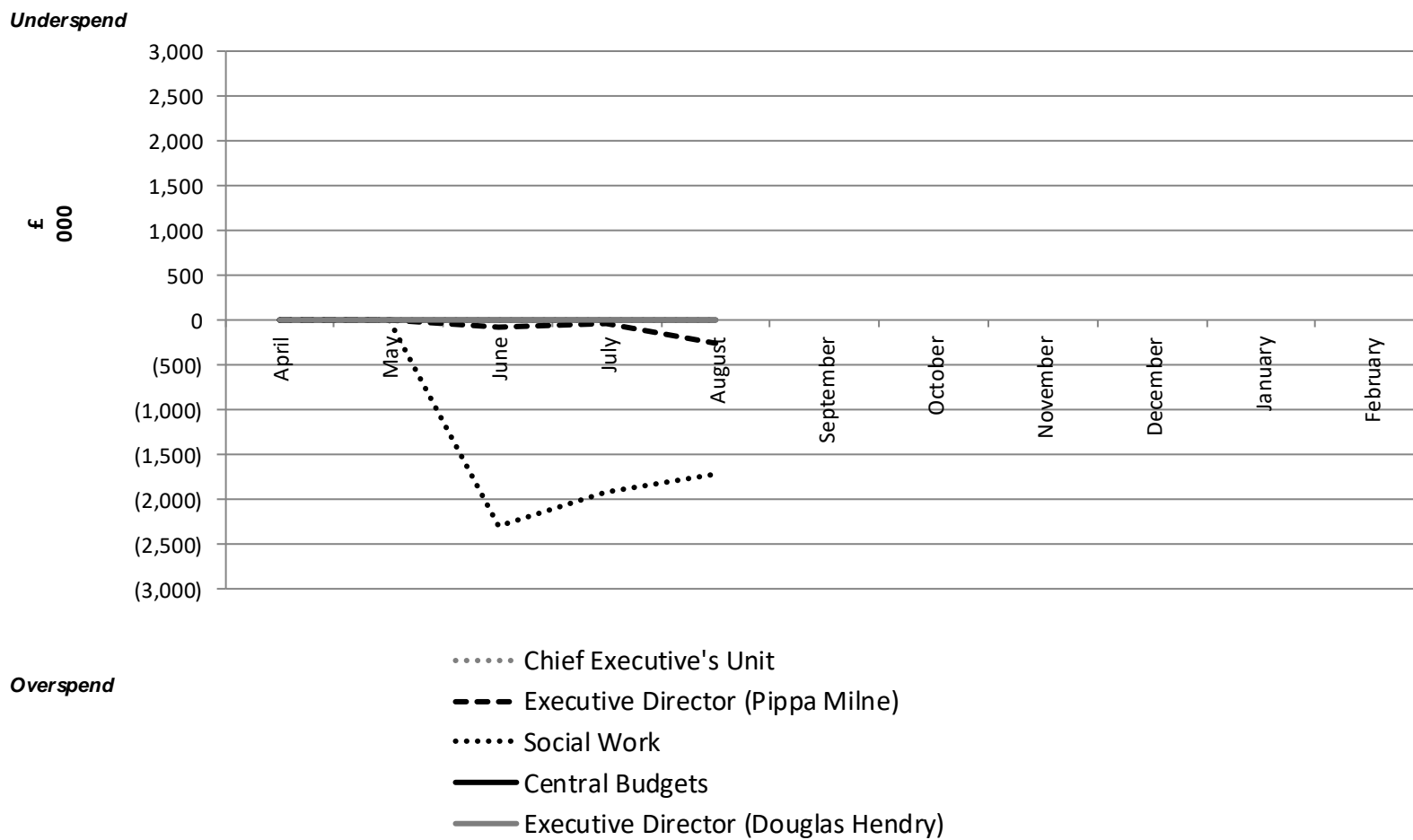
### Forecast Outturn Position

There is a forecast overspend for 2019-20 of £1.972m as at the end of August 2019 and the main variances are noted below.

#### Current Forecast Outturn Variance with change from previous month

Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	5,173	5,173	0	0	0	
Executive Director (Pippa Milne)	48,177	48,437	(260)	(50)	(210)	The forecast overspend results from a number of issues: loss of income in public conveniences, loss of car parking income partially offset by additional income from DPE and increased costs of essential repairs for vehicles within Waste Collection.
Executive Director (Douglas Hendry)	109,460	109,460	0	0	0	
Social Work	58,627	60,339	(1,712)	(1,931)	219	Projected overspend due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services.
Central Budgets	25,704	25,704	0	0	0	
<b>Total</b>	<b>247,141</b>	<b>249,113</b>	<b>(1,972)</b>	<b>(1,981)</b>	<b>9</b>	

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

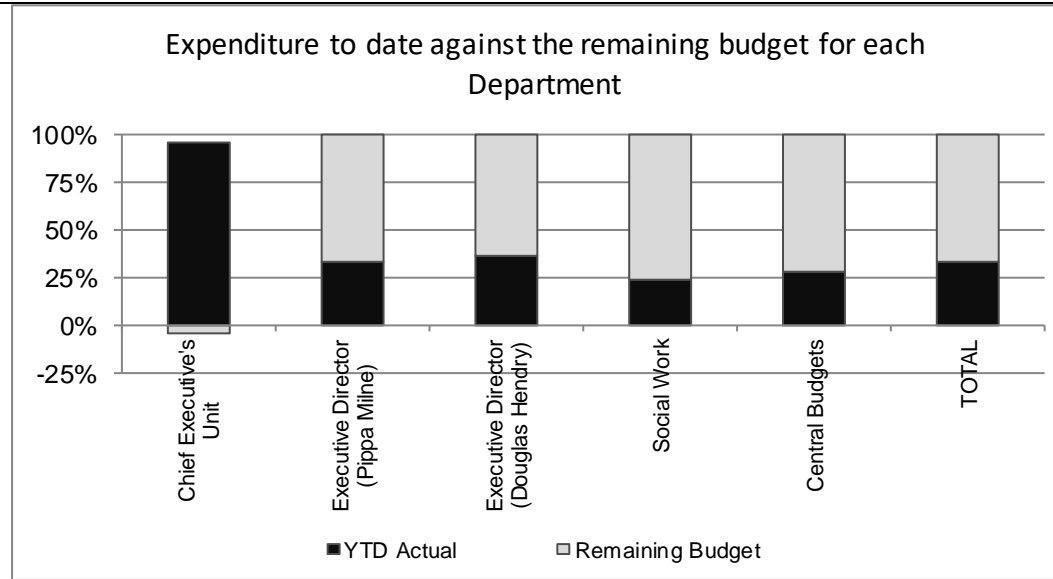


Further information on the departmental forecast variances is included later on in the report.

### Year to Date Position

The year to date position as at the end of August 2019 is an underspend of £0.278m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	5,397	5,261	(136)	The YTD overspend results from the Money Skills Argyll project as there have been no claims to Big Lottery Fund to offset the accumulated expenditure
Executive Director (Pippa Milne)	15,928	16,337	409	The YTD underspend results from the Town Centre grant funding being received ahead of expenditure.
Executive Director (Douglas Hendry)	39,788	41,187	1,399	The main variances are in relation to an underspend within Hub Schools and NPDO of £0.637m, the One Council Property Team of £0.161m, Cleaning Services of £0.113m, Design Team of £0.233m, £0.144m in Early Years and a number of other smaller under and overspends.
Social Work	14,082	13,412	(670)	The YTD overspend is due to a combination of forecast slippage on the delivery of agreed savings and high demand for services.
Central Budgets	7,252	6,528	(724)	Redundancy related expenditure and unfunded pensions costs are showing a £1.4m overspend ytd. This is partially offset by profiling issues within the Refugee Resettlement scheme
<b>Total Net Expenditure</b>	<b>82,447</b>	<b>82,725</b>	<b>278</b>	



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

## OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 AUGUST 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b><u>Departmental Budgets</u></b>								
Chief Executive's Unit	5,397	5,261	(136)	(2.6%)	5,173	5,173	0	0.0%
Executive Director (Pippa Milne)	15,928	16,337	409	2.5%	48,177	48,437	(260)	(0.5%)
Executive Director (Douglas Hendry)	39,788	41,187	1,399	3.4%	109,460	109,460	0	0.0%
Social Work	14,082	13,412	(670)	(5.0%)	58,627	60,339	(1,712)	(2.9%)
<b>Total Departmental Budgets</b>	<b>75,195</b>	<b>76,197</b>	<b>1,002</b>	<b>1.3%</b>	<b>221,437</b>	<b>223,409</b>	<b>(1,972)</b>	<b>(0.9%)</b>
<b><u>Central Budgets</u></b>								
Other Operating Income and Expenditure	5	553	548	99.1%	2,281	2,281	0	0.0%
Joint Boards	708	598	(110)	(18.4%)	1,436	1,436	0	0.0%
Non-Controllable Costs	6,539	5,377	(1,162)	(21.6%)	21,987	21,987	0	0.0%
<b>Total Central Budgets</b>	<b>7,252</b>	<b>6,528</b>	<b>(724)</b>	<b>(11.1%)</b>	<b>25,704</b>	<b>25,704</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>82,447</b>	<b>82,725</b>	<b>278</b>	<b>0.3%</b>	<b>247,141</b>	<b>249,113</b>	<b>(1,972)</b>	<b>(0.8%)</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(70,069)	(70,069)	0	0.0%	(195,309)	(195,309)	0	0.0%
Local Tax Requirement	(26,306)	(26,306)	0	0.0%	(50,457)	(50,457)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	218	218	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(1,593)	(1,593)	0	0.0%
<b>Total Funding</b>	<b>(96,375)</b>	<b>(96,375)</b>	<b>0</b>	<b>0.0%</b>	<b>(247,141)</b>	<b>(247,141)</b>	<b>0</b>	<b>0.0%</b>
<b>Deficit/(Surplus) for Period</b>	<b>(13,928)</b>	<b>(13,650)</b>	<b>278</b>		<b>0</b>	<b>1,972</b>	<b>(1,972)</b>	



## SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 AUGUST 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b>Subjective Category</b>								
Employee Expenses	57,274	56,409	(865)	(1.5%)	148,869	148,593	276	0.2%
Premises Related Expenditure	7,623	7,685	62	0.8%	15,019	15,102	(83)	(0.6%)
Supplies and Services	8,454	7,179	(1,275)	(17.8%)	20,150	21,268	(1,118)	(5.6%)
Transport Related Expenditure	4,352	4,509	157	3.5%	16,604	16,569	35	0.2%
Third Party Payments	56,078	56,494	416	0.7%	146,203	147,500	(1,297)	(0.9%)
Capital Financing	(239)	97	336	346.4%	15,756	15,756	0	0.0%
<b>TOTAL EXPENDITURE</b>	<b>133,542</b>	<b>132,373</b>	<b>(1,169)</b>	<b>(0.9%)</b>	<b>362,601</b>	<b>364,788</b>	<b>(2,187)</b>	<b>(0.6%)</b>
Income	(147,470)	(146,023)	1,447	(1.0%)	(362,601)	(362,816)	215	(0.1%)
<b>Deficit/(Surplus) for Period</b>	<b>(13,928)</b>	<b>(13,650)</b>	<b>278</b>		<b>0</b>	<b>1,972</b>	<b>(1,972)</b>	

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

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

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

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

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

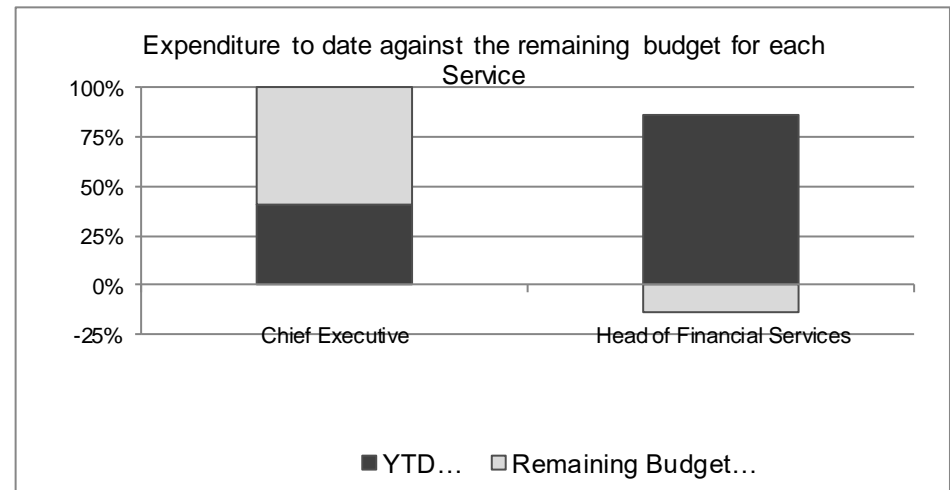
## CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 31 AUGUST 2019

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.136m mainly resulting from the Money Skills Argyll Project which is showing an overall overspend because of the substantial volatility in relation to the readiness and quality of claims for funding from the Big Lottery Fund and the lengthy and complex claim processing procedures involved.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	983	983	0	0	0
Head of Financial Services	4,190	4,190	0	0	0
<b>Totals</b>	<b>5,173</b>	<b>5,173</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2019-20. All Service Choices savings options have been delivered. The department outturn position at the end of 2018-19 was an underspend of £0.125m due to effective management and monitoring of the budget.

#### Key Financial Challenges:

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

#### Proposed Actions to address Financial Challenges:

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

## CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	110	115	5	4.4%	306	306	0	0.0%	Outwith reporting criteria
BO104 - Our communities are protected and supported	Community Development and Grants to Third Sector	199	179	(20)	(11.2%)	405	405	0	0.0%	Budget profiling will be adjusted in September period
BO110 - We support businesses, employment and development opportunities	Projects and Renewables	55	54	(1)	(1.9%)	147	147	0	0.0%	Outwith reporting criteria
BO116 - We engage and work with our customers, staff and partners	Community Planning	38	47	9	19.2%	125	125	0	0.0%	Income received in but budgets not yet adjusted to reflect this.
<b>Chief Executive Total</b>		<b>402</b>	<b>395</b>	<b>(7)</b>	<b>(1.8%)</b>	<b>983</b>	<b>983</b>	<b>0</b>	<b>0.0%</b>	
BO101 - We ensure information and support is available for everyone	Money Skills Argyll	211	0	(211)	0.0%	0	0	0	0.0%	Due to timing difference between expenditure and income
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Benefits including Scottish Welfare Fund	3,760	3,827	67	1.8%	1,473	1,473	0	0.0%	Additional government grants within Benefits Administration and profiling issues within Scottish Welfare Fund
BO110 - We support businesses, employment and development opportunities	Creditors and NDR relief	31	34	3	8.8%	364	364	0	0.0%	Outwith reporting criteria
BO115 - We are efficient and cost effective	Strategic Finance and Revenues and Benefits	993	1,005	12	1.2%	2,353	2,353	0	0.0%	Outwith reporting criteria
<b>Head of Financial Services Total</b>		<b>4,995</b>	<b>4,866</b>	<b>(129)</b>	<b>(2.7%)</b>	<b>4,190</b>	<b>4,190</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>5,397</b>	<b>5,261</b>	<b>(136)</b>	<b>(2.6%)</b>	<b>5,173</b>	<b>5,173</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	1,678	1,695	17	1.0%	4,548	4,548	0	0.0%	Outwith reporting criteria
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	118	109	(9)	(8.3%)	535	535	0	0.0%	Outwith reporting criteria
Transport	11	19	8	42.1%	49	49	0	0.0%	Year to date underspends on staff travel due to profiling
Third Party	10,191	10,139	(52)	(0.5%)	24,605	24,605	0	0.0%	Due to the Money Skills Argyll expenditure (£118k adverse) partially offset by Housing Benefits Private (£76k favourable) which is offset by an income variance below
Income	(6,601)	(6,701)	(100)	1.5%	(24,564)	(24,564)	0	0.0%	Due to the Money Skills Argyll (£74k adverse). Also, Housing Benefits Private (£76k adverse) which is offset by an expenditure variance above. Profiling issues within Benefits Administration and Community Planning provide offsetting favourable variances (£45k)
<b>Totals</b>	<b>5,397</b>	<b>5,261</b>	<b>(136)</b>	<b>(2.6%)</b>	<b>5,173</b>	<b>5,173</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

**CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 AUGUST 2019**

<b>Service Area</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

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

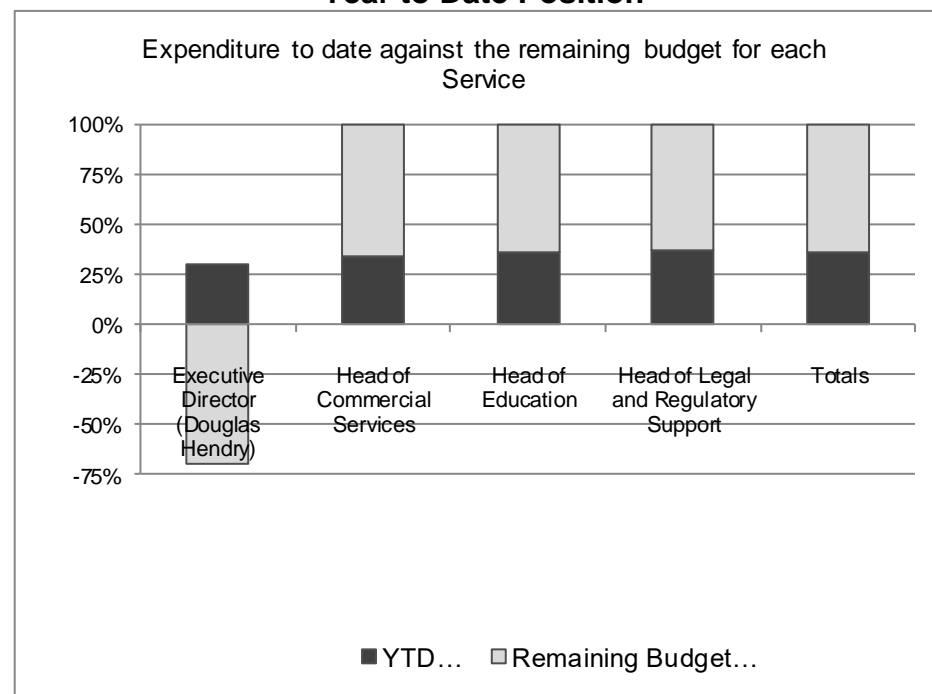
## EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 31 AUGUST 2019

- The department is currently forecasting spend in line with budget.
- The department has a year to date underspend of £1.399m (3.4%). The main variances are in relation to an underspend within Hub Schools and NPDO of £0.637m, the One Council Property Team of £0.161m, Cleaning Services of £0.113m, Design Team of £0.233m, £0.144m in Early Years and a number of other smaller under and overspends. Apart from the Hub & NPDO Schools underspends and the unbudgeted income of £0.150m within the One Council Property Team, these are mainly budget profile related and are not anticipated to affect the final outturn position and will be refined within September monitoring period.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	(166)	(166)	0	0	0
Head of Commercial Services	8,617	8,617	0	0	0
Head of Education	82,066	82,066	0	0	0
Head of Legal and Regulatory Support	18,943	18,943	0	0	0
<b>Totals</b>	<b>109,460</b>	<b>109,460</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

The 2018-19 year-end consolidated outturn position was an underspend of £0.607m. This was mainly due to deductions and delays in the Hub Schools contract and as a result lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO. Additional rental income was collected by the One Council Property Team as well as savings on the Surplus Property Account.

A number of the service choices savings have also been secured to date.	
<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Delivering the proposed Commercial Services budget reductions identified in the Transformation programme.	Provide the Transformation Board with robust information upon which decisions can be made and develop any savings proposals as necessary.
Impact of numbers/uptake in demand led service areas like catering, design services and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council as well as delivering the expansion of free school meals as part of the delivery of 1140 hours of Early Learning and Childcare. Success of the re-design project is dependent on buy-in from Argyll & Bute Health and Social Care Partnership.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB, requirement to register all property in land register by 2019 and unknown impact of new education arrangements on all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.
Ensuring the Education service can continue to contribute to Council savings programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the service).	Ongoing robust financial monitoring and forecasting with the provision of supporting management information to ensure deliverable savings options are presented.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this with additional resources based on individual implementation plans.	Robust service costings, financial monitoring and reporting to ensure the service can deliver the project within the financial resources available.

## EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	131	31	(100)	(322.6%)	(166)	(166)	0	0.0%	The YTD variance relates to procurement and commissioning savings which gives an overspend of £104k, entries have yet to be processed to take the savings made on new contracts negotiated by the procurement team. To be confirmed by procurement that savings are on target and entries will be made to reduce the departmental budgets.
<b>Executive Director (Douglas Hendry) Total</b>		<b>131</b>	<b>31</b>	<b>(100)</b>	<b>(322.6%)</b>	<b>(166)</b>	<b>(166)</b>	<b>0</b>	<b>0.0%</b>	
Central/Management Costs	Central/Management Costs	1,770	2,027	257	12.7%	4,824	4,824	0	0.0%	The YTD variance relates to one off receipt of £150k income in July for servitude of land near Strachur, service plans to use this income to fund condition surveys. Also YTD over recovery of rental income. Exercise ongoing with legal to get current forecasts for rental income and budget will be profiled accordingly.
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Catering and Cleaning	(48)	36	84	233.3%	529	529	0	0.0%	The YTD variance is largely caused by underspends in staff costs across the catering and cleaning service, profiling of the catering purchases budget and over recovery of the catering variable bid budget.
BO113 - Our infrastructure is safe and fit for the future	Catering and Cleaning, CHORD, Property and Leisure	1,198	1,477	279	18.9%	3,207	3,207	0	0.0%	YTD Variance largely caused by design team billing run income processed through August. Budget has been re-profiled to remove YTD variance.
BO114 - Our communities are cleaner and greener	Property Services Utility Fund	4	12	8	66.7%	30	30	0	0.0%	Profiling of sundries budget is causing YTD underspend. Budget will be reprofiled this month to remove YTD variance.
BO116 - We engage and work with our customers, staff and partners	Schools Support Development	11	10	(1)	(10.0%)	27	27	0	0.0%	Outwith Reporting Criteria
<b>Head of Commercial Services Total</b>		<b>2,935</b>	<b>3,562</b>	<b>627</b>	<b>17.6%</b>	<b>8,617</b>	<b>8,617</b>	<b>0</b>	<b>0.0%</b>	



BO106 - Our looked after young people are supported by effective corporate parenting	Education Psychologists and Residential Accommodation	601	626	25	4.0%	1,619	1,619	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Early Years and Community Learning	(846)	(702)	144	(20.5%)	8,035	8,035	0	0.0%	An exercise is underway to adjust budgets in Early Learning and Childcare Settings to reflect staffing changes arising from the rollout of 1140 hours. Adjustments will be processed in the September period.
BO108 - All our children and young people are supported to realise their potential	Primary and Secondary Education	29,647	29,563	(84)	(0.3%)	72,170	72,170	0	0.0%	The main contributing factor is budget profiling of Pupil Equity Fund cost centres. This will be refined in the September period.
BO116 - We engage and work with our customers, staff and partners	Regional Improvement Collaborative	14	13	(1)	(7.7%)	53	53	0	0.0%	Outwith Reporting Criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	Education Support	220	187	(33)	(17.7%)	39	39	0	0.0%	YTD overspend relates to a number of Education Licences required (ie PPL, PRS, Copyright). Budget requires to be identified to fund this and will be closely monitored throughout the year.
Central/Management Costs	Central/Management Costs	127	130	3	2.3%	150	150	0	0.0%	Outwith Reporting Criteria
<b>Head of Education Total</b>		<b>29,763</b>	<b>29,817</b>	<b>54</b>	<b>0.2%</b>	<b>82,066</b>	<b>82,066</b>	<b>0</b>	<b>0.0%</b>	
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Housing and Regulatory Services	135	130	(5)	(3.9%)	352	352	0	0.0%	Outwith Reporting Criteria
BO104 - Our communities are protected and supported	Civil Contingencies & Anti Social Behaviour	60	60	0	0.0%	143	143	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Childrens Panel	(1)	14	15	107.1%	33	33	0	0.0%	Income received from childrens hearing Scotland miscoded, this will be corrected in September.
BO110 - We support businesses, employment and development opportunities	Licensing, Procurement and Commissioning	210	301	91	30.2%	873	873	0	0.0%	LRS Licensing - Earmarkings drawdown profiling to be corrected in September. £12k Budget Pressure - no budget for Triennial Taxi & Private Hire Survey required to set fees

BO111 - We influence and engage with businesses and policy makers	Trading Standards	82	90	8	8.9%	291	291	0	0.0%	Outwith Reporting Criteria
BO115 - We are efficient and cost effective	Democratic Services, Governance & Legal Services	522	591	69	11.7%	1,587	1,587	0	0.0%	Elections - various a/c codes have variances which require to be checked and corrected in September. Litigation - staff vacancy now filled Area Gov & Com - staff vacancies being filled and covered, various other code variances which will require to be corrected in September.
BO116 - We engage and work with our customers, staff and partners	Members Services and Community Councils	178	183	5	2.7%	508	508	0	0.0%	Outwith Reporting Criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	Moving and Handling Training	27	27	0	0.0%	70	70	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	5,746	6,381	635	10.0%	15,086	15,086	0	0.0%	Hub Schools YTD underspend of £303k. The monthly service payment has one off saving from delayed handover of £19k. Deductions offered to date are £31k and withheld disputed sums £142k. Delays in invoicing are estimated to be £95k. NPDO schools YTD underspend of £330k, an insurance saving of £291k has been received (£100k has already been utilised as an agreed 2019-20 budget saving). Utilities invoicing for water has not been received ytd (est £36k). Gas and Electricity 2 months behind (est £80k). Deductions offered to date are £9k and withheld disputed sums are £12k.
<b>Head of Legal and Regulatory Support Total</b>		<b>6,959</b>	<b>7,777</b>	<b>818</b>	<b>10.5%</b>	<b>18,943</b>	<b>18,943</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>39,788</b>	<b>41,187</b>	<b>1,399</b>	<b>3.4%</b>	<b>109,460</b>	<b>109,460</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	31,307	31,543	236	0.8%	81,019	81,019	0	0.0%	<p><b>Non-Education:</b> YTD underspend of £148k, £92k within Commercial Services and £66k within Legal and Regulatory. An exercise in realigning budgets with actuals needs to be carried out for both services before an assessment of true vacancy savings can be made.</p> <p><b>Education:</b> YTD underspend of £87k. The main contributing factor is a YTD underspend in Early Learning and Childcare Settings of £106k with some offsetting overspends. Adjustments are being processed in the September period for this.</p>
Premises	2,056	2,081	25	1.2%	5,626	5,626	0	0.0%	Outwith Reporting Criteria
Supplies and Services	3,711	3,690	(21)	(0.6%)	10,580	10,580	0	0.0%	Outwith Reporting Criteria
Transport	191	189	(2)	(1.1%)	530	530	0	0.0%	Outwith Reporting Criteria
Third Party	14,525	15,227	702	4.6%	35,452	35,452	0	0.0%	<p><b>Non-Education:</b> £639k underspend YTD, mainly relating to Schools NPDO and Hub School Programmes, see explanation in objective summary section (legal and regulatory).</p> <p><b>Education:</b> YTD underspend of £63k. The main contributing factors are a YTD underspend in Residential Placements of £34k and smaller underspends across a number of cost centres. These are all profile related and will be refined in September.</p>
Income	(12,002)	(11,543)	459	(4.0%)	(23,747)	(23,747)	0	0.0%	<p><b>Non-Education:</b> YTD underspend variance of £490k, £150k relates to one off income from the One Council Property Team, £63k of additional income over budget received YTD within Commercial Services. £48k of licensing income received over budget, budget profile needs to be corrected. YTD Variance of £213k within Property Services - Design Team largely caused by design team billing run, income processed through August. Budget has been re-profiled to remove YTD variance.</p> <p><b>Education:</b> YTD under-recovery of £33k. The main contributing factor is some reprofiling is required to Secondary School Gaelic Grant cost centres. This is being rectified in the September period.</p>
<b>Totals</b>	<b>39,788</b>	<b>41,187</b>	<b>1,399</b>	<b>3.4%</b>	<b>109,460</b>	<b>109,460</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

**EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 31 AUGUST 2019**

<b>Service Area</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>

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

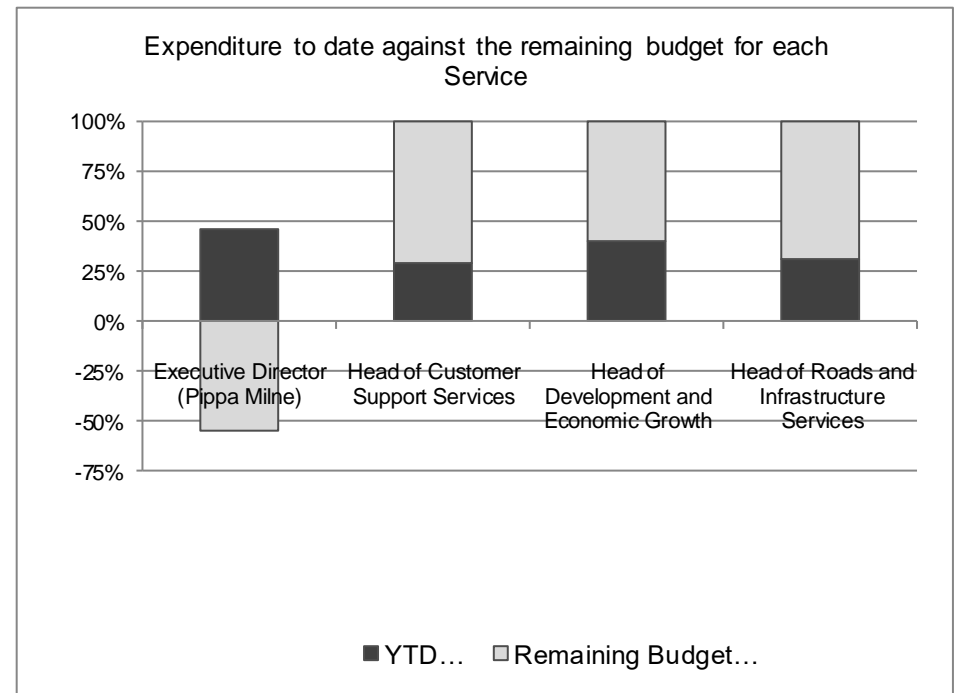
## EXECUTIVE DIRECTOR (PIPPA MILNE) – AS AT 31 AUGUST 2019

- The department is currently forecasting an overspend of £0.260m in 2019-20 resulting from a loss of income in Public Conveniences, loss of car parking income which is partially offset by additional income from DPE and increased costs of essential repairs on vehicles within Waste Collection.
- The department has a year to date underspend of £0.409m (2.5%) against budget and this is mainly due Town Centre grant funding being received ahead of expenditure.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Pippa Milne)	(23)	(23)	0	0	0
Head of Customer Support Services	8,051	8,051	0	0	0
Head of Development and Economic Growth	9,599	9,599	0	0	0
Head of Roads and Infrastructure Services	30,550	30,810	(260)	0	(260)
<b>Totals</b>	<b>48,177</b>	<b>48,437</b>	<b>(260)</b>	<b>0</b>	<b>(260)</b>

### Year to Date Position



### Key Financial Successes:

At the end of financial year 2018-19, there were overspends in a variety of service areas such as Winter Maintenance, Ferries and the PSO contract for Air Services plus a reduction in income from Public Conveniences but as a result of a planned over-recovery of vacancy savings and delays in the replacing of fleet this enabled the department to manage the situation leading to an overall departmental underspend of £0.305m.

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

## EXECUTIVE DIRECTOR (PIPPA MILNE) – OBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	124	129	5	3.9%	(23)	(23)	0	0.0%	Outwith reporting criteria
<b>Executive Director (Pippa Milne) Total</b>		<b>124</b>	<b>129</b>	<b>5</b>	<b>3.9%</b>	<b>(23)</b>	<b>(23)</b>	<b>0</b>	<b>0.0%</b>	
BO101 - We ensure information and support is available for everyone	Customer Service Centre and HR Employee Relations	570	611	41	6.7%	1,713	1,713	0	0.0%	Outwith reporting criteria
BO112 - Argyll and Bute is promoted to everyone	Bord na Gaidhlig	(4)	0	4	0.0%	0	0	0	0.0%	Outwith reporting criteria
BO113 - Our infrastructure is safe and fit for the future	ICT	832	966	134	13.9%	3,863	3,863	0	0.0%	Vacancy savings which will be used to fund support for implementation of Drupal upgrade.
BO115 - We are efficient and cost effective	HR operations, payroll and system development	422	404	(18)	(4.5%)	904	904	0	0.0%	Outwith reporting criteria
BO116 - We engage and work with our customers, staff and partners	Communications team and HR HSCP	120	125	5	4.0%	330	330	0	0.0%	Outwith reporting criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	HR project teams and improvement and organisational development	325	328	3	0.9%	850	850	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	127	137	10	7.3%	391	391	0	0.0%	Outwith reporting criteria
<b>Head of Customer Support Services Total</b>		<b>2,392</b>	<b>2,571</b>	<b>179</b>	<b>7.0%</b>	<b>8,051</b>	<b>8,051</b>	<b>0</b>	<b>0.0%</b>	



BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Private Water Supplies and Welfare Reform	70	102	32	31.4%	12	12	0	0.0%	Vacancy savings plus lower than anticipated grant expenditure
BO103 - We enable a choice of suitable housing options	Homelessness and Housing Support Services	2,081	1,750	(331)	(18.9%)	2,967	2,967	0	0.0%	HEEPS Grant income behind expenditure plus PSHG still to be transferred from capital.
BO104 - Our communities are protected and supported	Environmental Health	266	321	55	17.1%	1,104	1,104	0	0.0%	Appraisal of water supplies in West income is ahead of budget profile.
BO105 - Our natural and built environment is protected and respected	Building Standards	(50)	(5)	45	(900.0%)	9	9	0	0.0%	Income ahead of budget profile. This budget will be closely monitored to see if pattern continues in coming months.
BO110 - We support businesses, employment and development opportunities	Development Policy, Development Management and Economic Development	747	888	141	15.9%	2,224	2,224	0	0.0%	Development projects payments to third parties behind profile
BO111 - We influence and engage with businesses and policy makers	European Team and Economic Development Intelligence	92	103	11	10.7%	299	299	0	0.0%	European team payments to third parties delayed
BO112 - Argyll and Bute is promoted to everyone	T&L Regeneration, Town Centre Fund, Events and Festivals, CWSS and Timber Transport	(75)	230	305	132.6%	474	474	0	0.0%	Income from Town Centre fund received ahead of expenditure
BO113 - Our infrastructure is safe and fit for the future	Projects, TIF and Airports	531	574	43	7.5%	1,763	1,763	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	217	243	26	10.7%	747	747	0	0.0%	Vacancy savings as a result of the corporate management restructure
<b>Head of Development and Economic Growth Total</b>		<b>3,879</b>	<b>4,206</b>	<b>327</b>	<b>7.8%</b>	<b>9,599</b>	<b>9,599</b>	<b>0</b>	<b>0.0%</b>	

BO104 - Our communities are protected and supported	Public Transport	2,547	3,160	613	19.4%	2,663	2,663	0	0.0%	Public transport operator costs are behind profile
BO113 - Our infrastructure is safe and fit for the future	Road & Lighting, Roads Design, Network & Environment & Marine Services	502	341	(161)	(47.2%)	9,947	10,052	(105)	(1.1%)	Operational holding account income delayed due to system failure at month end. Roads maintenance behind profile as a result of concentration on capital works. Car parking income behind budget due to delays in processing the TRO partially offset by over-recovery of DPE income. Forecast variance of £105k has been processed.
BO114 - Our communities are cleaner and greener	Amenity Services & Waste Disposal	5,696	5,496	(200)	(3.6%)	14,873	14,963	(90)	(0.6%)	Shortfall in income from Public Conveniences. Insurance payment still to be received re Millpark depot. Glass collection has been brought in-house as a result of the previous contractor going into administration which has resulted in additional costs of around £40k.
BO115 - We are efficient and cost effective	Fleet & Waste Collection	(79)	(486)	(407)	83.7%	699	764	(65)	(9.3%)	Fleet repair costs continue to cause concern as a result of aging vehicles plus fuel recharges behind profile.
Central/Management Costs	Central/Management Costs	867	920	53	5.8%	2,368	2,368	0	0.0%	Vacancy savings and underspend on training
<b>Head of Roads and Infrastructure Services Total</b>		<b>9,533</b>	<b>9,431</b>	<b>(102)</b>	<b>(1.1%)</b>	<b>30,550</b>	<b>30,810</b>	<b>(260)</b>	<b>(0.9%)</b>	
<b>GRAND TOTAL</b>		<b>15,928</b>	<b>16,337</b>	<b>409</b>	<b>2.5%</b>	<b>48,177</b>	<b>48,437</b>	<b>(260)</b>	<b>(0.5%)</b>	

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

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

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

## EXECUTIVE DIRECTOR (PIPPA MILNE) – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	11,689	12,021	332	2.8%	31,955	31,955	0	0.0%	Vacancy Savings in Operations holding account and Infrastructure Design team which will be offset by lower income. Overspend in Pupil transport due to increasing demands. Vacancy savings in ICT will be used to fund support for implementation of Drupal upgrade. Vacancy savings at Rothesay Pavilion will be used to fund future costs.
Premises	739	670	(69)	(10.3%)	2,812	2,812	0	0.0%	Central repairs costs are ahead of profile.
Supplies and Services	3,746	3,171	(575)	(18.1%)	8,545	8,545	0	0.0%	Purchase of Quarry materials will be offset by additional income from capital.
Transport	3,896	4,089	193	4.7%	15,282	15,347	(65)	(0.4%)	External hires behind profile
Third Party	13,607	13,443	(164)	(1.2%)	36,519	36,559	(40)	(0.1%)	Payments to private contractors in Roads Operations will be offset by additional income. HEEPS expenditure offset by additional income.
Capital Financing	(55)	0	55	0.0%	1,318	1,318	0	0.0%	Additional income raised by Piers and Harbours to finance borrowing costs for Harbour Investment.
Income	(17,694)	(17,057)	637	(3.7%)	(48,254)	(48,099)	(155)	0.3%	Town Centre Grant income received ahead of expenditure. This may transfer to capital depending on which projects are taken forward. HEEPS grant in excess of budget offsets additional 3rd party expenditure; Additional income as a result of Roads Capital expenditure Forecast variance relates to loss of income in public conveniences and loss of income in parking.
<b>Totals</b>	<b>15,928</b>	<b>16,337</b>	<b>409</b>	<b>2.5%</b>	<b>48,177</b>	<b>48,437</b>	<b>(260)</b>	<b>(0.5%)</b>	

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

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

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

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

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

**EXECUTIVE DIRECTOR (PIPPA MILNE) – RED VARIANCES AS AT 31 AUGUST 2019**

<b>Service Area</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>
Public Conveniences Income	(314)	(264)	(50)	15.9%	Replacement structure have been installed at North Pier, Oban. Honesty boxes have been installed at a number of public conveniences in line with the recent report to the EDI Committee
Car Parking DPE	(237)	(297)	60	(25.3%)	Additional income from DPE
Car Parking Off Street	(165)	0	(165)	100.0%	Loss of car parking income. Review of TRO process currently being carried out
Waste Collection avoidable repairs	25	90	(65)	(260.0%)	Increased maintenance costs for essential repairs
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	
			0	0.0%	

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

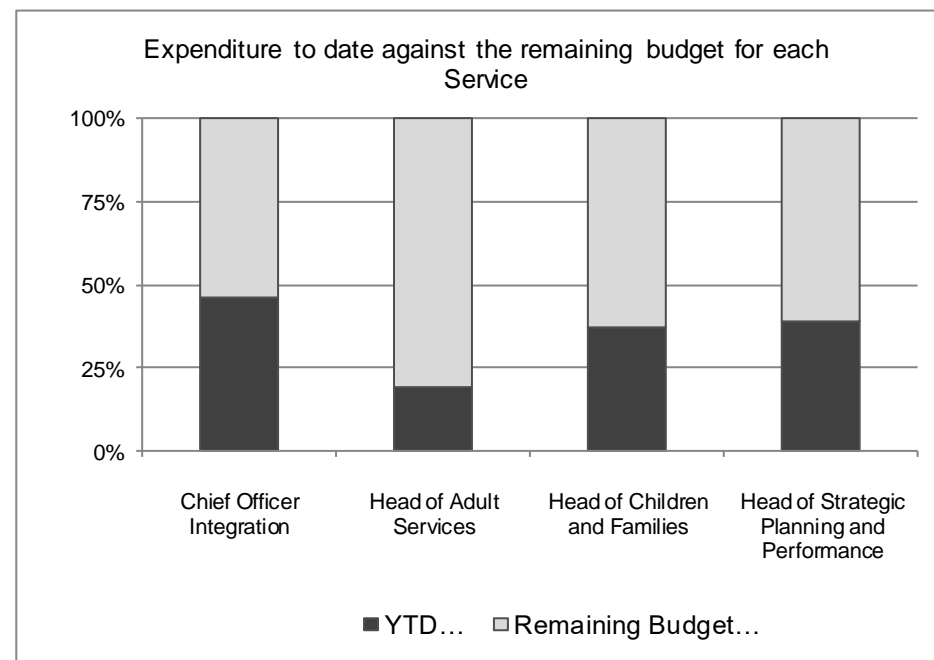
## SOCIAL WORK – AS AT 31 AUGUST 2019

- The department is currently forecasting an overspend of £1.712m (2.9%) which is due to a combination of forecast slippage on the delivery of agreed savings and high demand for services.
- The department has a year to date overspend of £0.670m (5.0%) against budget.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	646	417	229	0	229
Head of Adult Services	43,744	45,686	(1,942)	0	(1,942)
Head of Children and Families	13,820	13,821	(1)	0	(1)
Head of Strategic Planning and Performance	417	415	2	0	2
<b>Totals</b>	<b>58,627</b>	<b>60,339</b>	<b>(1,712)</b>	<b>0</b>	<b>(1,712)</b>

### Year to Date Position



#### Key Financial Successes:

Identified approximately £0.872m towards a total of £2.345m in unidentified savings during 2018/19. Whilst the service was still overspent, the value of the overspend was reduced.

#### Key Financial Challenges:

Fully deliver the £2.189m of agreed savings which remain outstanding as at August 2019.

Support the HSCP to deliver the financial recovery plan agreed at the IJB to address the £0.700m deficit which would remain after full delivery of all of the agreed efficiency savings mentioned above.

#### Proposed Actions to address Financial Challenges:

Implementation of a robust performance management mechanism to track the delivery of the savings options.

Support from finance to assist the service to identify and action opportunities to save money through tight spending controls and service redesign.

Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource in the medium to long term.

Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.

## SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Business Outcome	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Integration HQ	300	276	(24)	(8.7%)	646	417	229	35.4%	The YTD variance is outwith reporting criteria. The forecast underspend arises due to the forecast over recovery of vacancy savings (£180k) and third party payments partially offset by slippage on agreed savings (£138k)
<b>Chief Officer Total</b>	<b>300</b>	<b>276</b>	<b>(24)</b>	<b>(8.7%)</b>	<b>646</b>	<b>417</b>	<b>229</b>	<b>35.4%</b>	
Service Development	162	158	(4)	(2.5%)	417	415	2	0.5%	Outwith reporting criteria.
<b>Head of Strategic Planning and Performance Total</b>	<b>162</b>	<b>158</b>	<b>(4)</b>	<b>(2.5%)</b>	<b>417</b>	<b>415</b>	<b>2</b>	<b>0.5%</b>	
Older People	6,885	6,890	5	0.1%	29,738	30,183	(445)	(1.5%)	The YTD variance is outwith reporting criteria. The forecast overspend reflects higher than budgeted demand for care home placements and slippage on agreed savings (£328k) partially offset by higher than expected income from care home fees in the HSCP residential units and Telecare and underspends on home care, progressive care and respite.
Physical Disability	404	149	(255)	(171.1%)	1,550	2,212	(662)	(42.7%)	The YTD overspend is mainly due to overspends on third party payments in supported living and residential care services, increased spending on adaptations arising due to service demand, slippage on agreed savings (£12k) and lower than expected income from fees and charges. The forecast overspend reflects higher than budgeted demand for service and slippage on agreed savings (£14k) in supported living and residential placements.
Learning Disabilities	932	238	(694)	(291.6%)	10,036	10,980	(944)	(9.4%)	The YTD overspend is mainly due to the YTD slippage on the delivery of agreed savings (£333k) and overspends on third party payments arising due to service demand in supported living and residential care services and lower than expected income from fees and charges. The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings (£407k) in supported living and residential placements partially offset by underspends on day services, respite and assessment and care management.
Mental Health	177	238	61	25.6%	1,967	1,868	99	5.0%	The YTD underspend is mainly due to staffing underspends partially offset by lower than expected year to date income levels in Addiction Services. The forecast underspend arises due to lower than budgeted demand for residential care and community support services and an underspend on assessment and care management costs partially offset by a higher than budgeted demand for supported living services.
Central/Management Costs	42	142	100	70.4%	453	443	10	2.2%	The YTD underspend is mainly related to lower than expected spend to date on external contracts partially offset by slippage on the delivery of agreed savings (£16k). The forecast variance is outwith reporting criteria.
<b>Head of Adult Services Total</b>	<b>8,440</b>	<b>7,657</b>	<b>(783)</b>	<b>(10.2%)</b>	<b>43,744</b>	<b>45,686</b>	<b>(1,942)</b>	<b>(4.4%)</b>	

Looked After Children	2,804	2,664	(140)	(5.3%)	6,955	7,044	(89)	(1.3%)	The YTD overspend is mainly due to overspends on premises costs due to safety maintenance work at Shellach View, third party payments arising due to service demand for residential placements and slippage on the delivery of agreed savings (£83k). The forecast overspend arises due to service demand and slippage on agreed savings in residential placements (£200k) partially offset by underspends in fostering arising due to lower than budgeted service demand.
Child Protection	1,123	1,265	142	11.2%	3,377	3,251	126	3.7%	The YTD underspend is mainly due to underspends in staffing, travel and supplies and services costs in the Children and Families area teams and lower than expected demand for contact and welfare services. The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	292	340	48	14.1%	860	814	46	5.3%	The YTD underspend is mainly due to underspends in staffing, slippage on the delivery of agreed savings (£12k) and lower than expected demand for services. The forecast variance is outwith reporting criteria.
Criminal Justice	100	113	13	11.5%	151	119	32	21.2%	The YTD underspend is mainly due to underspends on staffing, as well as higher than expected YTD income receipts partially offset by overspends on third party payments. The forecast underspend arises due to staff vacancies, partially offset by agency staff costs.
Central/Management Costs	861	939	78	8.3%	2,477	2,593	(116)	(4.7%)	The YTD underspend is mainly due to staffing underspends in the admin teams, a delayed payment for rental charges at MAHICC, and an underspend on third party payments partially offset by slippage on the delivery of agreed savings (£32k). The forecast overspend arises mainly due to slippage on agreed savings (£120k) and cost of SIO post for full year partially offset by a surplus in funds for overnight working arrangements.
<b>Head of Children and Families and Community Justice Total</b>	<b>5,180</b>	<b>5,321</b>	<b>141</b>	<b>2.7%</b>	<b>13,820</b>	<b>13,821</b>	<b>(1)</b>	<b>(0.0%)</b>	
	<b>14,082</b>	<b>13,412</b>	<b>(670)</b>	<b>(5.0%)</b>	<b>58,627</b>	<b>60,339</b>	<b>(1,712)</b>	<b>(2.9%)</b>	

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

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

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

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

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

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



## SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	10,222	10,214	(8)	(0.1%)	27,974	27,696	278	1.0%	The YTD variance is outwith reporting criteria. The forecast underspend arises mainly due to the expected over-recovery of vacancy savings and an underspend on staffing costs in addiction services.
Premises	341	334	(7)	(2.1%)	1,018	1,102	(84)	(8.3%)	The YTD variance is outwith reporting criteria. The forecast overspend is mainly due to forecast overspends on electricity, solid fuel, property and safety maintenance and furniture and fittings costs.
Supplies & Services	589	(220)	(809)	367.7%	(538)	580	(1,118)	207.8%	Both the YTD and forecast variances reflect the YTD and overall estimated slippage on the delivery of agreed savings as at July 2019.
Transport	226	304	78	25.7%	780	681	99	12.7%	Both the YTD and forecast underspends are mainly due to lower than expected costs for car leases and staff mileage.
Third Party	16,949	16,842	(107)	(0.6%)	47,605	48,862	(1,257)	(2.6%)	The YTD overspend reflects higher than budgeted demand for services but the variance is significantly lower than expected due to profiling issues. The forecast overspend reflects the higher than budgeted demand for purchased care services in Children's and Adult Services.
Income	(14,245)	(14,062)	183	(1.3%)	(18,212)	(18,582)	370	(2.0%)	The YTD underspend is mainly due to higher than budgeted unused direct payment funding recovered from clients and increased income from fees and charges. The forecast underspend is mainly due to higher than budgeted income from fees and charges partially offset by a lower than budgeted income from new charging order debt.
<b>Totals</b>	<b>14,082</b>	<b>13,412</b>	<b>(670)</b>	<b>(5.0%)</b>	<b>58,627</b>	<b>60,339</b>	<b>(1,712)</b>	<b>(2.9%)</b>	

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

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

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

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

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

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

## SOCIAL WORK – RED VARIANCES AS AT 31 AUGUST 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	646	417	229	35.5%	The forecast underspend arises due to the forecast over recovery of vacancy savings (£180k) and third party payments partially offset by slippage on agreed savings (£138k)
Looked After Children	6,955	7,044	(89)	(1.3%)	The forecast overspend arises due to service demand and slippage on agreed savings in residential placements (£200k) partially offset by underspends in fostering arising due to lower than budgeted service demand.
Child Protection	3,377	3,251	126	3.7%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Criminal Justice	151	119	32	21.2%	The forecast underspend arises due to staff vacancies, partially offset by agency staff costs.
Children and Families Central Management Costs	2,476	2,593	(117)	(4.7%)	The forecast overspend arises mainly due to slippage on agreed savings (£120k) and cost of SIO post for full year partially offset by a surplus in funds for overnight working arrangements.
Older People	29,738	30,183	(445)	(1.5%)	The forecast overspend reflects higher than budgeted demand for care home placements and slippage on agreed savings (£328k) partially offset by higher than expected income from care home fees in the HSCP residential units and Telecare and underspends on home care, progressive care and respite.
Physical Disability	1,550	2,212	(662)	(42.7%)	The forecast overspend reflects higher than budgeted demand for service and slippage on agreed savings (£14k) in supported living and residential placements.
Learning Disability	10,036	10,980	(944)	(9.4%)	The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings (£407k) in supported living and residential placements partially offset by underspends on day services, respite and assessment and care management.

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

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2019**

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20 onwards.
- 1.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.
- 1.3 Of the 41 savings options, 24 have already been delivered, 10 are on track to be delivered as per their timescale, 1 is being developed, 4 have a potential shortfall and 2 are delayed.

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**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2019**


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**2. INTRODUCTION**

- 2.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20 onwards.
- 2.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.

**3. DETAIL**

- 3.1 New policy savings options were identified for the three year period 2019-20 to 2021-22 and these were agreed by Council in February 2019. Council agreed to policy savings of £1.598m in 2019-20 rising to £2.145m by 2021-22.
- 3.2 The policy saving options not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards total £1.116m in 2018-19 rising to £3.553m in 2020-21.
- 3.3 The savings for 2019-20 and 2018-19 have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.
- 3.4 Savings have been categorised as follows:

<b>Category</b>	<b>Explanation</b>
Delivered	Savings already delivered in full.
On track to be Delivered	Saving is in line with profile however the full saving cannot be guaranteed until later in the year.
Still to be implemented	Planned date of implementation is in the future. Should the implementation date move backwards then this would be classified as delayed.

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

- 3.5 The table below outlines the progress as at 31 August 2019 for the new policy savings options agreed in February 2019. Further detail is included within Appendix 1.

Category	No of Options	2019-20 £000	2020-21 £000	2021-22 £000
Delivered	9	441.3	470.0	545.0
On Track to be Delivered	8	1,052.0	1,460.0	1,460.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	1	105.0	140.0	140.0
Delayed	0	0.0	0.0	0.0
<b>Total</b>	<b>18</b>	<b>1,598.3</b>	<b>2,070.0</b>	<b>2,145.0</b>

- 3.6 The table below outlines the progress as at 31 August 2019 for the policy savings options agreed in February 2018 but not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards. Further detail is included within Appendix 2.

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	2	37.5	121.5	271.5
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	3	200.0	389.0	581.0
Delayed	2	-113.5	128.5	458.5
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>

3.7 There are three savings categorised as having a potential shortfall and three currently delayed as summarised below. Further information is contained within Appendices 3a to 3f.

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.
- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. Alternatives to turn styles are being progressed including gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b Review charges for stadiums to enable improvement work - Possible shortfall in achieving 2019-20 target due to charging issues.
- Potential Shortfall – TB08 Parking Increase parking charges and introduce additional parking charges – This saving will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.
- Delayed – TB07 Create one main depot in key areas to reduce costs – It has become apparent that the operating costs of the single redeveloped site in each town will increase reducing the anticipated saving by around £0.050m in 2019-20 and furthermore, the savings package also set out that the depot rationalisation programme would run beyond the three year savings horizon.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council's Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

#### **4. CONCLUSION**

4.1 This report outlines the progress of the Service Package Policy Options as at 31 August 2019.

4.2 Of the 41 savings options, 24 have already been delivered, 10 are on track to be delivered as per their timescale, 1 is being developed, 4 have a potential shortfall and 2 are delayed.

#### **5. IMPLICATIONS**

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

**Kirsty Flanagan**  
**Head of Financial Services**  
**12 September 2019**

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

**APPENDICES:**

- Appendix 1 – Monitoring of Service Package Policy Options Agreed February 2019
- Appendix 2 - Monitoring of Service Package Policy Options Agreed February 2018
- Appendix 3a – Potential Shortfall – RAS15 Environmental Service Warden
- Appendix 3b – Potential Shortfall – TB09 Public Conveniences
- Appendix 3c – Potential Shortfall – TB12b Charges for Stadiums
- Appendix 3d – Potential Shortfall – TB08 Parking
- Appendix 3e – Delay – TB07 Depots
- Appendix 3f – Delay – TB14 Waste Services

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2019**  
**SUMMARY**

Appendix 1

POSITION AS AT 31 AUGUST 2019

Category	No. of Options	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE	Future Years £000	Future Years FTE
Delivered	9	441.3	6.7	470.0	6.7	545.0	8.5
On Track to be Delivered	8	1,052.0	22.7	1,460.0	32.5	1,460.0	32.5
Still to be Implemented	0	0.0	0.0	0.0	0.0	0.0	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	1	105.0	5.0	140.0	5.0	140.0	5.0
Delayed	0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>18</b>	<b>1,598.3</b>	<b>34.4</b>	<b>2,070.0</b>	<b>44.2</b>	<b>2,145.0</b>	<b>46.0</b>



**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2019**

**DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years	Future Years	Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
PHRS04/07/10	Executive Director Pippa Milne	Development and Economic Growth	Biodiversity & Local Development Plan Team & GIS	Reduction of 1 post			63	1.0	63	1.0	On Track to be Delivered
PHRS12/13	Executive Director Pippa Milne	Development and Economic Growth	Homelessness & Housing Strategy	Transfer £100k for staff costs to SHF	100	0.0	100	0.0	100	0.0	Delivered
PHRS14	Executive Director Pippa Milne	Roads and Infrastructure	Marine and Coastal Development	Staffing redesign	46	1.0	46	1.0	46	1.0	Delivered
PHRS16	Executive Director Douglas Hendry	Legal and Regulatory Support	Trading Standards	Reduction of 0.5 post	11.25	0.5	15	0.5	15	0.5	Delivered
EDST02	Executive Director Pippa Milne	Development and Economic Growth	Business Gateway	23K reduction in grant funding 19/20 Reduction of 1.8 posts in 21/22	23	0.0	23	0.0	98	1.8	Delivered
EDST03	Executive Director Pippa Milne	Development and Economic Growth	Economic Growth (EDST MAN)	Reduction of 1 post	49	1.0	49	1.0	49	1.0	Delivered
EDST05	Executive Director Pippa Milne	Roads and Infrastructure	Road Safety Unit	Removal of Service	74	1.7	99	1.7	99	1.7	Delivered
RAS09	Executive Director Pippa Milne	Roads and Infrastructure	Roads Management	5% Reduction in staffing costs	39	1.0	39	1.0	39	1.0	Delivered
RAS12	Executive Director Pippa Milne	Roads and Infrastructure	Street Lighting	11% reduction to controllable budget	50	0.0	50	0.0	50	0.0	Delivered
RAS15	Executive Director Pippa Milne	Roads and Infrastructure	Environmental Warden Service	Reduction of 5 FTE. The service would focus on the income generation elements, including commercial waste agreements. This would be at the expense of the enforcement of dog fouling, littering, flytipping etc.	105	5.0	140	5.0	140	5.0	Potential Shortfall
	Cross Cutting	Cross Cutting	Management/Structure Review	Cross cutting bottom up review of current service delivery arrangements to deliver efficiency and management cost reduction.	375	6.0	500	6.0	500	6.0	On Track to be Delivered
CSS03/05	Chief Executive's Unit	Financial Services	Admin of CT/HB, collection of CT and domestic Water and Sewerage charges and CT/NDR debt recovery Scottish Welfare Fund (SWF), the Welfare Reform Working Group (WRWG) and the Anti-Poverty Strategy,	Centralise Housing Benefit processing and re-structure teams	125	3.6	200	5.6	200	5.6	On track to be delivered

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2019  
DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years	Future Years	Status of Implementation
CSS04	Chief Executive's Unit	Financial Services	NDR, Sundry Debt, BIDs and MACC billing and collection, and Cash Collection	Increase in income and re-structure team	11	1.0	21	1.0	21	1.0	On track to be delivered
CSS08/09	All Services	All Services	Procurement Savings	Increased focus by Procurement and Commissioning Team on contract and demand management by services. This will require a redesign of the PCT team but will not alter the overall number of FTE. Cashable savings coming from this new approach will be identified and removed from service budgets.	250	0.0	250	0.0	250	0.0	On track to be delivered
CSS10	Chief Executive's Unit	Financial Services	Creditor Payments / Payment of Members and staff Expenses	Phased removal of posts due to increased use in electronic systems	16	1.0	35	1.8	35	1.8	On track to be delivered
ED02	Executive Director Douglas Hendry	Education	Central/ Management Costs	Removal of vacant posts	49	1.5	49	1.5	49	1.5	Delivered
ED05	Executive Director Douglas Hendry	Education	Youth and Adult Learning	Review of Youth and Adult Learning Provision	248	10.1	330	17.1	330	17.1	On Track to be Delivered
ED06	Executive Director Douglas Hendry	Education	Music Instruction	Review of Instrumental Music Provision	27	1.0	61	TBC	61	TBC	On Track to be Delivered
<b>TOTAL</b>					<b>1,598</b>	<b>34.4</b>	<b>2,070</b>	<b>44.2</b>	<b>2,145</b>	<b>46.0</b>	

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

Appendix 2

POSITION AS AT 31 AUGUST 2019

Category	No. of Options	2018-19 £000	2018-19 FTE	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE
Delivered	15	1,002.0	8.6	1,592.8	13.6	2,191.8	19.6
On Track to be Delivered	2	37.5	0.0	121.5	0.0	271.5	0.0
Still to be Implemented	0	0.0	0.0	0.0	0.0	0.0	0.0
Being Developed	1	-10.0	-1.0	35.0	-1.0	50.0	-1.0
Potential Shortfall	3	200.0	-1.0	389.0	-3.0	581.0	-3.0
Delayed	2	-113.5	0.0	128.5	0.0	458.5	1.0
<b>TOTAL</b>	<b>23</b>	<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>

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

**DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB01-1	Executive Director Pippa Milne	Roads and Infrastructure Services	Review central support to D&I Services	112.5	4.0	150.0	4.0	150.0	4.0	Delivered
TB03-1	Executive Director Pippa Milne	Development and Economic Growth	Raise environmental/animal health fees to match other councils	140.0	0.0	140.0	0.0	140.0	0.0	Delivered
TB04-2	Executive Director Douglas Hendry	Legal and Regulatory Support	Trading Standards re-design	27.5	0.6	80.1	1.6	80.1	1.6	Delivered
TB04-4	Executive Director Douglas Hendry	Legal and Regulatory Support	Advice Services remodelling	0.0	0.0	57.1	1.0	105.1	2.0	Delivered
TB06-1	Executive Director Pippa Milne	Development and Economic Growth	Introduce charges for non-statutory pre-application services for all scales of development.	55.0	0.0	60.0	0.0	65.0	0.0	Delivered
TB06-4	Executive Director Pippa Milne	Development and Economic Growth	Reduce planning team leadership posts	0.0	0.0	52.0	1.0	52.0	1.0	Delivered
TB06-5	Executive Director Pippa Milne	Development and Economic Growth	Planning technician team reduction	35.0	1.0	88.0	2.0	88.0	2.0	Delivered
TB06-9	Executive Director Pippa Milne	Development and Economic Growth	3% increase in charges for street names/numbering	13.0	0.0	21.6	0.0	31.6	0.0	Delivered

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

**DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB07	Executive Director Pippa Milne	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	16.5	0.0	115.5	0.0	172.5	0.0	Delayed
TB08	Executive Director Pippa Milne	Roads and Infrastructure Services	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.	180.0	-1.0	345.0	-3.0	527.0	-3.0	Potential Shortfall
TB09	Executive Director Pippa Milne	Roads and Infrastructure Services	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	10.0	0.0	24.0	0.0	24.0	0.0	Potential Shortfall
TB10	Executive Director Pippa Milne	Roads and Infrastructure Services	Ferry service management and cost recovery	55.0	-1.0	85.0	-1.0	110.0	-1.0	Delivered
TB11	Executive Director Pippa Milne	Roads and Infrastructure Services	Commercial approach to piers and harbours charging	284.0	0.0	404.0	0.0	524.0	0.0	Delivered

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

**DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB12a	Executive Director Pippa Milne	Roads and Infrastructure Services	Provision of enhanced funeral and burial services	-10.0	-1.0	35.0	-1.0	50.0	-1.0	Being Developed
TB12b	Executive Director Pippa Milne	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Potential Shortfall
TB13b	Executive Director Pippa Milne	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	10.0	0.0	50.0	0.0	150.0	0.0	On Track to be Delivered
TB13c & T	Executive Director Pippa Milne	Roads and Infrastructure Services	Combine Roads and Amenity teams into one team and review the services provided.	82.0	2.0	82.0	2.0	164.0	4.0	Delivered
TB14	Executive Director Pippa Milne	Roads and Infrastructure Services	Waste services - increase commercial income; reduce costs of collection and disposal	-130.0	0.0	13.0	0.0	286.0	1.0	Delayed
TB15	Executive Director Pippa Milne	Development and Economic Growth	Review existing air service contracts and pursue more commercial opportunities	80.0	-1.0	160.0	-1.0	298.0	-1.0	Delivered
TB16-10	Executive Director Pippa Milne	Development and Economic Growth	Redesign Economic Development Service to focus on higher impact activities	0.0	0.0	57.0	1.0	218.0	4.0	Delivered

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

**DETAIL**

**POSITION AS AT 31 AUGUST 2019**

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB17	Executive Director Douglas Hendry	Commercial Services	Identify opportunities for office rationalisation and raising income	27.5	0.0	71.5	0.0	121.5	0.0	On Track to be Delivered
TB19	Executive Director Pippa Milne	Roads and Infrastructure Services	Transport redesign and cost reduction	71.0	1.0	81.0	1.0	91.0	1.0	Delivered
TB23	Executive Director Douglas Hendry	Education	Adjust janitorial staffing deployment following roll reductions in 8 schools	47.0	2.0	75.0	2.0	75.0	2.0	Delivered
<b>TOTAL</b>				<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>	

**SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL**

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Warden Service																			
Savings Reference:	RAS15																			
Description of Option:	Reduction of 5 Environmental Wardens																			
Saving:	<table border="1"> <thead> <tr> <th><b>Saving</b></th> <th><b>2019-20 £000</b></th> <th><b>2020-21 £000</b></th> <th><b>2021-22 £000</b></th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>105</td> <td>140</td> <td>140</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>Tbc</b></td> <td><b>Tbc</b></td> <td><b>Tbc</b></td> </tr> </tbody> </table>	<b>Saving</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	Saving approved	105	140	140	Saving Achievable	0			<b>Shortfall</b>	<b>Tbc</b>	<b>Tbc</b>	<b>Tbc</b>			
	<b>Saving</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>																
	Saving approved	105	140	140																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>Tbc</b>	<b>Tbc</b>	<b>Tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.																			



## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Public Conveniences																			
Savings Reference:	TB09																			
Description of Option:	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>10</td> <td>24</td> <td>24</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td>24</td> <td>24</td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>10</b></td> <td><b>0</b></td> <td><b>0</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	24	24	Saving Achievable	0	24	24	<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	10	24	24																
	Saving Achievable	0	24	24																
	<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>																
Reason Why there is a Potential Shortfall in the Saving:	The approach now agreed by the EDI Committee December 2018 is being progressed. Alternatives are being progressed including 'non-turnstile' gated options. With this unexpected change, unforeseen delays have been experienced.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The EDI Committee in December 2018 considered a report reviewing the public convenience asset group. This report has sub-divided that group according to the evidence available on footfall, and has presented members with individual options to consider. This agreed to adopt the principle of charging at high footfall facilities; install honesty boxes at medium footfall facilities; and actively pursue community ownership options at those facilities identified as low use.																			

**SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL**

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Stadiums																			
Savings Reference:	TB12b																			
Description of Option:	Review charges for stadiums to enable improvement work																			
Saving:	<table border="1"> <thead> <tr> <th><b>Saving</b></th> <th><b>2018-19 £000</b></th> <th><b>2019-20 £000</b></th> <th><b>2020-21 £000</b></th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>10</td> <td>20</td> <td>30</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> </tr> </tbody> </table>	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	Saving approved	10	20	30	Saving Achievable	0			<b>Shortfall</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>			
	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>																
	Saving approved	10	20	30																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	Possible shortfall in achieving 2019-20 target due to charging issues.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	All costs for events are being pursued to ensure targets are met.																			

## SERVICE PACKAGE SAVING MARKED AS POTENTIAL SHORTFALL

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Parking																			
Savings Reference:	TB08																			
Description of Option:	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.																			
Saving:	<table border="1"> <thead> <tr> <th><b>Saving</b></th> <th><b>2018-19 £000</b></th> <th><b>2019-20 £000</b></th> <th><b>2020-21 £000</b></th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>180</td> <td>345</td> <td>527</td> </tr> <tr> <td>Saving Achievable</td> <td>180</td> <td>180</td> <td>180</td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>0</b></td> <td><b>165</b></td> <td><b>347</b></td> </tr> </tbody> </table>	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>	Saving approved	180	345	527	Saving Achievable	180	180	180	<b>Shortfall</b>	<b>0</b>	<b>165</b>	<b>347</b>			
	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>																
	Saving approved	180	345	527																
	Saving Achievable	180	180	180																
<b>Shortfall</b>	<b>0</b>	<b>165</b>	<b>347</b>																	
Reason Why there is a Potential Shortfall in the Saving:	Shortfall relates to budgeted income for off street parking.																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	This saving will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.																			

## SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Depots																			
Savings Reference:	TB07																			
Description of Option:	Business cost reduction, income generation and maximisation, service redesign and self-funding																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>25</td> <td>115.5</td> <td>172.5</td> </tr> <tr> <td>Saving Achievable</td> <td>25</td> <td>65</td> <td>99.5 (+20k from Mill Park lease which can be used for 1 year until prudential borrowing costs kick in for Kilmory)</td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>0</b></td> <td><b>50.5</b></td> <td><b>73</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	25	115.5	172.5	Saving Achievable	25	65	99.5 (+20k from Mill Park lease which can be used for 1 year until prudential borrowing costs kick in for Kilmory)	<b>Shortfall</b>	<b>0</b>	<b>50.5</b>	<b>73</b>			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	25	115.5	172.5																
	Saving Achievable	25	65	99.5 (+20k from Mill Park lease which can be used for 1 year until prudential borrowing costs kick in for Kilmory)																
<b>Shortfall</b>	<b>0</b>	<b>50.5</b>	<b>73</b>																	
Reason Why there is a Potential Shortfall in the Saving:	<p>When this service package was originally developed it was predicated on the total removal of the smaller depot budget in each area, and the remaining depot budget remaining the same. However, as the programme has developed it has become clear that the operating costs of the redeveloped site in each town will increase – greater electricity consumption, newer, larger facilities bringing with them greater NDR payments etc. That means that part of the ‘saving’ for the vacated depots will need to be reallocated against the single depots.</p> <p>The savings package TB07 also set out that the depot rationalisation programme would run beyond the three year savings horizon, and this remains the case.</p> <p>For the reasons stated above, the initial spend and save profile identified in 2018 has experienced variance.</p>																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	<p>At present the Oban depot consolidation is progressing well, with the redeveloped Jackson’s Quarry site set to open for all services by the end of this calendar year. This will free up the Mill Park site for lease as a business and industry site, and income can be realised from that site to offset part of the savings shortfall until the borrowing costs for the Kilmory Depot development kicks in.</p> <p>Attention then turns to Lochgilphead which should be completed by the end of financial year 20/21 and start to realise savings.</p>																			

## SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure																			
Service:	Roads and Amenity Services																			
Service Package:	Waste																			
Savings Reference:	TB14																			
Description of Option:	Waste services - increase commercial income; reduce costs of collection and disposal																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>-130</td> <td>13</td> <td>286</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>-130</b></td> <td><b>tbc</b></td> <td><b>tbc</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	-130	13	286	Saving Achievable	0			<b>Shortfall</b>	<b>-130</b>	<b>tbc</b>	<b>tbc</b>			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	-130	13	286																
	Saving Achievable	0																		
<b>Shortfall</b>	<b>-130</b>	<b>tbc</b>	<b>tbc</b>																	
Reason Why there is a Potential Shortfall in the Saving:	<p>When this service proposal was originally developed, an estimated sum had been included in the template of £130k which made provision for establishing a waste transfer station for the Helensburgh and Lomond area. This was to enable a compliant solution to be delivered for the Biodegradable Municipal Waste (BMW) Landfill Ban. Subsequently a joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option.</p> <p>The Council's Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses. An update on the possible outcomes will be provided to the September EDI Committee. This will also include a high level cost model which will help inform future cost pressures from this service area. Finally, senior officers are meeting with Scottish Government officials on 30 July with the intention of seeking clarification on the implications and any mitigation measures from the BMW Landfill Ban.</p> <p>For the reasons stated above, the initial spend and save profile identified in 2018 has experienced variance.</p>																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The ongoing Waste Strategy will be a delivery mechanism for a number of these savings which were forecast for 2019/20, 2020/21 and beyond.																			

**FINANCIAL RISKS ANALYSIS 2019-20**

---

**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £3.578m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.
- 1.4 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

**FINANCIAL RISKS ANALYSIS 2019-20**

---

**2. INTRODUCTION**

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2019-20.

**3 DETAIL****3.1 Introduction**

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

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

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

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

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

**3.2 Council Wide Risks****Revenue**

- 3.2.1 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.480m.

- 3.2.2 At the budget meeting on 21 February 2019, the Council agreed 18 new policy savings options that would deliver savings over the period 2019-20 to 2021-22. The savings to be delivered in 2019-20 amount to £1.598m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.160m.
- 3.2.3 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. At the end of 2018-19 the Social Work overspend was £3.127m. As at 31 August 2019, the Social Work outturn in 2019-20 is estimated to be a £1.712m overspend. There is a risk that should the HSCP will not be able to recover from this overspend and they would refer to the Council for additional funding. The IJB do have a recovery plan in place which was revised on 25 September 2019 and this is attached as Appendix 2. The IJB agreed all the savings on the revised recovery plan with the exception of one saving in respect of care packages for older people (Option 1) which has to be brought back to the Board.
- 3.2.4 Utility costs remain a volatile area and it is difficult to accurately predict how the prices for utilities could vary. The outturn in respect of utilities for 2018-19 was an underspend of £0.123m, however, the Council are coming to the end of some utilities contracts and therefore there is a risk that new contracts are more expensive due to rising prices. Due to the volatility of utilities pricing it is very difficult to predict any impact. The financial risk is based on a 10% variation in utility costs and amounts to £0.476m.
- 3.2.5 The Council wide risks noted above, in addition to other Council wide risks, are noted within the table below.

<b>Description</b>	<b>Likelihood</b>	<b>Assessed Financial Impact £000</b>
1% variation in Council Tax Income	2	480
10% shortfall on Savings Options	2	160
IJB refer to Council for additional funding to deliver social work services	3	1,712
Energy costs increase by 10% greater than anticipated	2	476
1% variation of General Inflation Risk	2	750
<b>Total</b>		<b>3,578</b>



## Capital

3.2.6 The finance settlement announcement on 17 December 2018 provided details of the Local Government funding for 2019-20 and there is therefore certainty as to what our funding is in respect of General Capital Grant and the specific capital grants already distributed.

3.2.7 The capital plan for 2019-20 includes an estimate of £1.203m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in December 2018. A 10% variation equates to £0.120m and this would require to be managed across the capital programme.

### 3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	0	0	4	340	0	0	0	0	4	340
Executive Director Douglas Hendry	2	20	8	730	9	1,089	1	100	0	0	20	1,939
Executive Director Pippa Milne	2	120	3	240	14	1,617	1	620	0	0	20	2,597
<b>Total</b>	<b>4</b>	<b>140</b>	<b>11</b>	<b>970</b>	<b>27</b>	<b>3,046</b>	<b>2</b>	<b>720</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>4,876</b>

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	4	620
Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	4	620
Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	4	100
Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	500

### 3.4 Changes to Financial Risks since June 2019

3.4.1 There has been no changes to the departmental risks since the financial risks report as at the end of June 2019 and reported to the Policy and Resources Committee in August.

### 3.5 Monitoring of Financial Risks

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

## 4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and 45 departmental risks identified; only 2 of the 45 departmental risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

## 5 IMPLICATIONS

5.1 Policy - None.

5.2 Financial - The financial value of each risk is included within the appendix.

5.3 Legal - None.

- |     |                    |          |   |
|-----|--------------------|----------|---|
| 5.4 | HR -               |          | None.   |
| 5.5 | Fairer<br>Duty -   | Scotland | None.   |
| 5.6 | Risk -             |          | Financial risks are detailed within the appendix. |
| 5.7 | Customer Service - |          | None.   |

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

**Kirsty Flanagan  
Head of Financial Services  
24 September 2019**

**APPENDICES**

Appendix 1 – Detail of Department/Service financial risks.

Appendix 2 – IJB Financial Recovery Plan 2019-20 revised IJB 25 September 2019

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2019		As at 31 August 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Executive Director Douglas Hendry	Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	4	100	4	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	Monitoring developments of the implementation of the Act and statutory guidance produced.	3	50	3	50
Executive Director Douglas Hendry	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this and the Council has altered their implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	The timeline of the implementation plan has been revised to align with the Scottish Government funding profile. Continuous monitoring and review of the implementation plan and resources.	2	100	2	100
Executive Director Douglas Hendry	Education	Regional Collaborative	The implementation of regional collaboratives would result in additional work associated with the delivery of the Regional Improvement Plan.	Planning to incorporate within work pattern for schools and officers. The full impact of the contribution to Regional Collaboratives and the time allocation required by each authority is yet unknown.		0		0
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement.	A demand pressure has been built into the 2019-20 budget which helps to minimise the value of the risk. Continuous monitoring and review of ASN allocations.	2	100	2	100
Chief Executive's Unit	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	3	125	3	125

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2019		As at 31 August 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Chief Executive's Unit	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Chief Executive's Unit	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Chief Executive's Unit	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30
Executive Director Pippa Milne	Customer Support Services	Software Licences	Potential risk of being underlicensed for software which will be identified via software audits.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	500	3	500
Executive Director Douglas Hendry	Commercial Services	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC (Carbon Reduction Commitment) Energy Efficiency Scheme, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200	3	200
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications.	3	100	3	100

APPENDIX 1

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2019		As at 31 August 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Pippa Milne	Roads and Infrastructure Services	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	3	150	3	150
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60	2	60
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	34	3	34
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends.	3	30	3	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	150	2	150
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	150	2	150
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	One Council property team now in place.	3	50	3	50

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2019		As at 31 August 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Executive Director Douglas Hendry	Commercial Services	Leisure Trust - Management Fee	Increase in RPI - inflation on Employee Costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	50	2	50
Executive Director Douglas Hendry	Commercial Services	LiveArgyll - Company 2.	LiveArgyll overspend or under recover anticipated income outwith Management Fee which is fixed for first 3 years.	Ongoing monitoring net spend against profile. Strategic Finance liaise with SPT and Live Argyll to ensure accurate and timely reporting with action taken to mitigate when identified.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI - requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	25	3	25
Executive Director Pippa Milne	Development and Economic Growth	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Council have procured self provision fuel tank at Oban Airport and site works are underway. This will reduce external commercial fuel costs.	3	30	3	30
Executive Director Pippa Milne	Development and Economic Growth	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities e.g. through website and facebook, provision of marketing materials and regular awareness raising events. It is hoped that the supply of fuel at the facility will attract more customers.	2	10	2	10
Executive Director Pippa Milne	Development and Economic Growth	Homelessness Temporary Accommodation Income	Introduction of Universal Credit has an impact on the level and method of benefits recovered for temporarily accommodated individuals.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application.	3	25	3	25
Executive Director Pippa Milne	Development and Economic Growth	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner.	3	100	3	100

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2019		As at 31 August 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Pippa Milne	Development and Economic Growth	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Executive Director Pippa Milne	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase planning fees to a sustainable level.	3	100	3	100
Executive Director Pippa Milne	Development and Economic Growth	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	75	3	75
Executive Director Pippa Milne	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20	1	20
Executive Director Pippa Milne	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of Brexit, changes to international trading agreements or business economy	Monitor activity and continue to support businesses through approvals, food safety regulation engagement, and support at 3rd country audits.	2	130	2	130
Executive Director Pippa Milne	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
Executive Director Pippa Milne	Roads and Infrastructure Services	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40	3	40
Executive Director Pippa Milne	Roads and Infrastructure Services	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	All vessels are dry-docked on an annual basis then surveyed; any identified, or planned, essential works are carried out whilst the vessel is docked before being certificated by MCA – so, safety of crew and passengers is assured. Marine Services will produce a ferry replacement plan which will identify the programme and likely costs for replacement of vessels on a managed and proactive basis.	4	620	4	620



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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Pippa Milne	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Executive Director Pippa Milne	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	3	100
Executive Director Pippa Milne	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert , road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	300	3	300
Executive Director Pippa Milne	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	200	3	200
Executive Director Pippa Milne	Roads and Infrastructure Services	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27	3	27
Executive Director Pippa Milne	Roads and Infrastructure Services	Waste Disposal	Waste Strategy - potential impact of preparation for biodegradable municipal waste landfill ban	Developing Waste Strategy that will have a compliant model that also has the minimum financial impact for short and long term for the Council	3	200	3	200
					<b>44</b>	<b>4,876</b>	<b>44</b>	<b>4,876</b>



**Integrated Joint Board**

**Agenda item: 5.4 (iii)**

**Date of Meeting: 25 September 2019**

**Title of Report: Financial Recovery Plan**

**Presented by: Judy Orr, Head of Finance and Transformation**

**The Integrated Joint Board is asked to:**

- Consider and approve the proposed financial recovery plan.

## **1. EXECUTIVE SUMMARY**

1.1 The forecast outturn position for 2019-20 at the end of July is a forecast overspend of £2.137m. This consists of an overspend of £1.932m within Social Work delivered services and an overspend of £0.205m within Health. Further review of the progress of delivery of savings suggests that the financial recovery plan approved by the Integrated Joint Board on 7 August 2019 will be insufficient to achieve financial balance. In accordance with the Integration Scheme paragraph 8.2.18, as soon as an overspend is predicted, the Chief Officer and Chief Financial Officer are required to identify the cause of the forecast overspend and prepare a recovery plan to return to a break even position. The recovery plan should be approved by the Integrated Joint Board. The paper therefore proposes a financial recovery plan for consideration by the Quality and Finance programme Board before it is remitted to the Integrated Joint Board for consideration.

## **2. INTRODUCTION**

2.1 This report provides a commentary on the causes of the forecast overspend and proposes a further financial recovery plan in order to return the forecast to a break even position.

## **3. DETAIL OF REPORT**

### **3.1 Recovery action proposed - Health**

3.1.1 Within Health delivered services the forecast overspend is £0.205m. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The end of July forecast shows that there are still a further £980k of savings which are not yet fully in train to be delivered. The biggest of the outstanding savings relate to the management restructure (£200k

which is now progressing; the review of the SLAs with Greater Glasgow & Clyde (£263k) which is at risk; Lorn & Isles staffing (£169k) which is being met from non-recurring vacancy savings at present; and Dunoon medical services locum costs (£100k) which are out to advert. Further review of these savings in August reflects difficulties in achieving £930k of these savings.

- 3.1.2 The forecast overspend has been offset to an extent by vacancy savings and also slippage on budget reserves which includes one-off in year allocations. It is expected that this overspend of £205k should be containable through the actions described above to continue to deliver on the outstanding savings, along with on-going grip and control of expenditure during the remainder of the financial year, particularly on agency / locum staff so no new savings are proposed in the recovery plan for Health.

### 3.2 Recovery action proposed – Social Work

- 3.2.1 Within Social Work the forecast overspend is £1.932m at the end of July which is an improvement of £374k on the position at the end of June. However at this stage we were still forecasting to deliver 50% of most of the outstanding savings. Further review of savings in August has shown this to be over optimistic. As reported in the budget monitoring report, it is now expected that there will be a shortfall in delivery of savings by £1.95m, up from the previous estimate of £1.26m.

- 3.2.2 The recovery plan presented on 7 August proposed a further £700k of Social Work savings and these are forecast as being achievable. However, currently progress with other previously agreed savings is not yet at the level anticipated in that recovery plan. Further new savings will be required in order to achieve financial balance in addition to re-invigorating efforts to deliver some of the savings where we are not yet forecasting to deliver these. This will require substantial restrictions on new Social Work care packages over the remainder of the financial year.

- 3.2.3 The following new actions are proposed. These include the following:

	Description	Potential value £000's
1	New care packages for Older People's services restricted to those with critical Priority 1 needs only, with lower priorities signposted to alternative third sector services and/or assisted with telecare services where possible. Aim is to contain spend on new care packages to no more than 30% of funding released from any care packages terminating. Where that allows, some of the highest priority 2 cases will also be accommodated.	32
2	A cap on Care Home placements equivalent to the national care home package cost of £30,000 p.a. applied to contain the costs of larger, more complex	160

	care packages. Use of a maximum number of new places for Older People approved weekly.	
3	Discharges from hospital will be accelerated for clients returning to their own homes as part of Home First assessments.	0
4	Review of existing lower priority cases to be carried out (priority 3s and below), targeting Oban area first, to ensure that care packages provided are appropriate and in line with best practice elsewhere.	170
5	Managers will be given detailed rules to be followed and responsibility for determining care packages will be transferred from Adult Care Resources Group back to localities so that there is more local ownership of these decisions.	0
6	Reinforcement of rules on self-directed support packages and limit to the appropriate standard hourly rates.	15
7	Reduction of excessive levels of overtime being worked by internal home care posts	4
8	A moratorium in place in relation to the use of agency staffing unless absolutely critical to safe service delivery. In the rare circumstances where this is required, this will be arranged through the Council's procurement team to secure at minimum cost.	0
9	Ensure that assessment and service provision practice is applied consistently across all client groups (older people, learning disability, physical disability and mental health) and areas to ensure equity of service provision.	0
10	Better use of bank staff in our units to minimise / prevent overtime costs.	0
11	Travel to be restricted to essential front line staff, and attendance at statutory and mandatory training, and exceptional cases approved by head of service. Instead will maximise the use of Skype/video conferencing, leaving more time for productive work and reducing costs and strain on staff, reducing mileage and subsistence costs as well as flexi/toil which impact on staff availability.	0
11b	Attendance at Training events / conferences/ seminars to be restricted to statutory and mandatory training or where essential to meeting CPD requirements, or otherwise where authorised by Head of Service as exceptional. Prevents further overspend.	0
12	Review provision of underused respite flat at Jura Progressive Care Centre	5
	<b>Total</b>	<b>386</b>

3.3

3.3.1

3.3.2 **Summary**

In summary, further recovery action is proposed as outlined at 3.2.3 above to bring the HSCP back into financial balance.

In addition to the new actions above, it will be essential to reinvigorate efforts to deliver on the previously agreed savings, particularly around the key areas highlighted in the previous recovery plan of Learning Disability (£850k); Restructuring of neighbourhood teams (£250k) and single team community approach (£120k) which have all been delayed for various reasons.

#### **4. RELEVANT DATA AND INDICATORS**

4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

#### **5. CONTRIBUTION TO STRATEGIC PRIORITIES**

5.1 The Integrated Joint Board has a responsibility to set a budget which is aligned to the delivery of the Strategic Plan and to ensure the financial decisions are in line with priorities and promote quality service delivery. This needs to be considered when options are developed to balance the budget.

#### **6. GOVERNANCE IMPLICATIONS**

6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £2.137m as at 31 July 2019. A financial recovery plan is therefore required setting out how the forecast overspend will be addressed and returned to a breakeven position. The recovery plan approved by the IJB on 7 August is now considered inadequate to achieve financial balance as the position with regard to delivery of previously agreed savings has deteriorated further.

6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

6.3 Clinical Governance - None

#### **7. EQUALITY AND DIVERSITY IMPLICATIONS**

7.1 None directly from this report but any proposals to address the estimated budget gap will need to consider equalities.

#### **8. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE**

8.1 None directly from this report.

#### **9. RISK ASSESSMENT**

9.1 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical

risks will be taken into account as part of the implementation of the financial recovery plan.

**10. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

10.1 None directly from this report but any proposals to address the estimated budget gap will need to take into consideration local stakeholder and community engagement.

**11. CONCLUSIONS**

11.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.8m. A financial recovery plan to return the H&SCP to a breakeven position is presented to achieve this.

**12. DIRECTIONS**

Directions required to Council, NHS Board or both.	<b>Directions to:</b>	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

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Ref	Description	Comment from SLT / Adult Services Management Team	Owner	Timescale	Risk	Impacts	Mitigations	Potential saving £000's	Comment on quantification
1	New care packages for all services restricted to those critical Priority 1 needs only, with lower priorities signposted to alternative third sector services and/or assisted with telecare services where possible. Aim is to contain spend on new care packages to no more than 30% of funding released from any care packages terminating. Where that allows, some of the highest priority 2 cases will also be accommodated.	Discussed extension to LD and mental health clients. Essential to avoid claims of discrimination against older people if restricted to them only Does not support Strategic Plan	LAMs	To be implemented immediately	Risk of too many cases classed as P1 just in order to access service Third sector services not geared up to support P2 needs (only aimed at P3/4) P2 needs are still substantial and will not be met - is this safe?	P2 needs may quickly change to P1 needs. Window of opportunity for reablement may be lost	Review and monitoring of unmet P2 need will be required Enforcement of consistency of application of definition of P1 Assessment team leads to work closely	32	Assumes c 10 cases per month won't get a service. We have c 540 existing cases. Of new cases currently c one third are P1s, one third P2s and one third unknown
2	A cap on Care Home placements equivalent to the national care home package cost of £30,000 p.a. applied to contain the costs of larger, more complex care packages. Use of a maximum number of new places for Older People approved weekly	Agreed should also apply to Care at Home packages too. Will need to determine the highest priority cases across the whole area and apply consistently not down at each locality level. Has been done in past, and there is a pooled budget across the whole area	LMS HOS	To be implemented immediately	Risk of delayed discharges, and potential for more out of locality placements if pushing clients from potentially more expensive care at home packages towards more care home placements. Risk of lack of capacity from care homes. If applied only to Older peoples Services as proposed, may be seen as discriminatory in favour of Younger Adults	Increase in complaints from clients & families that packages proposed are not suitable/to their liking	Application of a standard care at home package maximum across the area	160	There are currently 70 older people receiving care at home care packages with a weekly cost greater than or equal to the nursing home equivalent of £575 per week. The saving represents a 40% reduction in cost based on average excess cost beyond the nursing care equivalent for the 70 clients.
3	Discharges from hospital will be accelerated for clients returning to their own homes as part of Home First assessments.	Discharge to assess / Home First being reviewed in NHS Highland where re-ablement and assessment is done in client's home	LAMs Lead AHP	Review current arrangements and potential temporary capacity increases using winter funds and agree way forward by 20/09/2019	Risk of lack of capacity to support this especially from OTs	Positive for clients, and reduces occupied bed days	Introduce slowly, and liaise with NHS Highland	0	
4	Review of existing lower priority cases to be carried out (priority 3s and below) to ensure that care packages provided are appropriate and in line with best practice elsewhere.	79 P3s and P4s are receiving services. 41 in Helensburgh, 16 in Cowal and 10 in Oban so don't just start in Oban. 142 have no priorities in Care Assess. Not sure if this data is accurate/kept up to date. Could use Re-ablement OTs to assist with reviews.	Finance LAMs	Finance to issue list of current P3 and P4 funded cases by 16/09/2019. LAMs to have reviewed lists and feedback to finance / arranged reviews by 27/09/2019	Lack of capacity to complete reviews Complaints from clients & families about packages reduced Potential for lack of consistency in reviews/ decisions	Some packages of care will be reduced, but will be in line with need	Do as desk based, manager led, and also involve providers who see the clients regularly, do in pairs, involve Resources Team Leads Councillor and stakeholder briefings	170	The total weekly spend on these clients is £32,390. The assessment is based on a 50% reduction in services delivered across these 79 clients in the last half of the year with an adjustment included to reflect the reducing relevance of the priority level for older assessments
5	Managers will be given detailed guidelines to be followed and responsibility for determining care packages will be transferred from Adult Care Resources Group back to localities so that there is more local ownership of these decisions.	Alison Hunter working on and will discuss at last meeting of ACRG this week	Alison Hunter	Alison to complete guidance note by 17/09/2019 and pass for discussion at SLT on 18/09/2019 ahead of issue to all staff	Lack of consistency of decision making	More ownership of decisions at locality level	Review sample of decisions to ensure guidelines being followed consistently	0	This is the application of the policies already adjusted for on this table.
6	Reinforcement of guidelines on self-directed support (SDS) direct payment packages and limit to the appropriate standard hourly rates. Provide parity of service to other SDS options	Personal Assistant rates which are set in line with Scottish Living Wage to be used. Dumfries & Galloway have saved c 10% by using a direct payment card (costs c £6k p.a.) which restrict use to approved categories of spend, and allow visibility of spend so that if unspent, monies can be withdrawn	LAMs	To be implemented immediately	Capacity to implement payment cards Resistance to change from existing clients	Complaints about restrictions	Use Community Contacts (CarrGomm) to support	15	Assumes impact of move to payment cards with live remote monitoring becoming available. Potentially £50k full year.
7	Reduction of excessive levels of overtime being worked by internal home care posts	Just agreed some PARs for bank staff to reduce large amounts overtime being worked by some staff. Some risks with Brexit especially for Carers Direct Policy has previously been agreed	LAMs	To be implemented immediately with area managers approving any exceptional overtime in advance of hours being worked	Complaints from Trade Unions about further externalisation			4	Transfer a further 50 hours per week from internal home care in Mid Argyll to the local external provider, subject to the provider's capacity/ability to recruit. Saving assumes delivery from the beginning of December - to allow time for recruitment of additional carers - at a rate differential of £4.06 per hour transferred.

Ref	Description	Comment from SLT / Adult Services Management Team	Owner	Timescale	Risk	Impacts	Mitigations	Potential saving £000's	Comment on quantification
8	A moratorium in place in relation to the use of agency staffing unless absolutely critical to safe service delivery. In the rare circumstances where this is required, this will be arranged through the Council's procurement team to secure at minimum cost.	This should already be in place. Use of agency workers well reduced. May not save much, just reduce future overspend pressures	LAMs	To be implemented immediately with consideration to be taken of local needs where agency staff may be the only option available to deliver safe service				0	This prevents increasing the overspend further.
9	Ensure that assessment and service provision practice is applied consistently across all client groups (older people, learning disability, physical disability and mental health) and areas to ensure equity of service provision.	Discussed and clarified at adult service managers meeting on 16 September.	LAMs	To be implemented immediately.		Change to historic operating practice in some service areas, most notably in learning disability and mental health services.		0	Unable to cost the impact without specific case examples. Savings will be delivered on a case by case basis.
10	Better use of bank staff in our units to minimise / prevent overtime costs. Moratorium on overtime except where needed to provide safe staffing levels	Could we offer our permanent staff bank contracts so extra hours are at basic rates and not overtime rates? Extend access to A&B HSCP to NHS Highland bank staff?	LAMs	Area managers to contact unit managers to identify any gaps in current bank staff provision and submit recruitment requests for bank posts by 20/09/2019. Action on overtime to be implemented immediately with area managers approving any exceptional overtime in advance of hours being worked	Some staff are used to significant overtime and will be unhappy	Will be better for staff generally as excessive overtime can result in strain, and lead to higher sickness levels	Need recruitment drive for additional bank staff	0	The spend on time and a half overtime to the middle of July is circa £54k, reflecting approx. 3.5 month's payroll costs. Multiplied out for the year, the annual spend would be £185k. Saving is based on reducing overtime by 50% for the remainder of the year through better use of bank staff/recruitment of more bank staff (£54k / 3.5 x 6.5 x 50%)
11a	Travel to be restricted to essential front line staff and exceptional cases approved by head of service. Instead will maximise the use of Skype/video conferencing, leaving more time for productive work and reducing costs and strain on staff, reducing mileage and subsistence costs as well as flexi/toil which impact on staff availability.	Should largely be in place as a result of grip and control already - just reinforce	LAMs	To be implemented immediately.				0	£25k already included in the previously agreed financial recovery plan. Not expected to add further saving
11b	Attendance at Training events / conferences/ seminars to be restricted to statutory and mandatory training or where essential to meeting CPD requirements, or otherwise where authorised by Head of Service as exceptional	supported	LAMs	To be implemented immediately.	Staff development needs identified at PRDs or via TURAS may be unmet	May reduce motivation of staff	Clearly communicate financial position to all staff	0	see above
13	Review provision of underused respite flat at Jura Progressive Care Centre	Could save c £12.5k p.a.	Donald Watt	Donald Watt to discuss options for the respite accommodation with local staff on Islay / Jura and report back on the outcome by 20/09/2019	Local community may be unhappy	Adverse impact on vulnerable clients	Clearly communicate financial position to stakeholders and ensure that high priority needs are met in alternative way	5	Full year impact is £12.5k
TOTAL								386	



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**CAPITAL BUDGET MONITORING REPORT – 31 AUGUST 2019**

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**1 EXECUTIVE SUMMARY**

1.1 This provides an update on the position of the capital budget as at 31 August 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

**1.2 Financial Position:**

- **Current Year to Date** – actual net expenditure to date is £8,753k compared to a budget for the year to date of £8,658k giving rise to an overspend for the year to date of £95k (1.1%).
- **Forecast Outturn for 2019-20** – forecast net expenditure for the full financial year is £32,301k compared to an annual budget of £32,039k giving rise to a forecast overspend for the year of £262k (0.8%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £226,770k compared to a total budget for all projects of £226,337k giving rise to a forecast overspend for the overall capital plan of £433k (0.19%).

**1.3 Project Delivery:**

- **Asset Sustainability** – Out of 124 projects there are 116 projects (94%) on track and 8 projects (6%) off track but recoverable.
- **Service Development** - Out of 21 projects there are 19 projects (90%) on track and 2 projects (10%) off track but recoverable.
- **Strategic Change** – Out of 34 projects there are 29 projects (85%) on track, 4 projects (12%) off track but recoverable and 1 project (3%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. There are no funding changes for August.

**2 INTRODUCTION**

- 2.1 This provides an update on the position of the capital budget as at 31 August 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

**3 RECOMMENDATIONS**

- 3.1 Note the contents of this financial summary and approve the proposed changes to the capital plan detailed in Appendix 4.

**4 CURRENT YEAR TO DATE FINANCIAL POSITION****4.1 Overall Position**

Actual net expenditure to date is £8,753k compared to a budget for the year to date of £8,658k giving rise to an overspend for the year to date of £95k (1.1%).

**4.2 Project/Department Position**

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

<b>Project Type:</b>	<b>Year to Date Budget £'000</b>	<b>Year to Date Actual £'000</b>	<b>Variance £'000</b>
Asset Sustainability	5,921	6,014	(93)
Service Development	1,003	1,001	2
Strategic Change	1,734	1,738	(4)
<b>Total</b>	<b>8,658</b>	<b>8,753</b>	<b>(95)</b>
<b>Service:</b>			
ICT	476	476	0
Education	2,524	2,628	(104)
Live Argyll	366	372	(6)
Health & Social Care Partnership	5	40	(35)
Shared Offices	587	558	29
Roads & Infrastructure	4,168	4,147	21
Development & Economic Growth	220	225	(5)
CHORD	312	307	5
<b>Total</b>	<b>8,658</b>	<b>8,753</b>	<b>(95)</b>

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

## 5 FORECAST OUTTURN 2019-20

### 5.1 Overall Position

Forecast net expenditure for the full financial year is £32,301k compared to an annual budget of £32,039k giving rise to a forecast overspend for the year of £262k (0.8%).

### 5.2 Project/Department Position

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

<b>Project Type:</b>	<b>Annual Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
Asset Sustainability	17,191	17,756	(565)
Service Development	1,197	1,096	101
Strategic Change	13,651	13,449	202
<b>Total</b>	<b>32,039</b>	<b>32,301</b>	<b>(262)</b>
<b>Service:</b>			
ICT	909	909	0
Education	7,793	7,637	156
Live Argyll	896	1,265	(369)
Health & Social Care Partnership	1,067	1,067	0
Shared Offices	5,271	5,139	132
Roads & Infrastructure	10,305	10,493	(188)
Development & Economic Growth	151	129	22
CHORD	5,647	5,662	(15)
<b>Total</b>	<b>32,039</b>	<b>32,301</b>	<b>(262)</b>

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

**6 TOTAL PROJECT COSTS****6.1 Overall Position**

The forecast total net project costs on the total capital plan are £226,770k compared to a total budget for all projects of £226,337k giving rise to a forecast overspend for the overall capital plan of £433k (0.19%).

**6.2 Project/Department Position**

The table shows the forecast expenditure and budget for the total capital plan by project type and service:

	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Capital Plan Variance £'000</b>
<b>Project Type:</b>			
Asset Sustainability	113,065	113,712	(647)
Service Development	8,271	8,170	101
Strategic Change	105,001	104,888	113
<b>Total</b>	<b>226,337</b>	<b>226,770</b>	<b>(433)</b>
<b>Service:</b>			
ICT	11,413	11,413	0
Education	56,000	55,938	62
Live Argyll	5,274	5,656	(382)
Health & Social Care Partnership	5,479	5,479	0
Shared Offices	24,625	24,463	162
Roads & Infrastructure	67,897	68,179	(282)
Development & Economic Growth	3,420	3,398	22
CHORD	52,229	52,244	(15)
<b>Total</b>	<b>226,337</b>	<b>226,770</b>	<b>(433)</b>

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

## 7 TOTAL PROJECT PERFORMANCE

### 7.1 Overall Position

There are 179 projects within the Capital Plan, 164 are Complete or On Target, 14 are Off Target and Recoverable and 1 is Off Track.

### 7.2 Project Position

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

<b>Project Type:</b>	<b>Complete/ On Target</b>	<b>Off Target/ Recoverable</b>	<b>Off Target/ Problem</b>	<b>Total</b>
Asset Sustainability	116	8	0	124
Service Development	19	2	0	21
Strategic Change	29	4	1	34
<b>Total</b>	<b>164</b>	<b>14</b>	<b>1</b>	<b>179</b>
<b>Service:</b>				
ICT	3	4	0	7
Education	67	1	0	68
Live Argyll	1	0	0	1
Health & Social Care Partnership	34	0	0	34
Shared Offices	29	2	0	31
Roads & Infrastructure	16	3	0	19
Development & Economic Growth	11	2	0	13
CHORD	3	2	1	6
<b>Total</b>	<b>164</b>	<b>14</b>	<b>1</b>	<b>179</b>

Appendix 7 provides further information in relation to Strategic Change Projects.

### 7.3 Chart of Performance Status

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



## 8 OFF TRACK PROJECTS

8.1 The Off Track projects are noted in the table below and variance reports are included in Appendix 6.

Project Type	Project	What is Off Track?	Explanation
Strategic Change	CHORD Rothesay	Total Project Expenditure	Original cash flows unrepresentative of Works Programme and are being reviewed by new project manager.

## 9 STRATEGIC CHANGE PROJECTS

9.1 Appendix 7 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of the project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and if these are not green gives an explanation of the problem.

**10 CHANGES TO CAPITAL PLAN**

- 10.1 The table below shows proposed changes to the Capital Plan at summary level. Explanations relating to the specific projects involved can be seen in Appendix 4.

The updated capital plan incorporating these proposed changes can be found in Appendix 9.

<b>Department</b>	<b>Previously Agreed Changes 2019-20 £'000</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>Future Years £'000</b>
Asset Sustainability	-32	-92	89	3	0
Service Development	-3,294	0	0	0	0
Strategic Change	-1,013	-89	89	0	0
<b>Total</b>	<b>-4,339</b>	<b>-181</b>	<b>178</b>	<b>3</b>	<b>0</b>
<b>Service:</b>					
ICT	0	0	0	0	0
Education	-3,831	-92	89	3	0
Live Argyll	-20	0	0	0	0
Health & Social Care Partnership	14	0	0	0	0
Shared Offices	-9	0	0	0	0
Roads & Infrastructure	0	-89	89	0	0
Development & Economic Growth	6	0	0	0	0
CHORD	-312	0	0	0	0
<b>Total</b>	<b>-4,152</b>	<b>-181</b>	<b>178</b>	<b>3</b>	<b>0</b>

**11 CAPITAL RECEIPTS**

- 11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. There are no funding changes for August.



**12 APPENDICES**

- **Appendix 1** – Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Changes to Capital Plan and Financial Impact
- **Appendix 5** – Capital Funding
- **Appendix 6** - Off track project variance reports
- **Appendix 7** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 8** - Financial Summary – Overall
  - Financial Summary – DIS
  - Financial Summary – Customer Services
- **Appendix 9** - Updated/Revised Capital Plan

**Kirsty Flanagan**  
**Head of Financial Services**

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

**APPENDIX 1 – Year to Date Finance Variance Explanations**

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

<b>Project</b>	<b>YTD Budget £'000</b>	<b>YTD Actual £'000</b>	<b>(Over)/ Under Variance £'000</b>	<b>Explanation</b>
Variances Less than £50k			(95)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(95)</b>	

**APPENDIX 2 – Forecast Outturn Variance Explanations**

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

<b>Project</b>	<b>Annual Budget £'000</b>	<b>Outturn £'000</b>	<b>(Over)/Under Forecast Variance £'000</b>	<b>Explanation</b>
Mill Park Depot	(199)	97	(297)	Additional expenditure anticipated to be covered by insurance claim
Rothesay Swimming Pool	481	844	(363)	Substantial additional rot works have been uncovered to the timber portal frame and structural sarking leading to increased costs and an extension of time to the contract with attendant costs.
Islay High School	184	92	92	Works deferred until summer 20-21. Heating Upgrade to complete in 19-20. Budget slipped into 20-21
Campbeltown Flood Scheme	409	320	89	Working through one remaining objection which has delayed the Scheme Confirmation. Budget slipped into 20-21
Carbon Management - Group Heating Conversion Project (PB)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines during the year.
Other Variances			149	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(262)</b>	

### APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Millpark Depot	73	370	(297)	Additional expenditure anticipated to be covered by insurance claim
Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines.
Rothesay Swimming Pool	663	1,039	(376)	Substantial additional rot works have been uncovered to the timber portal frame and structural sarking leading to increased costs and an extension of time to the contract with attendant costs.
Other Variances			172	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(433)</b>	

**APPENDIX 4 – Changes to Capital Plan and Financial Impact****OVERALL COST CHANGES**

Project	2019-20 £'000	2020-21 £'000	2021-22 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
<b>Total Cost Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**SLIPPAGES AND ACCELERATIONS**

Project	2019-20 £'000	2020-21 £'000	2021-22 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Islay High School	(92)	89	3	0	0	Slip budget into future years	Not possible to carry out works during term time. Works deferred until summer 20/21.
Campbeltown Flood Scheme	(89)	89	0	0	0	Slip budget into 20-21	Working through one remaining objection which has delayed the Scheme Confirmation.
<b>Total Slippages and Accelerations</b>	<b>(181)</b>	<b>178</b>	<b>3</b>	<b>0</b>	<b>0</b>		
<b>Net Impact of Changes</b>	<b>(181)</b>	<b>178</b>	<b>3</b>	<b>0</b>	<b>0</b>		

**CAPITAL PROGRAMME FUNDING**

Appendix 5

Funding	Current Year (2019-20)					2020-21				2021-22				Future Years
	Approved Capital Funding £'000	Carry Forwards from 18/19 £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Slippage / Acceleration £'000
General Capital Grant	12,262		0		12,262	12,262		0	12,262	12,262			12,262	
General Capital Grant - Reallocated	2,634		0		2,634	0		0	0	0			0	
Transfer to Revenue for Private Sector Housing Grant (PSHG)	(1,033)		0		(1,033)	(1,033)		0	(1,033)	(1,033)			(1,033)	
Capital Receipts	1,203	85	0		1,288	1,203		0	1,203	3,202			3,202	
Flooding Allocation	186	45	(63)		168	0	63	0	63	0			0	
Ring Fenced Capital Grant	143		0		143	0		0	0	0			0	
Restricted Funding/Ring Fenced Capital Grant	3,165	6,346	(3,795)	2,530	8,246	5,000	3,795	0	8,795	0			0	
Funded by Reserves	7,579	11,730	(7,579)		11,730	0		0	0	0	7,579		7,579	
Harbour Investment Programme - borrowing paid by additional income	4,800	680	(853)		4,627	7,314	(2,189)	2,950	8,075	11,950	(6,750)	13,000	18,200	9,792
Prudential Borrowing	3,628		(336)	700	3,992	13,282	336	0	13,618	234			234	
Loans Fund	0		(3,903)		3,676	0	978		978	0	(10,651)		(10,651)	
<b>Capital Funding</b>	<b>34,567</b>	<b>18,886</b>	<b>(16,529)</b>	<b>3,230</b>	<b>47,733</b>	<b>38,028</b>	<b>2,983</b>	<b>2,950</b>	<b>43,961</b>	<b>26,615</b>	<b>(9,822)</b>	<b>13,000</b>	<b>29,793</b>	<b>9,792</b>

**BREAKDOWN OF ADDITIONAL FUNDING**

Additional Funding		Funding Type	Month Reported
Roads STTS	1,639	Grant Funding	June 2019
Other Roads Misc Income	236	External Contributions	June 2019
Electric Vehicle Chargers	486	Grant Funding	June 2019
SPT	100	Grant Funding	June 2019
TIF	700	Prudential Borrowing	June 2019
Roads STTS	69	Grant Funding	July 2019
<b>Total</b>	<b>3,230</b>		

## OFF TRACK PROJECT

Appendix 6

**Department:** Development and Infrastructure Services

**Project Name:** Rothesay Pavilion

**First Added to Capital Plan:** March 2015

**Project Manager:** Jonathan M Miles

**How is this project funded?** 1. A&BC: £5,689,000 (inc. RPC Underwriting £268, 243); 2. HLF: £4,187,500 3. HLF Volunteer Time £50,900 4. ERDF: £1,055,602 5. HIE: £750,000. 6. HES: £750,000; 7. RCGF: £625,000; 8. CCF: £600,000 9. West Coast Foundation (Johnny Bute) £116,957 10. Scottish Landfill Communities Fund: £20,000.  
**Total Approved Budget: £13,844,959.**

### Why is the project classified as off target?

Variances exist within the individual elements of the project as follows:

1. CHORD – Rothesay Pavilion (Staff & Non-Staff) – YTD 19/20 Actual = £99k against Budget -£47k. Variance = (£65k).
2. CHORD – Rothesay Pavilion (Construction Contract) - YTD19/20 Actual = 1,340k against Budget £1,553k. Variance = £213k.

Furthermore, it should be noted there are advance time and cost warnings associated with the requirement to remove and reinstate the Main Hall Ceiling due to the condition of a sprayed Asbestos surface coating. These unforeseen works are likely to result in the construction budget being overspent and commissions will need to be extended to February 2020 (estimated completion).

### What has caused the issue outlined above?

The project is being funded by a number of organisations, including the nine noted above. Each funding organisation is funding specific elements of the project, including: construction works; project management and administration thereof; heritage activities; business start-up costs etc. In respect of the drawdown of their funding it is either against project milestones; calendar milestones (e.g. quarterly); or for example 50% at start-up, 25% mid-point, and 25% at practical completion.

As a number of the funders may be funding the same cost heading, but to different intervention rates and drawdowns, the allocation of costs against the individual elements of the project have been reviewed and revised to provide a more efficient and consistent cost reporting process.

Regarding the Main Hall Ceiling asbestos removal works, this was unforeseen and due in part to the deterioration in the asbestos surface coating over its 80 year life, and the period the building has been closed, without heating and increased moisture levels. Detailed inspections and tests discovered the presence of a sprayed asbestos coating in poor condition, with parts having come away from the original plaster substrate. The decision was taken to remove the ceiling to safe guard the future occupants and sustainability of the building.

**What action will be taken to rectify this issue?**

Adverse variances will be flagged to Financial Services as early as possible. A more in depth working relationship with colleagues in Financial Services has been developed with monthly reviews.

Regarding the asbestos, delays and costs associated with the additional asbestos removal works and ceiling reinstatement to the main hall perimeter ceiling are currently being quantified. The Project Manager is working with the Design Team to finalise the estimated costs for the Main Hall Asbestos removal and reinstatement works.

**What are the implications of the action proposed?**

The total project budget is balanced overall. With a realignment of the allocation of budgets to the individual elements of the projects this will re-balance the individual headings across the project.

Due to the complex nature of this project with multiple funding partners a Project Management Performance monitoring system has been developed. As previously reported this has involved the input of over 500 individual transactions and will improve the accuracy of the monitoring, reporting and forecasting of period and cumulative actuals, inputting of forecasts both period and full project including tracking accuracy against actuals. The end result should be an improvement of the forecast inputs to the Strategic Financial returns.

Regarding the asbestos removal there will be cost increases and programme delay. The contractors projected expenditure profile will require to be adjusted to match a revised completion date which is subject to confirmation, but estimated for February 2020.



Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
CHORD Rothesay	8,104	5,581	160	13,845	13,845	01/04/2015	31/03/2020	Red	See off track variance report in Appendix 6.
Campbeltown Flood Scheme	181	320	292	793	793	01/08/2016	31/03/2023	Amber	Project currently at Scheme Notification stage - dealing with objections.
TIF - Lorn/Kirk Road	1,959	211	0	2,170	2,170	22/01/2015	31/03/2019	Amber	Provisional risk that Scottish Government may decline to repay some money
CHORD Dunoon	12,238	284	0	12,522	12,522	03/02/2012	09/03/2018	Amber	Anticipated Final Account subject to the formal close out of the main works contract and reconciliation of monies due between the parties.
Helensburgh Waterfront Development	1,387	2,560	15,564	19,511	19,511	01/04/2017	30/09/2020	Amber	Programme has been delayed due to Planning Authority deferring determination of planning application
Helensburgh Office Rationalisation	11,500	338	0	11,838	11,838	25/04/2013	31/03/2019	Green	
Harbour Investment Programme	1,802	4,627	86,625	93,054	93,054	01/04/2017	31/03/2028	Green	
Campbeltown Schools Redevelopment	1,649	271	0	1,970	1,970	16/02/2012	30/11/2018	Green	
Dunoon Primary	7,170	2,629	0	10,784	10,784	18/12/2014	30/04/2020	Green	
Replacement of Oban High	2,496	304	0	3,350	3,350	24/04/2014	31/01/2019	Green	
Kirn Primary School	9,878	301	0	10,179	10,179	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	14	36	0	50	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	944	26/06/2014	31/03/2019	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	488	20/03/2014	31/03/2019	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2022	Green	
Carbon Management - Group Heating Conversion Project	1,938	10	0	1,948	2,016	01/02/2016	31/03/2019	Green	
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	31/03/2019	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2019	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2019	Green	
Rothesay Office Rationalisation	0	10	0	10	10	01/09/2018	31/03/2019	Green	
Asset Management Fund	0	2,000	0	2,000	2,000	2018/19	2019/20	Green	
Street Lighting LED Replacement	2,700	1,200	0	3,900	3,900	01/08/2016	31/03/2020	Green	
TIF - North Pier Extension	214	10	336	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	447	143	0	590	590	22/01/2015	31/12/2017	Green	
Dunoon CARS	0	166	334	500	500	01/04/2017	31/03/2022	Green	
Rothesay THI	0	66	134	200	200	2017/18	31/03/2019	Green	
Lochgilphead CARS	0	50	150	200	200	01/04/2019	31/03/2024	Green	
Helensburgh CARS	0	0	327	327	327	01/04/2020	31/03/2025	Green	
Glengorm Wind Turbine	415	0	0	415	437	28/04/2016	30/11/2016	Green	
CHORD - Helensburgh	6,483	747	0	7,230	7,229	29/09/2011	30/04/2015	Green	
CHORD Oban	7,129	828	0	7,957	7,957	27/10/2016	31/03/2020	Green	
Dunoon Pier OBC	2,844	0	0	2,844	2,830	03/02/2012	26/02/2016	Green	
<b>Strategic Change Total</b>	<b>83,769</b>	<b>23,114</b>	<b>103,922</b>	<b>212,390</b>	<b>212,503</b>				

## Project Risk Classifications:

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

Amber - Risks are increasing but are still manageable.

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

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL  
 FINANCIAL SUMMARY - NET EXPENDITURE

Appendix 8  
 31 August 2019

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Area Committee Expenditure - Asset Sustainability</b>	44	0	44	44	0	44	69	25	44
<b>Asset Sustainability Projects</b>									
Executive Director Douglas Hendry	1,295	1,460	(165)	7,648	7,980	(332)	41,432	41,841	(409)
Executive Director Pippa Milne	4,565	4,578	(13)	14,239	14,520	(281)	81,984	82,265	(281)
<b>Asset Sustainability Total</b>	<b>5,860</b>	<b>6,038</b>	<b>(178)</b>	<b>21,887</b>	<b>22,500</b>	<b>(613)</b>	<b>123,416</b>	<b>124,106</b>	<b>(690)</b>
<b>Service Development Projects</b>									
Executive Director Douglas Hendry	701	701	0	1,408	1,307	101	11,940	11,839	101
Executive Director Pippa Milne	555	553	2	1,267	1,267	0	9,160	9,160	0
<b>Service Development Total</b>	<b>1,256</b>	<b>1,254</b>	<b>2</b>	<b>2,675</b>	<b>2,574</b>	<b>101</b>	<b>21,100</b>	<b>20,999</b>	<b>101</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	1	2	(1)	271	271	0	1,970	1,970	0
Dunoon Primary	1,374	1,374	0	2,629	2,629	0	10,784	10,784	0
Replacement of Oban High	1	2	(1)	304	304	0	3,350	3,350	0
Kim Primary School	0	0	0	301	301	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	2,016	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	59	59	0	338	338	0	11,838	11,838	0
Rothsay Office Rationalisation	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	2,000	0
Campbeltown Flood Scheme	36	36	0	409	320	89	793	793	0
Street Lighting LED Replacement	33	33	0	1,200	1,200	0	3,900	3,900	0
Harbour Investment Programme	947	947	0	4,627	4,627	0	93,054	93,054	0
TIF - Lorn/Kirk Road	127	134	(7)	211	211	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	10	10	0	560	560	0
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0
Dunoon CARS	0	0	0	166	166	0	500	500	0
Rothsay THI	0	0	0	66	66	0	200	200	0
Lochgilphead CARS	0	0	0	50	50	0	200	200	0
Helensburgh CARS	0	0	0	0	0	0	327	327	0
Glengorm Wind Turbine	0	0	0	22	0	22	437	415	22
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)
CHORD Dunoon	0	4	(4)	284	284	0	12,522	12,522	0
CHORD Oban	36	36	0	828	828	0	7,957	7,957	0
CHORD Rothsay	1,440	1,439	1	5,581	5,581	0	13,845	13,845	0
Helensburgh Waterfront Development	102	102	0	2,560	2,560	0	19,511	19,511	0
Dunoon Pier OBC	0	0	0	(14)	0	(14)	2,830	2,844	(14)
<b>Strategic Change Total</b>	<b>4,158</b>	<b>4,170</b>	<b>(12)</b>	<b>23,316</b>	<b>23,114</b>	<b>202</b>	<b>212,503</b>	<b>212,390</b>	<b>113</b>
<b>Total Expenditure</b>	<b>11,318</b>	<b>11,462</b>	<b>(144)</b>	<b>47,922</b>	<b>48,188</b>	<b>(266)</b>	<b>357,088</b>	<b>357,520</b>	<b>(432)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Executive Director Douglas Hendry	0	0	0	0	0	0	(58)	(58)	0
Executive Director Pippa Milne	17	(24)	41	(4,740)	(4,744)	4	(10,362)	(10,361)	(1)
<b>Asset Sustainability Total</b>	<b>17</b>	<b>(24)</b>	<b>41</b>	<b>(4,740)</b>	<b>(4,744)</b>	<b>4</b>	<b>(10,420)</b>	<b>(10,419)</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Executive Director Douglas Hendry	0	0	0	(500)	(500)	0	(7,397)	(7,397)	0
Executive Director Pippa Milne	(253)	(253)	0	(978)	(978)	0	(5,432)	(5,432)	0
<b>Service Development Total</b>	<b>-253</b>	<b>-253</b>	<b>0</b>	<b>-1,478</b>	<b>-1,478</b>	<b>0</b>	<b>-12,829</b>	<b>-12,829</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Harbour PB	(947)	(947)	0	(4,627)	(4,627)	0	(93,054)	(93,054)	0
01 TIF - Lorn/Kirk Road	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	(8)	8	(305)	(305)	0	(1,305)	(1,305)	0
Rothsay CHORD	(1,266)	(1,266)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
<b>Strategic Change Total</b>	<b>(2,424)</b>	<b>(2,432)</b>	<b>8</b>	<b>(9,665)</b>	<b>(9,665)</b>	<b>0</b>	<b>(107,502)</b>	<b>(107,502)</b>	<b>0</b>
<b>Total Income</b>	<b>(2,660)</b>	<b>(2,709)</b>	<b>49</b>	<b>(15,883)</b>	<b>(15,887)</b>	<b>4</b>	<b>(130,751)</b>	<b>(130,750)</b>	<b>(1)</b>
<b>Net Total</b>	<b>8,658</b>	<b>8,753</b>	<b>(95)</b>	<b>32,039</b>	<b>32,301</b>	<b>(262)</b>	<b>226,337</b>	<b>226,770</b>	<b>(433)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING  
 FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR PIPPA MILNE

Appendix 8  
 31 August 2019

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Asset Sustainability Projects</b>									
Flood Prevention	5	5	0	150	150	0	688	688	0
Bridge Strengthening	13	13	0	369	369	0	3,092	3,092	0
Roads Reconstruction	3,888	3,888	0	8,901	8,901	0	46,355	46,355	0
Lighting	0	0	0	307	307	0	1,703	1,703	0
Furnace Coastal Protection	0	0	0	19	0	19	144	125	19
Fleet	(17)	0	(17)	2,310	2,310	0	4,892	4,892	0
Footpath Improvements	11	11	0	348	348	0	1,000	1,000	0
Environmental	54	54	0	553	553	0	985	985	0
Waste	7	7	0	95	95	0	200	200	0
Recreation and Sport	22	22	0	26	26	0	346	346	0
Crematoria and Burial Grounds	0	0	0	10	10	0	50	50	0
Mill Park Depot	7	3	4	0	3	(3)	160	163	(3)
EV Quick Chargers	0	0	0	486	486	0	1,003	1,003	0
Mill Park Depot	98	98	0	(199)	98	(297)	73	370	(297)
Block Allocation	0	0	0	0	0	0	11,230	11,230	0
Customer and Support Services	477	477	0	864	864	0	10,063	10,063	0
<b>Asset Sustainability Total</b>	<b>4,565</b>	<b>4,578</b>	<b>(13)</b>	<b>14,239</b>	<b>14,520</b>	<b>(281)</b>	<b>81,984</b>	<b>82,265</b>	<b>(281)</b>
<b>Service Development Projects</b>									
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0
Campbeltown Old Quay	1	1	0	45	45	0	1,424	1,424	0
Helensburgh Cycleways	11	13	(2)	100	100	0	2,426	2,426	0
Safe Streets, Walking and Cycling	532	535	(3)	761	761	0	1,839	1,839	0
SPFT	12	5	7	100	100	0	1,500	1,500	0
Kilmartin House	0	0	0	200	200	0	400	400	0
Applications Projects	(1)	(1)	0	45	45	0	1,350	1,350	0
<b>Service Development Total</b>	<b>555</b>	<b>553</b>	<b>2</b>	<b>1,267</b>	<b>1,267</b>	<b>0</b>	<b>9,160</b>	<b>9,160</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Campbeltown Flood Scheme	36	36	0	409	320	89	793	793	0
Street Lighting LED Replacement	33	33	0	1,200	1,200	0	3,900	3,900	0
Harbour Investment Programme	947	947	0	4,627	4,627	0	93,054	93,054	0
TIF - Lorn/Kirk Road	127	134	(7)	211	211	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	10	10	0	560	560	0
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0
Dunoon CARS	0	0	0	166	166	0	500	500	0
Rothesay THI	0	0	0	66	66	0	200	200	0
Lochgilthead CARS	0	0	0	50	50	0	200	200	0
Helensburgh CARS	0	0	0	0	0	0	327	327	0
Glengorm Wind Turbine	0	0	0	22	0	22	437	415	22
<b>Strategic Change Total</b>	<b>1,145</b>	<b>1,152</b>	<b>(7)</b>	<b>6,904</b>	<b>6,793</b>	<b>111</b>	<b>102,731</b>	<b>102,709</b>	<b>22</b>
<b>Total Expenditure</b>	<b>6,265</b>	<b>6,283</b>	<b>(18)</b>	<b>22,410</b>	<b>22,580</b>	<b>(170)</b>	<b>193,875</b>	<b>194,134</b>	<b>(259)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Roads Reconstruction	0	-20	20	-1,944	-1,944	0	(4,071)	(4,071)	0
Fleet Management - Prudential Borrowing	17	0	17	(2,310)	(2,310)	0	(4,861)	(4,861)	0
Environmental Projects	0	0	0	0	0	0	(9)	(4)	(5)
EV Quick Chargers	0	0	0	(486)	(486)	0	(1,003)	(1,003)	0
Fleet	0	(4)	4	0	(4)	4	(418)	(422)	4
<b>Asset Sustainability Total</b>	<b>17</b>	<b>(24)</b>	<b>41</b>	<b>(4,740)</b>	<b>(4,744)</b>	<b>4</b>	<b>(10,362)</b>	<b>(10,361)</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Helensburgh Cycleways	0	0	0	(100)	(100)	0	(2,544)	(2,544)	0
Safe Streets, Walking and Cycling	(253)	(253)	0	(778)	(778)	0	(1,444)	(1,444)	0
SPFT	0	0	0	(100)	(100)	0	(1,343)	(1,343)	0
CWSS - Footway Letter Dail	0	0	0	0	0	0	(101)	(101)	0
<b>Service Development Total</b>	<b>(253)</b>	<b>(253)</b>	<b>0</b>	<b>(978)</b>	<b>(978)</b>	<b>0</b>	<b>(5,432)</b>	<b>(5,432)</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Harbour PB	(947)	(947)	0	(4,627)	(4,627)	0	(93,054)	(93,054)	0
01 TIF - Lorn/Kirk Road	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0
<b>Strategic Change Total</b>	<b>(1,158)</b>	<b>(1,158)</b>	<b>0</b>	<b>(5,327)</b>	<b>(5,327)</b>	<b>0</b>	<b>(95,351)</b>	<b>(95,351)</b>	<b>0</b>
<b>Total Income</b>	<b>(1,394)</b>	<b>(1,435)</b>	<b>41</b>	<b>(11,045)</b>	<b>(11,049)</b>	<b>4</b>	<b>(111,145)</b>	<b>(111,144)</b>	<b>(1)</b>
<b>Net Departmental Total</b>	<b>4,871</b>	<b>4,848</b>	<b>23</b>	<b>11,365</b>	<b>11,531</b>	<b>(166)</b>	<b>82,730</b>	<b>82,990</b>	<b>(260)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING							Appendix 8		
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY							31 August 2019		
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
<b>EXPENDITURE</b>									
Area Committees - Asset Sustainability	44	0	44	44	0	44	69	25	44
<b>Asset Sustainability</b>									
Education	440	549	(109)	3,436	3,381	55	27,843	27,882	(39)
Community and Culture	366	372	(6)	860	1,229	(369)	4,050	4,432	(382)
Adult Care	2	35	(33)	654	654	0	2,462	2,462	0
Children and Families	3	5	(2)	357	357	0	1,717	1,717	0
Facility Services	484	499	(15)	2,341	2,359	(18)	5,300	5,348	(48)
<b>Asset Sustainability Total</b>	<b>1,295</b>	<b>1,460</b>	<b>(165)</b>	<b>7,648</b>	<b>7,980</b>	<b>(332)</b>	<b>41,432</b>	<b>41,841</b>	<b>(409)</b>
<b>Service Development Projects</b>									
Bowmore Primary School - Pre 5 Unit	0	0	0	(3)	1	(4)	28	32	(4)
Clyde Cottage - 600 hour provision	0	0	0	40	0	40	505	465	40
Craighish Primary School - Pre 5 Extension	0	0	0	35	0	35	417	382	35
Iona Primary School - Pre 5 Unit	0	0	0	40	0	40	474	434	40
Islay High and Rosneath Primary School Pitches	156	156	0	670	670	0	700	700	0
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	23	0	23	388	365	23
Park Primary Extension/Pre Fives Unit	0	0	0	5	0	5	346	341	5
Tarbert High School - Biomass enabling work	0	0	0	20	0	20	20	0	20
Sandbank Gaelic Pre Five Unit	0	0	0	(27)	13	(40)	464	504	(40)
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	5	23	(18)	30	48	(18)
Early Learning and Childcare	545	545	0	544	544	0	6,036	6,036	0
Riverside Leisure Centre Refurbishment	0	0	0	0	0	0	1,232	1,232	0
Dunclutha Childrens Home	0	0	0	56	56	0	1,300	1,300	0
<b>Service Development Total</b>	<b>701</b>	<b>701</b>	<b>0</b>	<b>1,408</b>	<b>1,307</b>	<b>101</b>	<b>11,940</b>	<b>11,839</b>	<b>101</b>
<b>Strategic Change Projects</b>									
Campbelltown Schools Redevelopment	1	2	(1)	271	271	0	1,970	1,970	0
Dunoon Primary	1,374	1,374	0	2,629	2,629	0	10,784	10,784	0
Replacement of Oban High	1	2	(1)	304	304	0	3,350	3,350	0
Kilm Primary School	0	0	0	301	301	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	2,016	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbelltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	59	59	0	338	338	0	11,838	11,838	0
Rothsay Office Rationalisation	0	0	0	10	10	0	10	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	2,000	0
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)
CHORD Dunoon	0	4	(4)	284	284	0	12,522	12,522	0
CHORD Oban	36	36	0	828	828	0	7,957	7,957	0
CHORD Rothsay	1,440	1,439	1	5,581	5,581	0	13,845	13,845	0
Helensburgh Waterfront Development	102	102	0	2,560	2,560	0	19,511	19,511	0
Dunoon Pier OBC	0	0	0	(14)	0	(14)	2,830	2,844	(14)
<b>Strategic Change Total</b>	<b>3,013</b>	<b>3,018</b>	<b>(5)</b>	<b>16,412</b>	<b>16,321</b>	<b>91</b>	<b>109,772</b>	<b>109,681</b>	<b>91</b>
<b>Total Expenditure</b>	<b>5,053</b>	<b>5,179</b>	<b>(126)</b>	<b>25,512</b>	<b>25,608</b>	<b>(96)</b>	<b>163,213</b>	<b>163,386</b>	<b>(173)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Facility Services	0	0	0	0	0	0	0	0	0
Community and Culture	0	0	0	0	0	0	(58)	(58)	0
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(58)</b>	<b>(58)</b>	<b>0</b>
<b>Service Development Projects</b>									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(478)	(478)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(494)	(494)	0
Early Years 1140 Hours	0	0	0	(500)	(500)	0	(6,395)	(6,395)	0
<b>Service Development Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(500)</b>	<b>(500)</b>	<b>0</b>	<b>(7,397)</b>	<b>(7,397)</b>	<b>0</b>
<b>Strategic Change</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	(8)	8	(305)	(305)	0	(1,305)	(1,305)	0
Rothsay CHORD	(1,266)	(1,266)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
<b>Strategic Change Total</b>	<b>(1,266)</b>	<b>(1,274)</b>	<b>8</b>	<b>(4,338)</b>	<b>(4,338)</b>	<b>0</b>	<b>(12,151)</b>	<b>(12,151)</b>	<b>0</b>
<b>Total Income</b>	<b>(1,266)</b>	<b>(1,274)</b>	<b>8</b>	<b>(4,838)</b>	<b>(4,838)</b>	<b>0</b>	<b>(19,606)</b>	<b>(19,606)</b>	<b>0</b>
<b>Net Departmental Total</b>	<b>3,787</b>	<b>3,905</b>	<b>(118)</b>	<b>20,674</b>	<b>20,770</b>	<b>(96)</b>	<b>143,607</b>	<b>143,780</b>	<b>(173)</b>

Category	Head of Service	Project	Previous				Future	
			Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Years £000s	Total £000s
<b>Asset Sustainability</b>	Customer and Support Services	Block Allocation	0	0	1,011	1,011	0	2,022
		Computer Network Security	697	22	0	0	0	719
		Corporate GIS Portal Rollout	140	0	0	0	0	140
		MS Exchange & Doc Sharing	389	27	0	0	0	416
		PC Replacement	3,817	674	0	0	0	4,491
		Server Sustainability	811	74	0	0	0	885
		Telecomms Network	1,323	67	0	0	0	1,390
	Customer and Support Services Total		7,177	864	1,011	1,011	0	10,063
<b>Asset Sustainability Total</b>			<b>7,177</b>	<b>864</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>10,063</b>
<b>Service Development</b>	Customer and Support Services	Applications Projects	1,305	45	0	0	0	1,350
	Customer and Support Services Total		1,305	45	0	0	0	1,350
<b>Service Development Total</b>			<b>1,305</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>
<b>Overall Total</b>			<b>8,482</b>	<b>909</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>11,413</b>

## Education

Category	Head of Service	Project	Previous	Future			Total	
			Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's		Years £000's
Asset Sustainability	Education	Achaleven Primary School	119	50	3	0	0	172
		Ardchattan Primary School	0	2	0	0	0	2
		Ardrishaig Primary School	273	43	0	0	0	316
		Arinagour Primary School	93	32	2	0	0	127
		Arrochar Primary School	23	65	2	0	0	90
		Asbestos Control/Removal Works	78	7	0	0	0	85
		Block Allocation	0	333	2,920	2,920	0	6,173
		Bunessan Primary School	300	34	0	0	0	334
		Campbeltown Nursery	28	2	0	0	0	30
		Capital Property Works	835	69	0	0	0	904
		Cardross Primary School	794	9	0	0	0	803
		Carradale Primary School	108	173	0	0	0	281
		Castlehill Primary School	641	163	10	0	0	814
		Clachan Primary	220	2	0	0	0	222
		Colgrain Primary School	1,030	2	0	0	0	1,032
		Dalintober Primary School	305	72	3	0	0	380
		Dalmally Primary School	188	147	8	0	0	343
		Dervaig Primary School	71	1	0	0	0	72
		Drumlemble Primary School	406	5	0	0	0	411
		Dunbeg Primary School	473	361	0	0	0	834
		Easdale Primary School	8	27	0	0	0	35
		Ferry Houses - Housing Quality Standard	76	0	0	0	0	76
		Free School Meals	536	14	0	0	0	550
		Furnace Primary School	194	2	0	0	0	196
		Garelochhead Primary School	359	113	0	0	0	472
		Glenbarr Primary School	233	5	0	0	0	238
		Hermitage Primary School	190	0	0	0	0	190
		Homeless Houses - Housing Quality Standard	12	1	0	0	0	13
		Internal Refurbishment Budget	154	46	0	0	0	200
		Islay High School	4,115	92	95	3	0	4,305
		John Logie Baird Primary School	744	210	6	0	0	960
		Keills Primary School	35	0	0	0	0	35
		Kilchattan Primary School	253	17	2	0	0	272
		Kilchrenan Primary School	36	0	0	0	0	36
		Kilcreggan Primary School	545	18	0	0	0	563
		Kilmartin Primary School	19	97	4	0	0	120
Kilmodan Primary School	240	0	0	0	0	240		
Lismore Primary School	73	8	0	0	0	81		
Lochgoilhead Primary School	219	79	0	0	0	298		
Lochnell Primary School	0	48	2	0	0	50		
Parklands School	171	298	9	0	0	478		

		Port Ellen Primary School	0	48	2	0	0	50
		Property Works - Contingency	298	0	0	0	0	298
		Rhunahaorine Primary	182	0	0	0	0	182
		Rosneath Primary School	686	1	0	0	0	687
		School Houses - Housing Quality Standard	409	0	2	0	0	411
		Small Isles Primary School	1	-1	0	0	0	0
		Southend Primary School	26	4	0	0	0	30
		St Joseph's Primary School	554	17	0	0	0	571
		St Mun's Primary School	581	260	8	0	0	849
		Tarbert High School	19	1	0	0	0	20
		Tiree Primary School	317	150	8	0	0	475
		Tobermory High School	1,000	167	0	0	0	1,167
		Toward Primary School	136	42	2	0	0	180
		Ulva Primary School	82	8	0	0	0	90
	Education Total		18,488	3,344	3,088	2,923	0	27,843
<b>Asset Sustainability Total</b>			<b>18,488</b>	<b>3,344</b>	<b>3,088</b>	<b>2,923</b>	<b>0</b>	<b>27,843</b>
<b>Service Development</b>	Education	Bowmore Primary School - Pre Five Unit	31	-3	0	0	0	28
		Bunessan Primary School - Gaelic Medium Improvements	25	5	0	0	0	30
		Clyde Cottage - 600 hours provision	465	40	0	0	0	505
		Craignish Primary School - Pre Five Extension (600 hours funding)	382	35	0	0	0	417
		Early Learning and Childcare	1,697	544	3,795	0	0	6,036
		Iona Primary School - Pre Five Unit (600 hours funding)	434	40	0	0	0	474
		Islay High & Rosneath PS Pitches	6	670	24	0	0	700
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	365	23	0	0	0	388
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	346
		Sandbank Gaelic Pre Five Unit	491	-27	0	0	0	464
		Tarbert High School - Biomass enabling work	0	20	0	0	0	20
	Education Total		4,237	1,352	3,819	0	0	9,408
<b>Service Development Total</b>			<b>4,237</b>	<b>1,352</b>	<b>3,819</b>	<b>0</b>	<b>0</b>	<b>9,408</b>
<b>Strategic Change</b>	Education	Campbeltown Schools Redevelopment	1,649	271	50	0	0	1,970
		Dunoon Primary School	7,170	2,629	985	0	0	10,784
		Kirn Primary School	9,878	301	0	0	0	10,179
		Replacement of Oban High School	2,496	304	550	0	0	3,350
	Education Total		21,193	3,505	1,585	0	0	26,283
<b>Strategic Change Total</b>			<b>21,193</b>	<b>3,505</b>	<b>1,585</b>	<b>0</b>	<b>0</b>	<b>26,283</b>
<b>Overall Total</b>			<b>43,918</b>	<b>8,201</b>	<b>8,492</b>	<b>2,923</b>	<b>0</b>	<b>63,534</b>

Category	Head of Service	Project	Previous				Future	Total
			Years	2019-20	2020-21	2021-22	Years	
			£000's	£000's	£000's	£000's	£000s	£000s
<b>Asset Sustainability</b>	Live Argyll	Aqualibrium	248	111	6	0	0	365
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	22	37	1	0	0	60
		Campbeltown Museum - Burnet Bldg	81	24	1	0	0	106
		Capital Property Works	108	2	561	561	0	1,232
		Community Centres General - Options Appraisal	20	0	0	0	0	20
		Dunoon Community Education Centre	192	48	2	0	0	242
		Helensburgh Swimming Pool - Roofing	1	9	0	0	0	10
		Inveraray CARS	0	21	0	0	0	21
		LA - Indoor Cycles	43	0	0	0	0	43
		Lochgilphead Community Ed Centre	34	0	0	0	0	34
		Moat Centre (Roofing)	214	9	0	0	0	223
		Mossfield Grandstand - Upgrade	44	0	0	0	0	44
		Ramsay Memorial Hall	1	0	0	0	0	1
		Riverside Leisure Centre - Cladding Upgrade	0	30	0	0	0	30
		Rothesay Swimming Pool	169	481	13	0	0	663
		Victoria Hall, Campbeltown	633	7	0	0	0	640
		Victoria Halls, Helensburgh	232	81	3	0	0	316
	Live Argyll Total		2,042	860	587	561	0	4,050
<b>Asset Sustainability Total</b>			<b>2,042</b>	<b>860</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>4,050</b>
<b>Service Development</b>	Live Argyll	Riverside Leisure Centre Refurbishment	1,232	0	0	0	0	1,232
	Live Argyll Total		1,232	0	0	0	0	1,232
<b>Service Development Total</b>			<b>1,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>
<b>Strategic Change</b>	Live Argyll	Carbon Management	14	36	0	0	0	50
	Live Argyll Total		14	36	0	0	0	50
<b>Strategic Change Total</b>			<b>14</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Overall Total</b>			<b>3,288</b>	<b>896</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>5,332</b>



Category	Head of Service	Project	Previous	Future			Total	
			Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's		Years £000's
<b>Asset Sustainability</b>	Adult Care	Block Allocation	0	250	0	0	0	250
		Digitalising telecare	0	100	0	0	0	100
		Eadar Glinn	248	65	3	0	0	316
		Health and Safety	1,053	52	0	0	0	1,105
		Kilmory Castle Top Floor Toilet Refurb	0	0	0	0	0	0
		Legionella Control Works	15	5	0	0	0	20
		Lochgilphead Resource Centre	184	40	0	0	0	224
		Lorn Resource Centre	78	7	0	0	0	85
		Struan Lodge Boiler	25	15	0	0	0	40
		Thomson Home Rothesay	192	107	3	0	0	302
<b>Adult Care Total</b>			<b>1,795</b>	<b>641</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2,442</b>
	Children and Families	Glencruitten Hostel	188	3	0	0	0	191
		Shellach View	23	33	0	0	0	56
		<b>Children and Families Total</b>	<b>211</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Sustainability Total</b>			<b>2,006</b>	<b>677</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2,689</b>
<b>Service Development</b>	Children and Families	Dunclutha Childrens Home	1,244	56	0	0	0	1,300
		<b>Children and Families Total</b>	<b>1,244</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Service Development Total</b>			<b>1,244</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300</b>
<b>Asset Sustainability</b>	Adult Care	Ardfenaig	7	13	0	0	0	20
		<b>Adult Care Total</b>	<b>7</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Children and Families	Capital Property Works	2	301	561	561	0	1,425
		Health and Safety	23	20	0	0	0	43

Category	Head of Service	Project	Previous	Future			Total	
			Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's		Years £000's
<b>Asset Sustainability</b>	Shared Office	Argyll House, Dunoon	213	368	6	0	0	587
		Asbestos Capital Property Works	72	42	0	0	0	114
		Block Allocation	0	659	561	561	0	1,781
		Burnett Building	77	16	1	0	0	94
		Capital Property Works	70	10	0	0	0	80
		Castle House, Dunoon	46	9	1	0	0	56
		Dunoon Office Rationalisation	3	220	7	0	0	230
		Fire Risk Assessment Works 16/17	30	45	0	0	0	75
		Fire Risk Assessment Works 16/18	30	45	0	0	0	75
		Hill Street Dunoon Rewire	2	32	1	0	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Kilmory Castle	397	83	0	0	0	480
		Legionella Control Works	309	581	0	0	0	890
		Lorn House, Oban	97	24	0	0	0	121
		Manse Brae District Office	58	65	2	0	0	125
		Manse Brae Roads Office	35	2	0	0	0	37
		Oban Municipal Buildings	273	-3	0	0	0	270
		Old Quay Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	105	64	0	0	0	169
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
	Shared Office Total		1,879	2,341	579	561	0	5,360
<b>Asset Sustainability Total</b>			<b>1,879</b>	<b>2,341</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>5,360</b>
<b>Strategic Change</b>	Shared Office	Asset Management Fund	0	2,000	0	0	0	2,000
		Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	1,938	78	0	0	0	2,016
		Carbon Management Business Cases (FPB)	201	60	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	11,500	338	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Rothesay Office Rationalisation	0	10	0	0	0	10
			Shared Office Total		16,659	2,886	0	0
<b>Strategic Change Total</b>			<b>16,659</b>	<b>2,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,545</b>
<b>Area Committee</b>	Facility Services	Area Committee	25	44	0	0	0	69
		Facility Services Total	25	44	0	0	0	69
<b>Area Committee Total</b>			<b>25</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
<b>Overall Total</b>			<b>18,563</b>	<b>5,271</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>24,974</b>

Category	Head of Service	Project	Previous	Future			Total	
			Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's		Years £000s
<b>Asset Sustainability</b>	Roads and Amenity Services	Astro Pitch Repairs	320	26	0	0	0	346
		Bridge Strengthening	2,345	369	378	0	0	3,092
		Castle Lodge, Dunoon - Building Works	160	0	0	0	0	160
		Cemetery Houses	40	10	0	0	0	50
		Environmental Projects	432	487	0	0	0	919
		EV Quick Chargers	517	486	0	0	0	1,003
		Fleet Management	982	2,310	1,600	0	0	4,892
		Flood Prevention	408	150	130	0	0	688
		Footway Improvements	652	348	0	0	0	1,000
		Furnace Coastal Protection	125	19	0	0	0	144
		Glengorm - Capping	105	95	0	0	0	200
		Lighting	1,396	307	0	0	0	1,703
		Mill Park Depot	272	-199	0	0	0	73
		Public Convenience Upgrades	0	66	0	0	0	66
		Roads Reconstruction	37,454	8,901	0	0	0	46,355
	Roads and Amenity Services Total		45,208	13,375	2,108	0	0	60,691
<b>Asset Sustainability Total</b>			<b>45,208</b>	<b>13,375</b>	<b>2,108</b>	<b>0</b>	<b>0</b>	<b>60,691</b>
<b>Service Development</b>	Roads and Amenity Services	Campbeltown Old Quay	1,379	45	0	0	0	1,424
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	221
	Roads and Amenity Services Total		1,584	61	0	0	0	1,645
<b>Service Development Total</b>			<b>1,584</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,645</b>
<b>Strategic Change</b>	Roads and Amenity Services	Campbeltown Flood Scheme	181	320	292	0	0	793
		Harbour Investment Programme PB	1,802	4,627	8,075	18,200	60,350	93,054
		Street Lighting LED Replacement	2,700	1,200	0	0	0	3,900
	Roads and Amenity Services Total		4,683	6,147	8,367	18,200	60,350	97,747
<b>Strategic Change Total</b>			<b>4,683</b>	<b>6,147</b>	<b>8,367</b>	<b>18,200</b>	<b>60,350</b>	<b>97,747</b>
<b>Asset Sustainability</b>	Roads and Amenity Services	Block Allocation	0	0	5,615	5,615	0	11,230

Category	Head of Service	Project	Previous Years				Future Years		Total
			2019-20 £000's	2020-21 £000's	2021-22 £000's	2022-23 £000's	2023-24 £000's	2024-25 £000's	
Service Development	Economic Development	Cycleways - H&L (FSPT)	2,326	100	0	0	0	2,426	
		Fire Engines Coll & Colonsay PB	108	0	0	0	0	108	
		Kilmartin House	0	200	200	0	0	400	
		Safe Streets, Walking and Cycling (CWSS)	1,078	761	0	0	0	1,839	
		SPT - bus infrastructure	1,400	100	0	0	0	1,500	
		<b>Economic Development Total</b>	<b>4,912</b>	<b>1,161</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>6,273</b>	
<b>Service Development Total</b>		<b>4,912</b>	<b>1,161</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>6,273</b>		
Strategic Change	Economic Development	01 TIF - Lorn/Kirk Road	1,959	211	0	0	0	2,170	
		05 TIF - North Pier Extension	214	10	336	0	0	560	
		09 TIF - Oban Airport Business Park	447	143	0	0	0	590	
		Dunoon CARS	0	166	167	167	0	500	
		Glengorm Wind Turbine	415	22	0	0	0	437	
		Helensburgh CARS	0	0	80	80	167	327	
		Lochgilphead CARS	0	50	50	50	50	200	
		Rothesay THI	0	66	67	67	0	200	
		<b>Economic Development Total</b>	<b>3,035</b>	<b>668</b>	<b>700</b>	<b>364</b>	<b>217</b>	<b>4,984</b>	
<b>Strategic Change Total</b>		<b>3,035</b>	<b>668</b>	<b>700</b>	<b>364</b>	<b>217</b>	<b>4,984</b>		
<b>Overall Total</b>		<b>7,947</b>	<b>1,829</b>	<b>900</b>	<b>364</b>	<b>217</b>	<b>11,257</b>		

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,238	284	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,483	746	0	0	0	7,229
		CHORD - Oban	7,129	828	0	0	0	7,957
		CHORD - Rothesay	8,104	5,581	160	0	0	13,845
		Helensburgh Waterfront Development	1,387	2,560	15,564	0	0	19,511
		OBC for Dunoon Pier	2,844	-14	0	0	0	2,830
	CHORD Total		38,185	9,985	15,724	0	0	63,894
<b>Strategic Change Total</b>			<b>38,185</b>	<b>9,985</b>	<b>15,724</b>	<b>0</b>	<b>0</b>	<b>63,894</b>
<b>Overall Total</b>			<b>38,185</b>	<b>9,985</b>	<b>15,724</b>	<b>0</b>	<b>0</b>	<b>63,894</b>

**TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2019**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's treasury management position for the period 1 July 2019 to 31 August 2019 and includes information on:
- Overall Borrowing Position
  - Borrowing Activity
  - Investment Activity
  - Economic Background
  - Interest Rate Forecast
  - Prudential Indicators.
- 1.2 Estimated borrowing is below the Capital Financing Requirement for the period to 31 August 2019.
- 1.3 The net movement in external borrowing in the period was an increase of £6.235m.
- 1.4 The levels of investments were £104.9m at 31 August 2019. The rate of return achieved was 0.942% which compares favourably with the target of 7 day LIBID which was 0.570%.

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**TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2019**


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**2. INTRODUCTION**

2.1 This report sets out the Council's treasury management position for the period 1 July 2019 to 31 August 2019 and includes information on:

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

**3. DETAIL****Overall Borrowing Position**

3.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2019. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2019/20 £000's	Forecast 2020/21 £000's	Forecast 2021/22 £000's
CFR at 1 April	310,013	301,639	289,856
Net Capital Expenditure	4,131	823	(10,648)
Less Loans Fund Principal Repayments	(7,956)	(7,832)	(7,958)
Less: NPDO Repayment	(4,549)	(4,774)	(5,050)
<b>Estimated CFR 31 March</b>	<b>301,639</b>	<b>289,856</b>	<b>266,200</b>
Less Funded by NPDO	(124,224)	(119,675)	(114,901)
<b>Estimated Net CFR 31 March</b>	<b>177,415</b>	<b>170,181</b>	<b>151,299</b>
Estimated External Borrowing at 31 March	175,958	169,666	165,894
<b>Gap</b>	<b>1,457</b>	<b>515</b>	<b>(14,595)</b>

- 3.2 Borrowing is below the Capital Financing Requirement for the period to 31 August 2019. PWLB borrowing rates reached historically low rates during the period and £7m of new borrowing was taken to take advantage of these rates.

The Councils Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.

- 3.3 The Council's estimated net capital financing requirement at the 31<sup>st</sup> August 2019 is £178.144m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £104.9m is currently invested.

	Position at 30/06/19 £000's	Position at 31/08/19 £000's
Loans	173,059	179,294
Internal Balances	85,067	103,744
Less Investments & Deposits	(81,528)	(104,894)
<b>Total</b>	<b>176,598</b>	<b>178,144</b>

#### 3.4 Borrowing Activity

	Actual £000's
External Loans Repaid 1st July 2019 to 31st August 2019	(787)
Borrowing undertaken 1st July 2019 to 31st August 2019	7,022
<b>Net Movement in External Borrowing</b>	<b>6,235</b>

- 3.5 The external borrowing of the Council increased by £6.235m during the period, due to £7m of new PWLB borrowing which took advantage of the historically low interest rates. This was offset by a repayment of borrowing of £0.787m.

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

	£000s	% Rate
Temp borrowing at 30th June 2019	609	0.35%
Temp borrowing at 31st August 2019	582	0.60%



## Investment Activity

- 3.7 The average rate of return achieved on the Council's investments to 31 August 2019 was 0.942% compared to the average LIBID rate for the same period of 0.570% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 31 August 2019 the Council had £104.9m of short term investments at an average rate of 0.942%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank Instant	Instant Access	894	0.65%	Short Term A-2, Long Term BBB+
Goldman Sachs	185 Day Notice	2,500	1.04%	Short Term A-1, Long Term A+
Goldman Sachs	185 Day Notice	5,000	1.01%	Short Term A-1, Long Term A+
BOS	32 Day Notice	2,500	0.95%	Short Term A-1, Long Term A+
First Abu Dhabi Bank	21/04/2020	5,000	1.10%	Short Term A-1+, Long Term AA-
First Abu Dhabi Bank	25/03/2020	2,500	1.08%	Short Term A-1+, Long Term AA-
Santander	25/10/2019	5,000	1.00%	Short Term A-1, Long Term A
ANZ	11/05/2020	5,000	1.14%	Short Term A-1+, Long Term AA-
Santander	21/11/2019	2,500	1.00%	Short Term A-1, Long Term A
ANZ	17/06/2020	2,500	1.14%	Short Term A-1+, Long Term AA-
Bank of Scotland	12/06/2020	2,500	1.00%	Short Term A-1, Long Term A+
Bank of Scotland	10/06/2020	5,000	1.25%	Short Term A-1, Long Term A+
Natwest	02/07/2020	5,000	0.97%	Short Term A-2, Long Term A
Goldman Sachs	03/02/2020	2,500	0.86%	Short Term A-1, Long Term A+
Santander	05/02/2020	2,500	1.00%	Short Term A-1, Long Term A
Qatar National Bank	16/01/2020	2,500	1.00%	Short Term A-1, Long Term A
Qatar National Bank	23/01/2020	5,000	1.00%	Short Term A-1, Long Term A
National Bank of Canada	23/09/2019	7,500	0.75%	Short Term A-1, Long Term A
Lancashire County Council	24/10/2019	5,000	1.00%	AA
Thurrock Borough Council	15/05/2019	5,000	1.05%	AA
Lancashire County Council	20/05/2020	2,000	1.05%	AA
MMF - BNP Paribas	Call	7,500	0.70%	AAA
MMF - Aberdeen Standard	Call	6,000	0.74%	AAA
MMF - Aviva	Call	6,000	0.72%	AAA
ENH MMF - Federated Cash Plus (T+1)	T+1	7,500	0.84%	AAA
<b>Total</b>		<b>104,894</b>		

- 3.8 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.

### **Economic and Interest Rate Forecasts**

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

### **Prudential Indicators**

- 3.12 The prudential indicators for 2019-20 are attached in appendix 3.

## **4. CONCLUSION**

- 4.1 The Council's borrowing increased by £6.235m, it is currently below the Capital Financing Requirement for the period to 31 August 2019. There are substantial internal balances, of which £104.9m is currently invested. The investment returns were 0.942% which is above the target of 0.570%.

## **5. IMPLICATIONS**

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

**Kirsty Flanagan**  
**Head of Financial Services**  
**13 September 2019**

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

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

## Appendix 1

## Economic Background (at 05-09-19)

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

**UK.** This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on or 31 October, with or without a deal. However, so far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing, (first week in September), the whole political situation in the UK over **Brexit** is highly fluid and could change radically by the day. The vote in the Commons on 3 September looks likely to lead to a delay in the date for Brexit to 31 January 2020, but there is also likelihood that there will be an imminent general election. In such circumstances, any interest rate forecasts are subject to material change as the situation evolves. At present, if the UK does soon achieve an agreed deal on Brexit, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could falter and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by way of tax cuts and / or expenditure on infrastructure projects, to boost the economy. However, infrastructure projects generally take a long time to plan and to start up, and so to feed through into impacting the economy; tax cuts would be much quicker in impacting the level of consumption in the economy.

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. This mirrored investor confidence around the world which is now expecting a significant downturn or possibly even a recession in some developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, (July 2.1%), and is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.

With regard to the **labour market**, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.2% y/y), in quarter 2, employment rose by 115,000 in the same quarter: this suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment has continued near to a 44 year low, edging up from 3.8% to 3.9% on the Independent Labour Organisation measure in June; however, that was caused by a rise in the participation rate to an all-time high. Job vacancies fell for a sixth consecutive month, hitting record levels, and indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.8%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This could mean that the MPC will need to take action to raise Bank Rate if there is an agreed Brexit deal as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

**USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. Financial markets are, however, expecting another cut in September. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

**BOND YIELDS.** It is this souring of investor confidence that has largely contributed to the sharp fall in bond yields on government debt in mid-2019 in the major western economies as investors have switched out of risky assets - equities, fearing an impending recession, and buying into bonds, so pushing their prices up and correspondingly, pushing yields down. Investors have little confidence that the US China trade war will have a satisfactory outcome in the near future and both sides look as if they are digging in to entrenched positions. However, most domestic US economic indicators are not currently pointing to a recession in the US, only to a slowing of growth. Provided the major world economies do avoid recession, then it is likely that there will be some reversal of this flow from equities into bonds and, therefore, that bond yields will recover to a limited extent from recent truly exceptional lows. However, the near-term

reality is that we have seen 10 year bond yields fall below 2 year yields in the US; this has historically been a prime indicator of impending recession in the US, though this correlation has been much weaker in the UK. All German bond yields between 2 and 30 years are actually negative while many other EZ countries have bond yields which are also negative, at least in some maturity years.

**EUROZONE.** Growth has been slowing from +1.9% during 2018 to +0.4% q/q (+1.2% y/y) in quarter 1 and then to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 5.2% y/y in June with car production especially being hit. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars. The ECB meeting in July expressed concern as to the weak outlook for growth and how low inflation was despite all the monetary stimulus the bank still has in place. The ECB is therefore expected to take action to cut its main rate of -0.4% further, but only marginally, and to look at the potential for more quantitative easing and/or other instruments of monetary policy to provide further stimulus to economic growth. On the political front, Spain and Italy are in the throes of trying to form coalition governments while the very recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. The trade war with the US does not appear to have had a significant effect on GDP growth as yet as some of the impact of tariffs has been offset by falls in the exchange rate and by transshipping exports through other countries, rather than directly to the US.

**JAPAN** - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## Appendix 2

**Interest Rate Forecast** (at 05-09-19)

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

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its last meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.

The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

**The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are currently a little below those to the downside.

## Appendix 3

**Prudential Indicators**

PRUDENTIAL INDICATOR	2019/20	2019/20	2020/21	2021-22
<b>(1). EXTRACT FROM BUDGET</b>				
	<b>Forecast Outturn £'000</b>	<b>Original Estimate £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn £'000</b>
<b>Capital Expenditure</b>				
Non - HRA	4,131	9,897	823	(10,648)
<b>TOTAL</b>	<b>4,131</b>	<b>9,897</b>	<b>823</b>	<b>(10,648)</b>
<b>Ratio of financing costs to net revenue stream</b>				
Non - HRA	5.83%	5.83%	5.84%	5.89%
<b>Net borrowing requirement</b>				
brought forward 1 April *	310,013	304,389	301,781	309,082
carried forward 31 March *	301,639	301,781	309,082	306,056
in year borrowing requirement	(8,374)	(2,608)	7,301	(3,026)
<b>In year Capital Financing Requirement</b>				
Non - HRA	(8,374)	(2,608)	7,301	(3,026)
<b>TOTAL</b>	<b>(8,374)</b>	<b>(2,608)</b>	<b>7,301</b>	<b>(3,026)</b>
<b>Capital Financing Requirement as at 31 March</b>				
Non - HRA	301,639	301,781	309,082	306,056
<b>TOTAL</b>	<b>301,639</b>	<b>301,781</b>	<b>309,082</b>	<b>306,056</b>

PRUDENTIAL INDICATOR	2019/20	2020/21	2021-22
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
<b>Authorised limit for external debt -</b>			
borrowing	205	215	219
other long term liabilities	127	122	117
TOTAL	332	337	336
<b>Operational boundary for external debt -</b>			
borrowing	200	210	214
other long term liabilities	124	119	114
TOTAL	324	329	328
<b>Upper limit for fixed interest rate exposure</b>			
Principal re fixed rate borrowing	190%	190%	190%
<b>Upper limit for variable rate exposure</b>			
Principal re variable rate borrowing	60%	60%	60%
<b>Upper limit for total principal sums invested for over 364 days</b>	£20m	£20m	£20m
(per maturity date)			

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



**RESERVES AND BALANCES – UPDATE AS AT 31 AUGUST 2019**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £187.139m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £1.191m has already been drawn down
  - £5.751m is still to be drawn down in 2019-20
  - £2.702m is planned to be spent in future years.

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates and the current forecast outturn for 2019-20, the Council is forecast to be using £0.360m of its contingency balance by the end of the year. Consideration may have to be given to creating a Council recovery plan later in the year, if the forecast outturn for Social Work continues to push the Council into forecast contingency.

**RESERVES AND BALANCES - UPDATE AS AT 31 AUGUST 2019****2. INTRODUCTION**

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

**3. DETAIL****3.1 Types of Reserves**

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

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

**3.2 Reserve Balances At 31 March 2019**

- 3.2.1 The balances on each type of reserve at 31 March 2019 are set out in the table below, updated as per the unaudited Accounts for 2018-19.

<b>Reserve</b>	<b>£000</b>
<b>Unusable Reserves</b>	
Revaluation Reserve	115,150
Capital Adjustment Account	195,045
Financial Instruments Adjustment Account	(3,176)
Pensions Reserve	(113,768)
Accumulated Absences Account	(6,112)
<b>Total Unusable Reserves</b>	<b>187,139</b>
Usable Reserves.....on next page	

<b>Reserve</b>	<b>£000</b>
<b>Usable Reserves</b>	
Repairs and Renewals Fund	1,696
Capital Fund and Usable Capital Receipts Reserve	4,352
General Fund	49,480
<b>Total Usable Reserves</b>	<b>55,528</b>
<b>Total Reserves</b>	<b>242,667</b>

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

### 3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2019 can be analysed as follows:

	<b>Balance 31/03/19 £000</b>
Balance on General Fund as at 31 March 2018	50,342
Decrease to General Fund balance at end of 2018-19	(862)
Earmarked Balances	(42,936)
Contingency allowance at 2% of net expenditure	(4,838)
<b>Unallocated balance as at 31 March 2019</b>	<b>1,706</b>

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

The table below shows the balance at 31 March 2019, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/19	Invested or committed for major initiatives /capital projects	Drawn-down to 2019-20 Budget as at 31/08/19	Still to be drawn-down in 2019-20	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,310	6,310	0	0	0	0
Investment in Affordable Housing	4,200	4,200	0	0	0	0
Capital Projects	5,579	5,579	0	0	0	0
Lochgilphead and Tarbert Regeneration	2,917	2,917	0	0	0	0
Inward Investment Fund	935	935	0	0	0	0
Rural Resettlement Fund	180	180	0	0	0	0
Asset Management Investment	2,507	2,507	0	0	0	0
Piers and Harbours Investment Fund	240	240	0	0	0	0
Scottish Government Initiatives	491	0	0	418	73	0
Transformation	78	0	0	78	0	0
CHORD	142	0	0	142	0	0
DMR – Schools	815	0	75	740	0	0
Energy Efficiency Fund	137	0	0	137	0	0
Existing Legal Commitments	796	0	0	796	0	0
Unspent Grant	1,588	0	640	885	63	0
Unspent Third Party Contributions	132	0	0	132	0	0
Other Previous Council Decisions	11,480	10,424	31	405	620	0
Unspent Budget	4,409	0	445	2,018	1,946	0
<b>Total</b>	<b>42,936</b>	<b>33,292</b>	<b>1,191</b>	<b>5,751</b>	<b>2,702</b>	<b>0</b>

3.3.3 At the Council meeting on 27 June, the following supplementary estimates were agreed which reduce the unallocated General Fund balance:

	£000
Enforcement action for Planning, Housing & Regulatory Services	24
Kintyre Recycling Ltd to continue with kerbside service delivery	33
Fyne Futures to continue with kerbside service delivery	37
<b>Agreed Supplementary Estimates</b>	<b>94</b>

- 3.3.4 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates and the current forecast outturn for 2019-20, the Council is forecast to be using £0.360m of its contingency balance by the end of the year.

	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 June 2019	(94)
Current Forecast Outturn for 2019-20 as at 31 August 2019	(1,972)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(360)</b>

- 3.3.5 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and £0.360m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan has been further revised and was reported to the IJB on 25 September 2019. Whilst there has been some improvement over the last two months, consideration may have to be given to creating a Council recovery plan later in the year, if the forecast outturn for Social Work continues to push the Council into forecast contingency.

#### **4. CONCLUSION**

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 31 August 2019 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2019-20 is a deficit of £0.360m.

#### **5. IMPLICATIONS**

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Fairer Scotland Duty- None.
- 5.6 Risk - A contingency of £4.838m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.7 Customer Service - None.

**Kirsty Flanagan**  
**Head of Financial Services**  
**24 September 2019**

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

**APPENDICES**

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 31 August 2019

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
001	Chief Executive Unit	Strategic Finance	CIPFA, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	47	1		46	26	20	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification. Converting to Digital Records project - This project has been created to convert all the Income Maximisation finance files (residential/care home placements) to digital. This will be done by employing two summer students over the summer of 2019. Once complete the efficiencies of information flow and access will generate savings within the finance team.	27	20	0
002	Community Services	Education	Youth Employment Opportunities Fund	19	0		19	19	0	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	19	0	0
003	Customer Services	Customer and Support Services	Digital Transformation	46	0		46	46	0	To fund the development of 11 digital transformation options and a post to support the work of the Transformation Board. Options were approved by the Administration on 3rd December for a series of spend to save activities.	46	0	0
004	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	115	0		115	115	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 and this balance £18,595 was allocation to support the Community Learning and Development Team to provide courses to support Universal Credit claimants in 2018/2019. The funds were not utilised in 2018/2019 and the service has asked that they be carried forward to 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops.	115	0	0
005	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	159	26		133	54	79	The original sum agreed was £150,000 and £35,000 was spent in 2017/18 . The drawdown was due to take place in March 2019 as per previous year. Appeals are ongoing and we have entered into a contract with Rydens/Sanderson Weatherall whereby a fee percentage has been agreed and capped for each appeal. The monies spent in 2017/18 was for the initial consultation fee with the £4k incurred to date for 11 settled appeals. 368 appeals are still outstanding with Appeal sessions still to be held during 2019/20 . With regards to the 368 appeals outstanding if all are successful the maximum fees could be £228k. It is therefore proposed to carry this earmarking forward and make a case for increasing the sums into 2019/20 as this is when the outstanding appeals will occur.	80	79	0
006	Customer Services	Customer Services	New Schools Project - Additional Monitoring	85	0		85	85	0	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance. New Schools Project Additional Monitoring, the original sum agreed was £250,000 and £80,000 was spent in 2017/18 and £85,000 in 2018/19 by way of CFCR as the actual spend takes place against the New Schools Capital Project. Similar will happen in 2019/20 with £85k programmed to be spent.	85	0	0
007	Customer Services	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	23	0		23	23	0	The parking capacity at Kilmory is proving to be insufficient, particularly taking account of the pending transfer of up to 40 NHS staff from Aros during 2018. The proposal is to increase car parking capacity making use of the area adjacent to the access road to the west of the Extension building. If approved, the project would also deliver safety enhancements and DDA compliance for users and pedestrians including upgraded lighting along the footpath.	23	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
008	Customer Services	Facility Services	Management of Asbestos	58	0		58	58	0	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	58	0	0
009	Customer Services	Improvement and HR	Business Development Training	30	30		0	0	0	This proposal is to invest in leadership development in support of transformational and culture change. The proposal involves a further programme of leadership development building on the outcomes of the Chief Officer's Leadership Development and Argyll and Bute Manager programmes.	30	0	0
010	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	109	0		109	109	0	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. The programme is supporting an ongoing programme of Apprenticeship placements and will now prioritise apprenticeships in areas of service identified as in need as a result of workforce planning.	109	0	0
011	Customer Services	Improvement and HR	Learning and Development	44	0		44	44	0	To fund training identified via PRDs, develop further E-Learning modules etc. Original earmarked balance planned for spend over a 5 year period. Corporate need identified through workforce planning and the Digital Strategy identify Digital Learning as a priority for spend this year. A plan has been developed to deliver this.	44	0	0
012	Customer Services	Improvement and HR	Living Wage Consolidation Team	63	27		36	36	0	This proposal relates to the first of a two stage project to review and update the Council's Pay and Grading model to incorporate the Scottish Local Government Living Wage arrangements. The first stage will involve the establishment of a project team to carry out an options appraisal and present a preferred and costed option to Council to agree the implementation of Living Wage consolidation and the required changes to the Pay and Grading model.	63	0	0
013	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	50	0		50	50	0	This proposal seeks earmarked funding for temporary additional staff to support the effective delivery of employee change processes (increased requirements for redundancy quotes, retirement quotes, job evaluation, redeployment etc) involved in the Council's current Transformation Programme.	50	0	0
014	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen Inveraray Arches Re-tender	150	150		0	0	0	Essential maintenance work to be required out on the Arches in Inveraray. The contract has now been let for this project with a pre contract meeting scheduled for 28th November and local members informed. Works are due to commence in January 2019 to minimise scaffolding customs with a completion date of July 2019.	150	0	0
015	Development & Infrastructure Services	Economic Development	Oban Strategic Development Framework	75	0		75	75	0	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network usage and parking arrangements in Oban town centre.	75	0	0
016	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	813	142		671	671	0	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	813	0	0
017	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306	0		306	306	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306	0	0
018	Development & Infrastructure Services	Economic Development	Royal National Mod	80	0		80	80	0	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20	80	0	0



Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
019	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40	40		0	0	0	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014. We have recently received information in terms of charity status, hours of operation and visitor numbers from the grantee and we are reviewing this in order to make the final grant payment which is anticipated before the end of the calendar year.	40	0	0
020	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	610	0		610	103	507	To be used in support of delivering the LDP in general: including developing IT and GIS capabilities required to support publishing the LDP.	103	80	427
021	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	43	6		37	37	0	Maintenance of 3G Pitches across Argyll & Bute. Machinery and equipment, initial quotes have been received, employees yet to be recruited, 2 permanent employees on LGE 5 LETS contracts. On finalising recruitment machinery, equipment etc., will be purchased, including training for operatives and supervisory staff.	43	0	0
022	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	11	0		11	0	11	To introduce WDM(ELM)/TOTAL to provide accurate management information on the operation of Amenity Services. ELM is now live in all areas. During 2019-20 it is proposed that the system will be expanded to include burials and other amenity routes which will mean the purchasing of further tablets for use. TOTAL system pilot undertaken and development of timesheet app progressing. Funding required to allow for system interfaces and hard purchases.	0	11	0
023	Development & Infrastructure Services	Roads and Amenity Services	Dalningart Forestry Plan	20	0		20	20	0	In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. It is proposed that the remaining income received for timber income from Tilhill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council fulfils its obligation to restock the site.	20	0	0
024	Development & Infrastructure Services	Roads and Amenity Services	Kintyre Recycling Limited (KRL)	23	23		0	0	0	One off funding allocation for Kintyre Recycling Limited agreed as part of the budget setting process for 2019-20	23	0	0
025	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	112	0		112	53	59	Currently funding the LMS WDM Post within the WDM team at Manse Brae. Due to the imminent set up of the HUB as well as personnel moves this post will require to be retained for 2018/2019 and 2019/2020. The post is critical to ensuring continuity of service and is envisaged will support transformation within the HUB. This post will also support any move towards web hosted services and apps being introduced by WDM. The rest of the earmarked reserves will be utilised to introduce an apprentice electrician over a 4 year period.	53	59	0
026	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194	0		194	0	194	Will be used towards long term waste management model, including but not limited to scoping work for the creating of a waste transfer station at Blackhill. In conjunction with West Dunbartonshire and Inverclyde joint tender was approved at Council and Officers are currently reviewing technical and financial submissions.	0	0	194
027	HQ Non Dept	n/a	Community Resilience Fund	8	0		8	8	0	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	8	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
028	Integration Services	Adult Care	Autism Strategy	76	0		76	0	76	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2019-20.	0	0	76
029	Other	Other	Underwriting development of Rothesay Pavilion	1,000	0		1,000	0	1,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000	0
				4,409	445	0	3,964	2,018	1,946		2,463	1,249	697

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****17 OCTOBER 2019**

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**BUDGET OUTLOOK 2020-21 TO 2022-23**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019 and 15 August 2019. The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.2 There are no changes to my previous assumptions around the level of Scottish Government (SG) funding. I consider a prudent assumption still to be within the range of a reduction of between 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%.
- 1.3 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%.
- 1.4 The estimated funding in respect of Teachers Pensions was updated within the last budget outlook and there has been no change to this assumption.
- 1.5 There is one change to the base budget since the report on 15 August 2019 and this is to remove the £0.030m budget provision for payment to Argyll and the Isles Tourism Co-operative (AITC) as Council additional funding agreed in February 2017 comes to an end at 31 March 2020.
- 1.6 The assumptions in respect of employee costs for Council services have remained unchanged and are noted 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.
- 1.7 A review of the unavoidable/inescapable non-pay inflation provision required in 2020-21 was carried out during September by finance staff in consultation with services. The non-pay inflation previously estimated within the budget outlook was £1.031m (equal to the 2019-20 non-pay inflation) and the updated estimate is £1.325m, an increase of £0.294m. There are a number of increases, with the most significant ones being in relation to utilities, NPDO contract and fuel.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario. There is one new cost pressure included within this report

in relation to the loss of income on off-street parking quantified as £0.347m in 2020-21.

- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 I reported in my previous budget outlook report that there were two known costs pressures that have not been quantified at this stage.
- The first is in relation to the ban on biodegradable municipal waste to landfill from January 2021. A letter was received from the Cabinet Secretary for Environment, Climate Change and Land Reform on 19 September 2019 to advise that enforcement is delayed until 2025 for both public and private sectors managing waste covered by the ban. The letter further outlines that Scottish Landfill tax will be used as an incentive to ensure the transitional work proceeds at the necessary pace which means that the Landfill Tax is likely to increase which could create a pressure between now and 2025.
  - The second unquantified cost pressure is in relation to the consolidation of the living wage and there is no further update at this stage.
- 1.11 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.
- 1.12 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.
- 1.13 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 £26.525m with a gap of £9.197m in 2020-21.
- 1.14 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).
- 1.15 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £19.190m with a gap of £5.736m in 2020-21.
- 1.16 In contrast, the budget gap in the best case scenario over the three years is £7.070m with a gap of £2.055m in 2020-21 and in the worst case scenario, the budget gap over the three years is £34.610m with a gap of £9.986m in 2020-21. A summary of all three scenarios is included within Appendix 1.
- 1.17 It was the intention to update the medium to longer term financial strategy and present to Committee in October, however, this has been delayed for a number of reasons and will be updated later in the financial year.
- 1.18 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2020-21 to 2022-23.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

FINANCIAL SERVICES

17 OCTOBER 2019

**BUDGET OUTLOOK 2020-21 TO 2022-23****2. INTRODUCTION**

- 2.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019 and 15 August 2019.
- 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 There are no changes to my previous assumptions around the level of Scottish Government (SG) funding. I consider a prudent assumption still to be within the range of a reduction of between 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%.
- 4.1.2 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
% Change to Funding	-2.0%	-2.0%	-2.0%
Estimated SG Funding Reduction	(3,874)	(3,797)	(3,721)
<b>Estimated SG Funding</b>	<b>189,837</b>	<b>186,040</b>	<b>182,319</b>

**Council Tax**

- 4.1.3 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario this would be 0.75%,

worst case 0.25% and mid-range 0.5%. The Council tax increase is included within paragraph 4.9.2 of this report.

### UK Government Funding for Teachers Pensions

- 4.1.4 The funding for 2019-20 was confirmed by letter on 6 June 2019. The estimated full year costs based on the revised rate of 23% is £2.147m and it is assumed that the Scottish Government would continue to fund 79% of the cost being £1.696m.
- 4.1.5 Within the last budget outlook, I advised that due to the increase being deferred until 1 September, the cost in 2019-20 was less than budgeted for and Council approved that the surplus budget be earmarked to pay for the further rate increase in future years of 0.6% which was agreed when the increase was deferred until 1 September.
- 4.1.6 The estimated funding and earmarking have been built into the outlook.
- 4.1.7 The table below summarises the estimated total funding in the mid-range scenario.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Estimated SG Funding	189,837	186,040	182,319
Council Tax Base	50,457	50,457	50,457
Council Tax Growth	252	506	761
UK Government Funding for Teachers Pensions	1,696	1,696	1,696
Earmarked Reserve funding brought forward for Teachers Pensions	63	63	63
<b>Total Estimated Funding</b>	<b>242,305</b>	<b>238,762</b>	<b>235,296</b>

## 4.2 Base Budget

- 4.2.1 The starting point for the base budget for 2020-21 is the 2019-20 approved budget adjusted for any one-off items as well as any other items that have an impact on the base.
- 4.2.2 There are adjustments required to the base budget from previous Council decisions as follows:

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Base Budget 2019-20	243,048	243,048	243,048
Remove budget provision for payment to Argyll and the Isles Tourism Co-operative (AITC) as Council additional funding agreed in February 2017 comes to an	(30)	(30)	(30)

end at 31 March 2020.			
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)
<b>Total</b>	<b>243,001</b>	<b>242,979</b>	<b>242,979</b>

### 4.3 Employee Cost Changes

#### Pay Award

- 4.3.1 There are no changes to my previous assumptions around Local Government staff. A multi-year pay deal was agreed in March for SJC employees, Craft Workers and Chief Officers up to 2020-21 and this gives us certainty on the cost of the pay award to then. 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 was agreed covering the years 2018-19 to 2020-21. Additional funding was advised on 21 June in relation to 2019-20 which covers the impact of the enhancement COSLA's original pay offer to increase it from 2% to 3% for those earning more than £36,500 in 2018-19. It also covers the policy intervention in relation to the maingrade restructuring and the revaluation of all other SNCT payscales from 1 April 2019 as agreed with COSLA. The additional funding of £2.366m is sufficient to cover the cost in 2019-20 and the funding built into future estimates.
- 4.3.3 As with Local Government employees the pay award in 2020-21 is known and the estimate is therefore much more certain. 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

- 4.3.4 There are no changes to my previous assumption around the cost of employee increments. It has been assumed that for the best case scenario the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2019-20 (£0.848m) and the mid-range is between the two.

## Teachers Pensions Increase

- 4.3.5 The base budget includes the original 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%, in addition to the grading changes, the full year cost has increased by £0.301m to £2.147m. This additional cost will need to be built into the employee increases and the additional funding has also been built in within the funding section. Overall, there is a nil effect on the budget outlook for the pension changes as the surplus in 2019-20 created by deferring the increase by 5 months will be earmarked to pay for 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 4.6.3.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Pay Award	3,500	7,000	10,500
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366
Pay Award on Teachers Pay Deal 2019-20	71	144	219
Increments	424	848	1,272
Teachers Pensions Increase	301	301	301
<b>Total Employee Cost Changes</b>	<b>6,662</b>	<b>10,659</b>	<b>14,658</b>

- 4.3.7 Finance staff have started work on preparing the salary templates for 2020-21. These templates detail all employees and cost the salaries for 2020-21. The budget outlook in December will provided updated pay award and increment figures based on this exercise.

## 4.4 Non-Pay Inflation

- 4.4.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2020-21 was carried out during September by finance staff in consultation with services. The non-pay inflation previously estimated within the budget outlook was £1.031m (equal to the 2019-20 non-pay inflation) and the updated estimate is £1.325m, an increase of £0.294m. The table below summaries the new inflation along with the changes from previous year. Further information is

contained within Appendix 2.

<b>Service</b>	<b>Inflation</b>	<b>Inflation Required</b>	<b>Increase / (Decrease) from Previous Assumption</b>
		<b>£000</b>	<b>£000</b>
Council Wide	Utilities – Electricity	198	124
Council Wide	Utilities – Gas	9	9
Council Wide	Utilities – Oil	11	11
Council Wide	Utilities – Water	10	(2)
Council Wide	Non Domestic Rates	129	(9)
Council Wide	Vehicle Fuel	56	56
Education	Pre-Primary Partner Uplift	0	(16)
Commercial Services	Catering Purchases and Milk	177	38
Commercial Services	School and Public Transport	50	0
Legal and Regulatory Support	Community Pool Subsidies	20	0
Legal and Regulatory Support	NPDO Schools Contract	323	77
Legal and Regulatory Support	HUB Schools Contract	51	(28)
Head of Customer and Support Services	ICT	68	68
Roads and Infrastructure	Landfill Tax	73	(12)
Roads and Infrastructure	Waste PPP Contract	135	(19)
Roads and Infrastructure	Street Lighting Electricity	15	(3)
		<b>1,325</b>	<b>294</b>

- 4.4.2 As with the previous estimate, the worst case scenario also includes a 1% general inflation over and above the unavoidable/inescapable inflation amount.
- 4.4.3 The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

## 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. A number of future cost and demand pressures were already identified for Council Services as part of the 2019-20 budget and in the last budget outlook report three new cost pressures were identified in relation to SEEMIS, Third Sector Recycling and Oracle Support Costs. These cost pressures are summarised within the table below.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Universal Credit – HB Admin Grant	60	120	180
Asbestos Management Plan	87	135	135
ASN Demand	129	257	386
SEEMIS (Education Management Information System) membership fee	15	16	18
Third Sector Recycling	100	100	100
Oracle support costs	18	18	18
<b>Total</b>	<b>409</b>	<b>646</b>	<b>837</b>

- 4.5.2 Cost and Demand pressures are regularly reviewed and the latest review has identified one cost pressures as summarised within the table below. Further detail on all the cost and demand pressures is included within Appendix 3.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
<i>NEW</i> – Loss of income off-street parking – cancellation of saving option TB08 agreed February 2018	347	347	347
<b>Total</b>	<b>347</b>	<b>347</b>	<b>347</b>

- 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 I reported in my previous budget outlook report that there were two known costs pressures that have not been quantified at this stage.
- The first is in relation to the ban on biodegradable municipal waste to landfill from January 2021. A letter was received from the Cabinet Secretary for Environment, Climate Change and Land Reform on 19 September 2019 to advise that enforcement is delayed until 2025 for both public and private sectors managing waste covered by the ban. The letter further outlines that Scottish Landfill tax will be used as an incentive to ensure the transitional work proceeds at the necessary pace which means that the Landfill Tax is

likely to increase which could create a pressure between now and 2025.

- The second unquantified cost pressure is in relation to the consolidation of the living wage and there is no further update at this stage.

4.5.5 Officers have been liaising with Rothesay Pavilion Trust who have been reviewing their 5 year business plan. Further information will be presented to Committee once known.

4.5.6 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 4.6.3.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Previously Identified Cost and Demand Pressures	409	646	837
New Cost and Demand Pressures	347	347	347
General Allowance	250	500	750
<b>Total Cost and Demand Pressures</b>	<b>1,006</b>	<b>1,493</b>	<b>1,934</b>

## 4.6 Health and Social Care Partnership

4.6.1 There are no changes to the previous assumption on the payment to the Health and Social Care Partnership (HSCP). 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, assumed a flat cash basis in the worst case scenario and the mid-range scenario is based on a 1% reduction, being the indicative allocation for 2020-21 and 2021-22 agreed as part of the Council budget in March 2019.

4.6.2 The HSCP was overspent in both 2017-18 and 2018-19 and £4.282m is outstanding to be repaid to the Council. The forecast outturn for 2019-20 as at the end of August 2019 is a further overspend of £2.012m (£1.712m related to Social Work Services) and it is therefore apparent that the HSCP are struggling to deliver services within current resources. Whilst it is a reasonable approach to pass on a reduction in funding to the HSCP, in line with the Council's reduction in funding from the Scottish Government, consideration will need to be given as to whether the HSCP will be able operate within a reduced budget due to increased demand pressures and the difficulty the HSCP have in delivering substantial cashable savings.

4.6.3 Social Work services have already identified a number of cost pressures and these have been reviewed and updated and are summarised below within more information included within Appendix 4. These pressures are not included within the Council's budget gap, they will have to be managed by the Health and Social Care Partnership but are included within this report for information.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Pay Inflation	970	1,940	2,910
Pay Increments	46	92	138
Non-Pay Inflation	1,306	2,673	4,169
Older People Demand Growth	640	980	1,325
Younger Adults Demand Growth	539	817	1,087
National Care Home Contract	326	665	1,017
Social Work Emergency Standby	150	157	164
Greenwood Hostel overnight staffing	50	52	54
Criminal Justice Development funding	50	50	50
<i>NEW</i> – IJB Governance	95	99	103
Unknown Cost and Demand Pressures	250	750	1,250
<b>Total Cost Increase estimates for Social Work</b>	<b>4,422</b>	<b>8,275</b>	<b>12,267</b>

#### 4.7 Live Argyll

4.7.1 There are no changes to the previous assumption on the future payments to Live Argyll. For 2020-21 I have assumed the increase as previously agreed within the financial agreement. This agreement comes to an end at 31 March 2021 and 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.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Base Budget	243,001	242,979	242,979
Employee Cost Changes	6,662	10,659	14,658
Non-Pay Inflation	1,325	2,650	3,975
Cost and Demand Pressures	1,006	1,493	1,934
Increase/(Decrease) to HSCP allocation	(588)	(1,170)	(1,746)
Increase/(Decrease) to Live Argyll payment	96	58	21
<b>Total Estimated Expenditure</b>	<b>251,502</b>	<b>256,669</b>	<b>261,821</b>
Estimated Funding	242,305	238,762	235,296
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(9,197)</b>	<b>(17,907)</b>	<b>(26,525)</b>

## 4.9 Measures to Balance the Budget

- 4.9.1 At this stage there are no changes to previous assumptions on measures to balance the budget, however, the fees and charges inflationary increase has been updated based on the updated budget. The measures include:
- Inflationary increase on fees and charges of between 1% (worst case) and 5% (best case) with a mid-range of 3%.
  - Adjustment to previously agreed catering and cleaning saving in connection with shared services. I have assumed full delivery of the previously agreed saving of £0.446m in 2020-21 in the best case scenario and £0.172m of savings in the mid-range and worst case scenario by year 2021-22.
  - Previously agreed management/operational and policy savings options.
- 4.9.2 Councils have had the discretion to increase Council Tax by a maximum of 3% each year since 2017-18. 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.
- 4.9.3 Finance Services have engaged the services of their Treasury Advisors, Link Asset Services to carry out a review of loans charges. There has been a live debate that has been ongoing for a number of months around changing the repayment periods of loan debt principal to reflect full asset life. The debate has concluded that the Section 95 officer now has more flexibility to consider altering the repayment period as long as it is "prudent". Based on our current principal repayments, this may give some flexibility to repay some debt over longer periods to reflect actual asset life, therefore, reducing the annual loan charge repayment. This will be quantified and reported to Members later in the year but it is likely that the review could give rise to both recurring and one-off savings.
- 4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Fees and Charges Increase	308	616	924
Catering and Cleaning Service Choices	0	172	172
Management/Operational Savings Agreed October 2017	326	326	326
Management/Operational Savings Agreed February 2019 (as per agreed profile, shown as a negative as there was one off savings in 2019-20)	(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
<b>Total Savings already agreed</b>	<b>3,461</b>	<b>5,366</b>	<b>7,335</b>

#### 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.

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
Estimated Budget Gap Prior to Measures to Balance Budget	<b>(9,197)</b>	<b>(17,907)</b>	<b>(26,525)</b>
Savings Measures	3,461	5,366	7,335
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(5,736)</b>	<b>(12,541)</b>	<b>(19,190)</b>
<b>Estimated Budget Surplus / (Gap) In Year</b>	<b>(5,736)</b>	<b>(6,805)</b>	<b>(6,649)</b>

4.10.2 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £19.190m with a gap of £5.736m in 2020-21.

4.10.3 In contrast, the budget gap in the best case scenario over the three years is £7.070m with a gap of £2.055m in 2020-21 and in the worst case scenario, the budget gap over the three years is £34.610m with a gap of £9.986m in 2020-21. A summary of all three scenarios is included within Appendix 1.

4.10.4 The changes from the previous budget outlook reported to Policy and Resources Committee on 15 August 2019 are summarised in the table below:

	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>
<b>Previously reported budget surplus / (gap) cumulative</b>	<b>(5,158)</b>	<b>(11,702)</b>	<b>(18,090)</b>
Base Adjustment – AITC 3 year agreement ends	30	30	30
Non Pay-Inflation Increases	(294)	(588)	(882)
New Cost and Demand Pressures	(347)	(347)	(347)
Updated Fees and Charges monetary increase	33	66	99
<b>Revised Budget Surplus / (Gap) Cumulative</b>	<b>(5,736)</b>	<b>(12,541)</b>	<b>(19,190)</b>

#### **4.11 Medium to Longer Term Financial Strategy**

4.11.1 The Council has a medium to longer term financial strategy that was endorsed by the Policy and Resources Committee on 18 October 2017. The strategy includes sections on the current economic context, the revenue budget, the capital plan, treasury management and the strategy to address the budget gap.

4.11.2 It was the intention to update the medium to longer term financial strategy and present to Committee in October, however, this has been delayed for a number of reasons as noted below:

- The current economic context section is very difficult to write at this time due to the significant uncertainty surrounding the terms of the UK's withdrawal from the European Union.
- The Scottish Government have given a commitment to provide a three year funding settlement from 2020-21 and it would be extremely helpful to have this information built into any updated strategy.
- Officers are currently writing a capital strategy that will be part of the overall medium to longer term financial strategy but this will not be completed until later in the year.
- As mentioned earlier in the report, Finance Services have engaged the services of their Treasury Advisors, Link Asset Services to carry out a review of loans charges and the outcome of this review will be built into any updated strategy. This review won't be concluded until later in the year.

4.11.3 The regular three year budget outlook reports presented to every Policy and Resources Committee continue to give Members information on the latest revenue outlook position and for some Authorities this type of document is deemed to be their financial strategy.

4.11.4 The medium to longer term strategy will be updated and presented to Committee later in the financial year once clarity is received on the implications from the bullet points noted above.

## **5. CONCLUSION**

5.1 This report provides information on the estimated budget gap over the three



year period 2020-21 to 2022-23. In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £19.190m with a gap of £5.736m in 2020-21. There is a separate report on the agenda that brings forward savings options to help close the gap.

## **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 Scotland Duty - | 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 Financial Services**  
**23 September 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 – Non-Pay Inflation
- Appendix 3 – Cost and Demand Pressures (Council Services)
- Appendix 4 – 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	(47)	(69)	(69)	(47)	(69)	(69)	(47)	(69)	(69)
<b>Revised Base Budget</b>	<b>243,001</b>	<b>242,979</b>	<b>242,979</b>	<b>243,001</b>	<b>242,979</b>	<b>242,979</b>	<b>243,001</b>	<b>242,979</b>	<b>242,979</b>
Pay Award	3,500	6,650	9,800	3,500	7,000	10,500	3,500	7,583	11,666
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
Pay Award on Teachers Pay Deal 2019-20	64	130	197	71	144	219	83	169	258
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	301	301	301	301	301	301	301	301	301
<b>Total Employee Cost Changes (Council Services)</b>	<b>6,231</b>	<b>9,447</b>	<b>12,664</b>	<b>6,662</b>	<b>10,659</b>	<b>14,658</b>	<b>7,098</b>	<b>12,115</b>	<b>17,135</b>
<b>Non-Pay Inflation - Council Services</b>	<b>1,325</b>	<b>2,650</b>	<b>3,975</b>	<b>1,325</b>	<b>2,650</b>	<b>3,975</b>	<b>1,325</b>	<b>3,400</b>	<b>5,475</b>
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
SEEMIS membership fee	15	16	18	15	16	18	15	16	18
Third Sector Recycling	50	50	50	100	100	100	150	150	150
Loss of income off-street parking	347	347	347	347	347	347	347	347	347
Oracle support costs	18	18	18	18	18	18	18	18	18
Allowance for Cost and Demand Pressures Future Years	0	0	0	250	500	750	500	1,000	1,500
<b>Total Cost and Demand Pressures</b>	<b>557</b>	<b>666</b>	<b>728</b>	<b>1,006</b>	<b>1,493</b>	<b>1,934</b>	<b>1,411</b>	<b>2,234</b>	<b>3,010</b>
<b>Adjustment to Health and Social Care Partnership Payment</b>	<b>(1,176)</b>	<b>(2,329)</b>	<b>(3,459)</b>	<b>(588)</b>	<b>(1,170)</b>	<b>(1,746)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustment to Live Argyll Management Fee</b>	<b>96</b>	<b>20</b>	<b>(54)</b>	<b>96</b>	<b>58</b>	<b>21</b>	<b>96</b>	<b>96</b>	<b>96</b>
<b>Total Estimated Expenditure PRIOR to measures to balance the budget</b>	<b>250,034</b>	<b>253,433</b>	<b>256,833</b>	<b>251,502</b>	<b>256,669</b>	<b>261,821</b>	<b>252,931</b>	<b>260,824</b>	<b>268,695</b>
Scottish Government Grant	190,805	187,943	185,124	189,837	186,040	182,319	188,868	184,146	179,542
UK Government Funding - Teachers Pensions	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696
Earmarked Reserves for Teachers Pensions	63	63	63	63	63	63	63	63	63
Council Tax	50,835	51,216	51,600	50,709	50,963	51,218	50,583	50,709	50,836
<b>Total Funding</b>	<b>243,399</b>	<b>240,918</b>	<b>238,483</b>	<b>242,305</b>	<b>238,762</b>	<b>235,296</b>	<b>241,210</b>	<b>236,614</b>	<b>232,137</b>
<b>Budget Surplus / (Gap) PRIOR to measures to balance the budget</b>	<b>(6,635)</b>	<b>(12,515)</b>	<b>(18,350)</b>	<b>(9,197)</b>	<b>(17,907)</b>	<b>(26,525)</b>	<b>(11,721)</b>	<b>(24,210)</b>	<b>(36,558)</b>
Measures to Balance the Budget:									
Fees and Charges	513	1,026	1,539	308	616	924	103	206	309
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
<b>Total Measures to Balance the Budget</b>	<b>4,580</b>	<b>7,980</b>	<b>11,280</b>	<b>3,461</b>	<b>5,366</b>	<b>7,335</b>	<b>1,735</b>	<b>1,845</b>	<b>1,948</b>
<b>Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget</b>	<b>(2,055)</b>	<b>(4,535)</b>	<b>(7,070)</b>	<b>(5,736)</b>	<b>(12,541)</b>	<b>(19,190)</b>	<b>(9,986)</b>	<b>(22,365)</b>	<b>(34,610)</b>
<b>Budget Surplus / (Gap) In Year AFTER measures to balance the budget</b>	<b>(2,055)</b>	<b>(2,480)</b>	<b>(2,535)</b>	<b>(5,736)</b>	<b>(6,805)</b>	<b>(6,649)</b>	<b>(9,986)</b>	<b>(12,379)</b>	<b>(12,245)</b>

## Non-Pay Inflation (Council)

## APPENDIX 2

Service	Inflation Category	Basis of Inflation	2020-21 Inflation %	2020-21 Inflation £000	Increase from 2019-20 £000
Council Wide	Utilities - Electricity	This is a volatile areas and it is difficult to predict the inflation. Assumed inflation at 9.76% based on Scottish Government price risk index report as at June 2019.	9.76%	198	124
Council Wide	Utilities - Gas	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	9	9
Council Wide	Utilities - Oil	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	11	11
Council Wide	Utilities - Solid Fuel	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	-	0
Council Wide	Utilities - Water	Assumed inflation at CPI rate of 2% (July 2019) for 2020-21.	2.00%	10	(2)
Council Wide	Non Domestic Rates	Based on current RPI as at end of July 2018	2.80%	129	(9)
Council Wode	Vehicle Fuel	Based on advice from Fleet Manager	5.00%	56	56
<b>Council Wide Total</b>				<b>413</b>	<b>189</b>
Education	Pre-Primary Partner Provider Uplift	No increase required this year - provision for 1,140 hours is sufficient	0.00%	-	(16)
Commercial Services	Catering Purchases and Milk	Estimated 10% increase predicted as a result of price volatility. Estimated 10% is based on national estimates regarding increase in food prices following EU exit.	10.00%	177	38
Commercial Services	School and Public Transport Contract Fuel Uplifts	Inflation to fuel element of transport contracts based on projected fuel price increases. Only the fuel element of the contracts would be affected by this uplift.		50	0
Legal and Regulatory Support	Community Pool Subsidies	For Atlantis Leisure subsidy agreement the annual increase is based on RPI at Sept so estimate based on anticipated RPI at Sept 2019 then Sept 2020. MacPool & Islay Pool inflation based on anticipated RPI at March 2020.	3.00%	20	0
Legal and Regulatory Support	NPDO Schools	NPDO Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, applied to the payments only i.e. account code 44000 as the income is linked to Education FM payment.	2.10%	323	77
Legal and Regulatory Support	Hub Schools	Hub-DBFM Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, is applied to the payments only i.e. account code 44000 as the grant income is fixed for the term of the contract.	0.98%	51	(28)
<b>Executive Director - Douglas Hendry - Total</b>				<b>621</b>	<b>71</b>
Head of Customer Support Services	ICT	Inflationary increases re renewals for support and maintenance of hardware and software	15.00%	68	68
Roads and Infrastructure	Landfill Tax	Calculation is based on a formula approach similar to last year.	2.36%	73	(12)
Roads and Infrastructure	Waste PPP Contract	85% of RPIX as at end of Q2 2018	2.32%	135	(19)

Service	Inflation Category	Basis of Inflation	2020-21 Inflation %	2020-21 Inflation £000	Increase from 2019-20 £000
Roads and Infrastructure	Street Lighting Electricity	The business case for the LED project assumed that inflation would be applied to street lighting electricity therefore inflation should be applied at the CPI rate of 2.1% (July 2019) for 2020-21.	2.10%	15	(3)
<b>Executive Director - Pippa Milne - Total</b>				<b>291</b>	<b>34</b>
				<b>1,325</b>	<b>294</b>

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			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
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2021 and will not be completed until 2024. 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. The Council's caseload has reduced by 14% in the first year of Full Universal Credit but it is hard to predict just how quickly the rest of the working age caseload will migrate from Housing Benefit to Universal Credit between now and 2024. DWP announce funding allocations each December. For 2020/21 we are benefitting from transitional protection. These figures represent our best estimates at this time.	60	120	180	60	120	180	60	120	180
Executive Director - Douglas Hendry	Commercial 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
Executive Director - Douglas Hendry	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
Executive Director - Douglas Hendry	Education	The SEEMiS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2019/20 to 2023/24. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2020/21. Indicative membership fees were provided for financial years 2021/22 to 2023/24 and these have been factored in accordingly.	15	16	18	15	16	18	15	16	18

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

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			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
Executive Director - Pippa Milne	Roads and Infrastructure Services	A report was presented to Council on 27 June 2019 in relation to third sector recycling services and additional funding was agreed for KRL and Fyne Futures to continue the kerbside service delivery until March 2020. Officers were instructed to report back to Policy and Resources Committee prior to March 2020 once a full evaluation of options for future service delivery have been evaluated. Based on the additional funding that has been agreed within 2019-20, it is possible that this evaluation could indicate further cost pressure for future years. At this stage, a high level estimate of the costs across the scenarios has been made and these will be revised once the evaluation is completed.	50	50	50	100	100	100	150	150	150
Executive Director - Pippa Milne	Roads and Infrastructure Services	This relates to saving option TB08 agreed in February 2018. This saving will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.	347	347	347	347	347	347	347	347	347
Executive Director - Pippa Milne	ICT	The support for the Oracle e-business suite (The Council's financial system) was moved to a different supplier in 2018 to assist with revenue budget savings. It now transpires that this different supplier cannot provide the full level of support required. In moving back to Oracle for support, there is an increased cost.	18	18	18	18	18	18	18	18	18
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
<b>TOTAL</b>			<b>557</b>	<b>666</b>	<b>728</b>	<b>1,006</b>	<b>1,493</b>	<b>1,934</b>	<b>1,411</b>	<b>2,234</b>	<b>3,010</b>

NEW

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

**APPENDIX 4**

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 Social Work	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 Social Work	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 Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	1,090	2,224	3,463	1,306	2,673	4,169	1,523	3,123	4,886	Updated
Adult Care	Older People Demand Growth: 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 reflects a one-off adjustment to recognise part of the current budget deficit with no growth thereafter, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	311	311	311	640	980	1,325	970	1,659	2,370	Updated
Adult Care	Younger Adults Demand Growth: 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 reflects a one-off adjustment to recognise part of the current budget deficit with no growth thereafter, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	269	269	269	539	817	1,087	808	1,372	1,911	Updated
Adult Services	National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 3% , the mid range reflects an increase of 4% (in-line with the 2019/20 NCHC increase) and the worst case 5%.	244	496	755	326	665	1,017	407	835	1,284	Updated
All Social Work	Social Work Emergency Standby: A review of the Social Work Emergency Standby service was completed during 2019/20 which included consultation work with staff and information gathering in relation to the approaches used by other local authorities. A new service design has been developed and will be piloted during 2019/20 using non-recurring funding as a test of change. This pressure reflects the estimated cost of fully implementing the outcome of the review on a permanent basis. Adjustment has been made for inflation and pay increments at 3% best case, 4.5% mid range and 6% worst case.	150	155	160	150	157	164	150	159	169	Updated

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

**APPENDIX 4**

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	
Adult Services	Greenwood Hostel Overnight Staffing: Building on previous reviews of staff work patterns in the partnership's 24/7 care establishments, taking into account the law in relation to sleepover payments and breaks between shifts, a cost pressure has been identified in relation to staffing arrangements at Greenwood Hostel in Campbeltown where additional staff are required to comply with employee law and safe working in relation to staff and residents at the hostel. Adjustment has been made for inflation and pay increments at 3% best case, 4.5% mid range and 6% worst case.	50	52	54	50	52	54	50	53	56	Updated
Criminal Justice	Criminal Justice Redesign: The Scottish Government has provided funding for transitional arrangements in relation to changes in the Criminal Justice Service for several years and continues to do so. Until 2019/20, this funding had been routed separately from the Council's general grant and an allowance had been built into the 2019/20 for this funding method, assuming the separate allocation would be added to the budget. Unfortunately, the method changed and the funding was instead allocated as part of the general grant and the funding was not added to the Criminal Justice budget as expected but absorbed into the overall social work budget. The transition work remains ongoing and the Criminal Justice service is continuing to have to pick up these costs. This was covered on a one-off basis from an earmarked reserve in 2019/20 but the additional funding requires to be re-established from 2020/21 onwards to continue to support the redesign of Criminal Justice services.	50	50	50	50	50	50	50	50	50	Updated
Integrated Joint Board	Integrated Joint Board Governance: The Integrated Joint Board requires additional governance support from the Council. This has been agreed between Douglas Hendry, Executive Director and Joanna MacDonald, Chief Officer. The cost pressure consists of 2 additional posts plus other support costs. Adjustment has been made for inflation and pay increments on the governance costs at 3% best case, 4.5% mid range and 6% worst case.	95	98	101	95	99	103	95	101	107	Updated
All Social Work	Provision for Unknown Cost and Demand Pressures	0	250	500	250	750	1,250	500	1,250	2,000	
<b>TOTAL UNFUNDED COST AND DEMAND PRESSURES</b>		<b>3,229</b>	<b>5,748</b>	<b>8,379</b>	<b>4,422</b>	<b>8,275</b>	<b>12,267</b>	<b>5,614</b>	<b>10,886</b>	<b>16,340</b>	



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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****17 OCTOBER 2019**

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**BUDGET 2020-21 – SAVINGS OPTIONS**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2020-21 and beyond.

**2. RECOMMENDATIONS**

- 2.1 Members are asked to:
- a) Recommend that Council, as part of the 2020-21 budget process, endorse the management/operational savings identified.
  - b) Note the policy options that have been identified with further information on the options to be brought forward to Council as part of the 2020-21 budget papers.
  - c) Note that officers will continue to identify further savings over the coming months to bridge the gap.
  - d) Note that the Head of Customer Support Services will take forward a statutory consultation process with the Trade Unions for those savings options that could have a direct impact on jobs.
  - e) Note that the Policy and Resources Committee and Council meeting in February 2020 have been postponed by one week to allow officers time to finalise the budget pack assuming that there are similar delays to knowing the final funding settlement as has been the case over the last three years.

**3. DETAIL**

- 3.1 The Council at its budget meeting on 22 February 2019, approved a one year budget for 2019-20 and approved indicative budgets for 2020-21 and 2021-22. The indicative budgets noted further savings were required amounting to £4.847m in 2020-21 rising to £11.352m in 2021-22.
- 3.2 The latest budget outlook report outlines that the estimated mid-range funding gap over the three year period 2020-21 to 2022-23 is £26.525m with a gap of £9.197m in 2020-21. After factoring in previous savings decisions or potential options towards balancing the budget this reduces the gap to £19.190m over the three year period with a gap of £5.736m in 2020-21.
- 3.3 The Chief Officers group met on two occasions during May to share ideas for future budget savings. These sessions were positive and a number of medium to longer term ideas were identified, however, there was a need to develop savings options for 2020-21. The Chief Officers group agreed that the best method of identifying options was to allocate a saving target to

each service and the service would identify savings options to meet the target.

- 3.4 Savings options have been identified by officers, considered by SMT and discussed with the relevant Policy Lead. The savings options have been classified into management/operational options where there are no policy implications and will not result in any redundancies and policy options, where there are either policy or staffing implications. For all options, including the management/operational savings options, it cannot be assumed that they will not have an impact on service delivery, however, the Council has a duty to balance its budget. The savings options identified propose a potential reduction to the Council's staffing 58.5 FTE within 2020-21 should they all be accepted by Members. The Head of Customer Support Services will take forward a statutory consultation process with the Trade Unions for those savings options that could have a direct impact on jobs.
- 3.5 A summary of the savings identified are noted in the table below with further high level detail contained within Appendix 1 and 2. It should be noted, that officers are working on bringing forward further detail on the policy savings options to future budget seminars and ultimately the budget meeting in February 2020.

<b>Saving Type</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>
Management/Operational	1370.6	1413.1
Policy – within Council control	2112.3	2530.8
Policy – outwith Council control	1,000.0	1,000.0
<b>Total</b>	<b>4482.9</b>	<b>4943.9</b>

- 3.6 Based on the latest budget outlook, the savings identified for 2020-21 do not meet the latest mid-range gap by £1.253m. Officers will continue to identify further savings over the coming months to bridge the gap.
- 3.7 Financial Services have engaged the services of their Treasury Advisors, Link Asset Services to carry out a review of loans charges. There has been a live debate that has been ongoing for a number of months around changing the repayment periods of loan debt principal to reflect full asset life. The debate has concluded that the Section 95 officer now has more flexibility to consider altering the repayment period as long as it is "prudent". Based on our current principal repayments, this may give some flexibility to repay some debt over longer periods to reflect actual asset life, therefore, reducing the annual loan charge repayment. This will be quantified and reported to Members later in the year but it is likely that the review could give rise to both recurring and one-off savings.
- 3.8 The mid-range budget gap is based on a 2% reduction. If the funding reduction from Scottish Government was 1.6% rather than 2%, this would reduce the budget gap by £0.765m. Our reduction in funding in 2019-20 was 1.6%. The Council will not be certain of its funding for next year until week commencing 16 December 2019, at the earliest.

3.9 It is also worth noting that the Council used to have earmarking that paid for the cost of severance, however, by the end of 2018-19 this earmarking was fully utilised. The Council needs to consider how any severance costs will be funded in the future. The average cost of a severance package over 2017-18 and 2018-19 was £39,803.

3.10 Over the last three years the provisional Local Government Finance settlement has been announced prior to Christmas but there has been material updates to the settlement as late as early February. In order to give officers time to finalise the budget pack assuming there is a similar situation this year, the Policy and Resources Committee and full Council in February have been postponed by one week. The Policy and Resources Committee will now be on 20 February 2020 and Council 27 February 2020.

#### **4. CONCLUSION**

4.1 Services have been working over the last few months to identify a number of savings options to be considered as part of the 2020-21 budget. Management/operational savings of £1.371m and policy options of £3.112m have been identified for 2020-21 and these will contribute towards the current estimated budget gap.

#### **5. IMPLICATIONS**

- |     |                        |  |
|-----|------------------------|--|
| 5.1 | Policy –               | Some of the savings options have policy implications and further detail will be brought forward as part of the 2020-21 budget papers.                              |
| 5.2 | Financial -            | Savings options identified will reduce the budget gap for 2020-21.   |
| 5.3 | Legal -                | None identified at this stage.   |
| 5.4 | HR -                   | HR implications have been identified for each saving option.   |
| 5.5 | Fairer Scotland Duty - | Risks in relation to equalities will be identified where appropriate and EqSeIAs (Equality and Socio-Economic Impact Assessments) will be carried out as required. |
| 5.6 | Risk -                 | Risks will be identified and be brought forward as part of the 2020-21 budget papers.  |
| 5.7 | Customer Service -     | Impact on service delivery will be identified and brought forward as part of the 2020-21 budget papers.  |

**Kirsty Flanagan**  
**Head of Strategic Finance**  
**17 September 2019**

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

Appendix 1 – List of Management/Operational Savings Options

Appendix 2 – List of Policy Savings Options

## MANAGEMENT/OPERATIONAL SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CE01(c)	Chief Executives Unit	Chief Executive	Community Development / Community Planning Partnership	Revised marketing approach for Supporting Communities Fund focussing on local networks and digital channels such as Facebook.	4.0	0.00	0.00	4.0	0.00	0.00
FS01(a)	Chief Executives Unit	Head of Financial Services	Revenues & Benefits	Additional income from DWP for new work in relation to pensions and earnings verification	20.0	0.00	0.00	20.0	0.00	0.00
CS04	Executive Director (Douglas Hendry)	Head of Commercial Services	Programme Management	Cost recovery - CHORD capital costs	101.0	0.00	0.00	101.0	0.00	0.00
CS05(b)(c)	Executive Director (Douglas Hendry)	Head of Commercial Services	Property Services, Estates, Catering and Cleaning	Commercial Income from Renewable Energy, Estates Activities and Events	170.0	0.00	0.00	170.0	0.00	0.00
ED02(b)	Executive Director (Douglas Hendry)	Head of Education	Enterprise	Removal of budget in respect of skills for work transport expenses	5.6	0.00	0.00	9.0	0.00	0.00
ED05	Executive Director (Douglas Hendry)	Head of Education	HR Assistant	Alternative funding mechanism for 0.5FTE HR Assistant who supports Education and D&I in attendance / absence monitoring - will be funded via vacancy savings	12.9	0.00	0.00	17.0	0.00	0.00
ED08(a)	Executive Director (Douglas Hendry)	Head of Education	QIT - Additional Support Needs	Discontinuation of CALL Scotland contract	7.0	0.00	0.00	7.0	0.00	0.00
ED08(b)	Executive Director (Douglas Hendry)	Head of Education	QIT - Additional Support Needs	Discontinuation of CALL Scotland training allocation	2.8	0.00	0.00	2.8	0.00	0.00
ED09	Executive Director (Douglas Hendry)	Head of Education	Continuing Professional Development (Leadership)	Removal of Leadership budget used for funding training events	12.0	0.00	0.00	12.0	0.00	0.00
ED10	Executive Director (Douglas Hendry)	Head of Education	Support for Teachers	Removal of supported study budget	17.0	0.00	0.00	17.0	0.00	0.00
ED12	Executive Director (Douglas Hendry)	Head of Education	Classroom Assistants - Primary	Removal of underspent budget as a result of primary review	20.0	0.00	0.00	20.0	0.00	0.00
ED13	Executive Director (Douglas Hendry)	Head of Education	Classroom Assistants - Secondary	Removal of underspent budget as a result of secondary review	30.0	0.00	0.00	30.0	0.00	0.00
L&R01(b)	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Procurement	NPDO contract efficiency saving	120.0	0.00	0.00	120.0	0.00	0.00
L&R02	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Governance and Risk	Generate income by recharging for services provided	50.0	0.00	0.00	50.0	0.00	0.00
L&R04(a)&(b)	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Trading Standards	Agree with Food Standards Scotland to deliver feed regulation across Argyll & Bute / West Dunbartonshire which will achieve additional income	25.2	0.00	0.00	25.2	0.00	0.00
L&R05	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Electoral Registration	Realign Electoral Registration Budget	20.1	0.00	0.00	20.1	0.00	0.00
L&R06	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Committee Services	Review of administrative supplies and service spend	12.0	0.00	0.00	0.0		0.00
CSS01(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	Communications	Carry out all public consultation in-house removing budget for consultant	5.0	0.00	0.00	12.0	0.00	0.00
CSS02(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Increase in NRS (National Records of Scotland) fees in line with decision nationally to increase fees.	25.2	0.00	0.00	25.2	0.00	0.00
CSS02(b)(c)(d)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Additional CSC/Registration	8.5	0.00	0.00	8.5	0.00	0.00
CSS02(e)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Social Security Scotland - charging for use of accommodation	5.0	0.00	0.00	5.0	0.00	0.00
CSS02(f)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Lease Inveraray marriage room as an office space	2.6	0.00	0.00	2.6	0.00	0.00
CSS02(k)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Removal LAP server support	6.2	0.00	0.00	6.2	0.00	0.00
CSS02(l)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Cease text in service and SMS service support	1.5	0.00	0.00	1.5	0.00	0.00
CSS02(m)(n)(o)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	CSC and Registration Cost Cutting	8.9	0.00	0.00	8.9	0.00	0.00
CSS02(p)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Remove surplus photocopier budget from Colonsay and Jura CSPs	3.0	0.00	0.00	3.0	0.00	0.00

## MANAGEMENT/OPERATIONAL SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CSS03(a)(b)(c)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove surplus from ICT budget, remove expired server maintenance contract, and decommission old backup solution	62.0	0.00	0.00	62.0	0.00	0.00
CSS03(d)(e)(f)(i)(j)(k)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Reduce staff travel, overtime, subscriptions and make further changes to infrastructure systems covering comms circuits, Guest Wi-Fi, and the PSN connection	50.7	0.00	0.00	50.7	0.00	0.00
CSS03(g)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove budget available for additional network upgrades to schools	87.0	0.00	0.00	87.0	0.00	0.00
CSS03(l)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Reduce print room copier and franking machine maintenance.	3.8	0.00	0.00	3.8	0.00	0.00
CSS03(m)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Replace ageing, red risk status video conferencing (VC) equipment with Skype, removing £50k capital investment need. Retain VC in Kilmory and the virtual meeting room to allow communication with external organisations still using VC.	7.0	0.00	0.00	7.0	0.00	0.00
CSS03(n)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Stop annual benchmarking service	4.7	0.00	0.00	4.7	0.00	0.00
CSS03(o)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove surplus from Workforce Deployment Infrastructure budget.	9.0	0.00	0.00	9.0	0.00	0.00
CSS04(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	HR and OD	Investigated potential replacement of Pyramid	0.0	0.00	0.00	15.0	0.00	0.00
CSS04(b)-(f)	Executive Director (Pippa Milne)	Head of Customer Support Services	HR and OD	Reduction in sundry budgets e.g. travel, training etc.	25.0	0.00	0.00	25.0	0.00	0.00
DEG02	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Transformation Projects and Regeneration	Removal of discretionary budget supporting cultural initiatives	63.9	0.00	0.00	63.9	0.00	0.00
DEG05(b)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Building Standards	Additional commercialisation through processing Building Warrant applications for other local authorities	50.0	0.00	0.00	50.0	0.00	0.00
DEG06(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Transfer staff costs to Strategic Housing Fund	146.3	0.00	0.00	146.3	0.00	0.00
DEG06(b)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Realign Temporary Accommodation Budgets to reflect spend	20.0	0.00	0.00	20.0	0.00	0.00
DEG06(c)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Reduce Local Housing Strategy Budget	25.7	0.00	0.00	25.7	0.00	0.00
RAIS06(b)	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Fleet	Increase work through fleet workshops	20.0	0.00	0.00	45.0	0.00	0.00
RAIS08	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Technical Support	Cost recovery for Capital Projects within Roads and Infrastructure	100.0	0.00	0.00	100.0	0.00	0.00
<b>TOTAL MANAGEMENT/OPERATIONAL OPTIONS</b>					<b>1,370.6</b>	<b>0.00</b>	<b>0.00</b>	<b>1,413.1</b>	<b>0.00</b>	<b>0.00</b>

## POLICY SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CE01(a)	Chief Executives Unit	Chief Executive	Community Development / Community Planning Partnership	Reduction in vacant administrative officer post by 0.4 FTE Removal of funding to TSI to support Community Development 10% reduction in funding to Fèisean nan Gàidheal	26.9	0.40	1.00	26.9	0.40	1.00
FS01	Chief Executives Unit	Head of Financial Services	Revenues & Benefits Internal Audit Accounting & Budgeting	Removal of vacant 1FTE LGE5 Local Tax Assistant Post Removal of vacant 0.5FTE LGE9 Internal Audit Post Reduction in posts due to changing processes, efficiencies and reduction in support	183.0	5.10	7.00	189.0	5.10	7.00
CS01	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates & Property Development	Remodel Estates Staff Structure (removal of LGE11 post)	57.0	1.00	1.00	57.0	1.00	1.00
CS02	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates, Programme Management and Property Services	Remodel business support in Estates, Programme Management and Property Services	54.0	2.00	2.00	54.0	2.00	2.00
CS03	Executive Director (Douglas Hendry)	Head of Commercial Services	Property Maintenance	Remodel Property officer team	79.0	2.00	2.00	79.0	2.00	2.00
ED01	Executive Director (Douglas Hendry)	Head of Education	PE Facilities	Removal of centrally held PE budget which is devolved to schools annually	73.0	0.00	0.00	73.0	0.00	0.00
ED02	Executive Director (Douglas Hendry)	Head of Education	Enterprise	Removal of budget devolved to schools to enhance teacher posts to PT grade to deliver enterprise Removal of budget for PPE and equipment required in relation to service delivery by Argyll College	15.6	0.00	0.00	25.0	0.00	0.00
ED03	Executive Director (Douglas Hendry)	Head of Education	Psychological Services	Removal of 1.8 FTE Educational Psychologist reducing the service	78.0	1.80	2.00	125.0	1.80	2.00
ED04	Executive Director (Douglas Hendry)	Head of Education	CAST (Creative Art in Schools Team)	Removal of this provision with supports schools to develop creative projects	9.6	0.40	1.00	13.0	0.40	1.00
ED06	Executive Director (Douglas Hendry)	Head of Education	Quality Assurance and Moderation	Remove budget established to support schools in relation to moderation	27.1	1.00	1.00	43.5	1.00	1.00
ED07	Executive Director (Douglas Hendry)	Head of Education	Admin and Finance assistants	Aligning all Area Finance Assistants to term time	11.7	3.00	3.00	15.6	3.00	3.00
ED11	Executive Director (Douglas Hendry)	Head of Education	16+ Learning Choices	Removal of vacant 0.1 LGE14 post which was 0.9 grant funded previously (grant now ended)	6.1	0.10	1.00	6.1	0.10	1.00
ED14	Executive Director (Douglas Hendry)	Head of Education	Swimming Pool Subsidies	Removal of subsidy paid to Islay and Jura and Mid Argyll Community Enterprises	19.3	0.00	0.00	19.3	0.00	0.00
ED15	Executive Director (Douglas Hendry)	Head of Education	Additional Support Needs (activities)	Removal of Additional Support Needs (activities)	5.4	0.00	0.00	5.4	0.00	0.00
ED16	Executive Director (Douglas Hendry)	Head of Education	Clerical Assistants (Learning Centres) Primary	Removal of separate clerical assistant budget within Oban Learning Centre (Primary and Secondary) to align with other learning centres.	10.4	0.89	2.00	16.7	0.89	2.00
ED18	Executive Director (Douglas Hendry)	Head of Education	Reduction of Education Management Team	Reduction of 2 FTE from the Central Education Management Team	113.0	2.00	2.00	151.0	2.00	2.00
ED19	Executive Director (Douglas Hendry)	Head of Education	Community Learning and Development	Further review of Community Learning and Development	184.3	7.00	10.00	246.0	7.00	10.00
ED20	Executive Director (Douglas Hendry)	Head of Education	Pupil Support Assistants	Removal of pupil support assistant hours within primary schools	198.5	14.70	45.00	317.5	14.70	45.00
ED21	Executive Director (Douglas Hendry)	Head of Education	Early Years Provision	Third Sector Grant removal Review of Early Years staffing	106.5	0.40	1.00	110.4	0.40	1.00
L&R01	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Procurement	Realign Team	75.0	1.00	1.00	75.0	1.00	1.00

## POLICY SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
L&R03	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Advice Services	Reduction in staff costs within welfare rights team (equivalent to 0.5FTE)	18.1	0.50	1.00	18.1	0.50	1.00
CSS01	Executive Director (Pippa Milne)	Head of Customer Support Services	Communications	Remove vacant Communications Apprentice post budget which has also provided corporate PR materials (banners etc)	16.2	0.60	1.00	16.2	0.60	1.00
CSS02	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Restructure Customer Service Centre Staffing to reflect increased digital customer engagement	59.4	4.00	5.00	72.9	4.00	5.00
CSS03	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove 1 ICT Desktop Engineer post, providing cover from other areas	38.0	1.00	1.00	38.0	1.00	1.00
DEG01(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Economic Growth	Removal of LGE11 post in the European and External Policy Team	51.6	1.00	1.00	51.6	1.00	1.00
DEG04	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Transformation Projects and Regeneration	Removal of an LGE11 development officer from the Transformation Projects and Regeneration Teams	51.5	1.00	1.00	51.5	1.00	1.00
DEG05(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Building Standards	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work. Regular service users have been informed of this change.	50.0	0.00	0.00	50.0	0.00	0.00
DEG07	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Development and Economic Growth	Removal of Building Standards Manager following 3rd tier management review in Development and Economic Growth	69.2	1.00	1.00	69.2	1.00	1.00
RAIS02	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	School Crossing Patrollers	Remove all the service from the 21 crossing points operated by the Council	113.0	6.60	28.00	151.0	6.60	28.00
RAIS03	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Burials and Cremations	Increase burial charges by 20% and cremation fees by 15%	140.0	0.00	0.00	140.0	0.00	0.00
RAIS04(a)	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Traffic Management	Review of existing parking charges, potentially increasing up to 20%	138.0	0.00	0.00	138.0	0.00	0.00
RAIS07	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Waste	Increase commercial pull out charges from £30 to £100 better reflecting actual cost and introduce a charge for assisted bin pull outs to residential customers at £100 per annum	25.9	0.00	0.00	25.9	0.00	0.00
RAIS09	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Public Conveniences	Closure of up to 25 public conveniences subject to ongoing monitoring of use and demand, as per the Environmental, Development and Infrastructure Committee decision in December 2018.	8.0	0.00	0.00	60.0	3.00	6.00
<b>TOTAL POLICY OPTIONS (within Council control)</b>					<b>2,112.3</b>	<b>58.49</b>	<b>121.00</b>	<b>2,530.8</b>	<b>61.49</b>	<b>127.00</b>
RAIS01	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Council Run Ferries	Transfer of the four council run ferry services to Transport Scotland as per the council's decision of 27th June 2019. If this is not achieved by 31/3/20 there will be a risk to the ongoing delivery of these services.	1,000.0	TUPE	TUPE	1,000.0	TUPE	TUPE
<b>TOTAL POLICY OPTIONS (out with Council control)</b>					<b>1,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,000.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL POLICY OPTIONS</b>					<b>3,112.3</b>	<b>58.5</b>	<b>121.0</b>	<b>3,530.8</b>	<b>61.5</b>	<b>127.0</b>



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**ARGYLL AND BUTE COUNCIL****Policy and Resources Committee****Customer Support Services****17 October 2019**

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**Budget consultation**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 Argyll and Bute Council aims to work with as well as for our communities. This report sets out a consultation exercise that will give our communities the opportunity to contribute to transforming the work of the council.

**2.0 RECOMMENDATIONS**

- 2.1 Members agree to recommend that the council carries out the consultation exercise proposed in this report, noting that the presentation of the consultation will be developed prior to publication.

**3.0 DETAIL**

- 3.1 We have been asking people to respond to budget consultations every year for a number of years, with the focus in large part on changing what the council does and how we work.
- 3.2 We know, from public feedback, that there is a need for more information about the challenges faced by the council, and about the services and support the council continues to deliver amidst on-going change.
- 3.3 In addition therefore to asking people for their priorities for the work of the council, the proposed consultation includes information about financial constraints and ways in which we continue to support our communities.
- 3.4 In order to encourage a good level of response, we will draw on channels of promotion that have proven popular in the past. The consultation will be available in a number of ways:
- on the council's website
  - via our Citizens' Panel
  - via our information-subscription services
  - in printed copies available from council offices
  - via digital and employee communication channels
- 3.5 The consultation will run from the end of October to the beginning of December.

#### 4.0 CONCLUSION

4.1 The consultation set out in Appendix 1 is intended to gather views from our communities and employees that will support the council in setting a balanced budget in February 2020.

#### 5.0 IMPLICATIONS

5.1/2 Policy/Financial	Views provided are intended to help shape budget setting decisions
5.3/4/5 Legal/HR /Equalities	None
5.6 Risk	Public views are sought to help ensure that the council considers all options in bridging its funding gap.
5.7 Customer Service	Evidencing the influence of public views will be important in encouraging involvement in consultations.

Executive Director with responsibility for Customer Support Services: Pippa Milne

**For further information:**

Jane Fowler, Head of Customer Support Services  
Jane Jarvie, Communications Manager, tel; 01546 604323

Appendix1: Outline of proposed consultation

## **Appendix 1: Outline of proposed budget consultation**

Argyll and Bute has great people, places and opportunities for success.

Argyll and Bute needs its council to deliver more services than many other councils: we provide transport to and from islands for example, and we are investing in our economy to reverse the decline in population that threatens the future of the area.

Careful financial planning and changes to how we work mean we are continuing to deliver more than is required of a council.

Argyll and Bute however has had the third highest cut to its council funding of all of Scotland's authorities in recent years. We've delivered £57million in savings since 2010 and estimates show we will have to deliver another £9.2 million of savings next year.

You may be aware that we recently secured a rural growth deal of £50 million for Argyll and Bute. While this is great news, this one off funding cannot be used to bridge gaps in our budget; it must be used to deliver specific economic development objectives to be agreed with the UK and Scottish Governments.

Delivering more savings means that we have to focus on duties and growth:

- we must protect the services all councils have a duty to provide
- we must achieve the population and economic growth Argyll and Bute depends on to grow a successful future.

There are no easy options left for making savings. Your views have helped us deliver a balanced budget in the past. We would value your involvement again this year.

Thank you for taking time to respond to this consultation.

**Councillor Aileen Morton**  
**Leader of Argyll and Bute Council**

### Introduction to the work of Argyll and Bute Council

## Argyll and Bute Council

serves the second largest area and highest number of inhabited islands of all Scottish local authorities



- Delivers hundreds of services every day around 250 - more than many other councils.

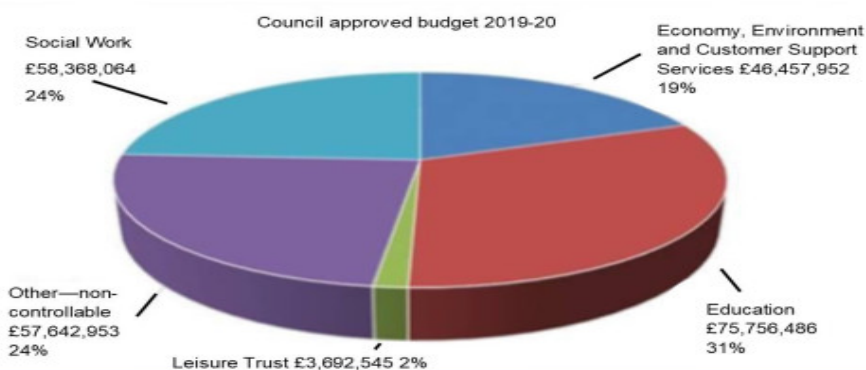


- Invests in building a successful future for Argyll and Bute

- Had the third highest cut in council funding over the past five years.



### How our budget supported Argyll and Bute





**Q1: What for you is the most important role for the council?**

- Deliver the services I use
  - If you choose this option please tell us which services you use
- Attract people, jobs and investment to Argyll and Bute
- Support the most vulnerable people in our communities
- Support local people to get involved in helping their communities
- Other [please tell us what]

**Q2: Which of these general service categories do you use most?**

- Education
  - Schools, teachers, early years services, youth services, adult learning
- Economy, Environment and Customer Service
  - Roads, planning, bins, recycling, street lighting, harbours, ferries, air services, school transport, economic regeneration, business support, digital services, digital security, emergency planning, recruitment, website and information services, birth/death/marriage registration, burials/cremations, grass cutting, gritting, committee meetings, elections, community planning / development.
- Social work (managed and delivered through the Health and Social Care Partnership)
  - Care at home support, fostering, adoption, disability support services, criminal justice services
- Other (please tell us what)

**Section 2: Balancing our budget**

We have already delivered more than £57million worth of efficiencies and savings over the past 10 years. Mid-range estimates indicate that we will need to make additional savings of £9.2million in 2020/21.

Some areas of expense are not available to the council to make savings from:

- Teachers: Scottish Government requirements mean we must maintain teacher numbers. Cost = £50.5m
- Leisure Trust: to help the new Trust develop its library and leisure services for Argyll and Bute, the council agreed its funding allocation until March 2021. Cost = £3.7m
- Non-controllable costs: this category relates to expenses we cannot control, for example utilities or loan charges. We have achieved savings in this category previously, and do all possible to ensure value for money. We cannot however guarantee savings. Budget allocation last year = £57.6m

**Q3: In which three categories would you most support reductions to funding?**

- Education for adults
- Education for children
- Customer support/information services
- Economic development/business support services
- Environmental services (eg recycling, refuse, street cleaning)
- Public transport
- Regulatory services (eg planning, trading standards, environmental health)
- Roads/harbours
- Other (please specify)

**Q4: Please indicate your top three priorities from these service areas.**

- Education for adults
- Education for children
- Customer support/information services
- Economic development/business support services
- Environmental services (eg recycling, refuse, street cleaning)
- Public transport
- Regulatory services (eg planning, trading standards, environmental health)
- Roads/harbours
- Other (please specify)

**Q5. 80% of our funding comes from the Scottish Government. We do not yet know what our allocation is for 2020/21. To prepare for setting our budget in February 2020, we have already identified a number of options for making savings. We need to identify more to bridge our estimated funding gap, and we are working to do that.**

**If you have any comments on the savings options already identified, please let us know [link to be added to the savings options, following Council's consideration of the proposed consultation]**

One of the services this council funds and delivers that most other councils do not is ferry services: we run ferry services between Easdale/Seil, Lismore/Port Appin, Luing/Seil; and Jura/Islay.

The duty to provide ferries however lies with Transport Scotland. The council is calling on Transport Scotland to take over responsibility for these services – to protect them from cuts to the council budget and to free-up £1 million for services we have a duty to deliver.

**Q6: Do you agree with this approach?**

- Yes
- No
- Comment?

We need to find more savings options to bridge our estimated funding gap. [You have given us ideas in the past that have helped us make the savings we must – thank you.](#)

**Q7: What suggestions do you have this year for how the council could make savings or increase income?**

**Q8: Do you have any additional comments on any issue raised in this consultation?**

Thank you for taking time to give us your views.



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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****CHIEF EXECUTIVE'S UNIT****17 OCTOBER 2019**

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**COMMUNITY CHOICES/PARTICIPATORY BUDGETING**

---

**1. EXECUTIVE SUMMARY**

- 1.1 The Council considered a report on the Supporting Communities Fund pilot at their meeting on 27 September 2018. It was agreed that options for how the Council can meet the 1% requirement of budget distribution by Community Choices by 2020-21, including where the use of Participatory Budgeting (PB) may be appropriate, be brought to a future meeting of Council.
- 1.2 The 1% target for Councils is defined as the total estimated expenditure for revenue, as per the Local Government Finance Circular, less the assumed Council Tax intake. For Argyll and Bute the 1% target in 2019-20 would amount to £1.987m.
- 1.3 A paper to COSLA Community Wellbeing Board on 17 December 2018 set out a definition for PB that is much wider than the previous definition shared with Council when this first was promoted in 2015, and it brings into scope a range of engagement processes, many of which Councils in Scotland would already be involved in. The definition identifies the need for a clear demonstration/reflection of individual and community influence/need in final service delivery.
- 1.4 The Council has undertaken a range of activities in the past that would correspond with the new definition of Mainstream PB. It also carries out an extensive budget consultation exercise annually to ensure that communities have the opportunity to get involved in the process of setting the Council budget.
- 1.5 Five options have been identified in respect of an approach to meet the 1% requirement of budget distribution by Community Choices by 2020-21. It is recommended that Members approve option 3 which is an enhanced version of the Council's budget consultation exercise together with engagement on a number of initiatives each year.

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**COMMUNITY CHOICES/PARTICIPATORY BUDGETING**

---

**2. INTRODUCTION**

- 2.1 The Council considered a report on the Supporting Communities Fund pilot at their meeting on 27 September 2018. It was agreed that options for how the Council can meet the 1% requirement of budget distribution by Community Choices by 2020-21, including where the use of Participatory Budgeting (PB) may be appropriate, be brought to a future meeting of Council.

**3. RECOMMENDATIONS**

- 3.1 It is recommended that Members approve option 3 as the approach to meet the 1% requirement of budget distribution by Community Choices by 2020-21. This option is an enhanced version of the Council's budget consultation exercise together with engagement on a number of initiatives each year.

**4. DETAIL**

- 4.1 In their 2016 Election Manifesto, the Scottish Government made a commitment to build on the recently implemented Community Empowerment Act to set "*Councils a target of having at least 1% of their budget subject to Community Choices budgeting by 2020-21.*" This was also a feature in the Scottish Government Programme for Government 2017-18.
- 4.2 Community Choices, better known globally as PB, is recognised as a way for local people to have a direct say in how public funds are used to address local needs. It is a method which when used alongside other models of community engagement and empowerment forms a wider strategic approach to advancing participatory democracy and strengthening local representative democracy.
- 4.3 An alternative, more flexible, definition of what mainstream PB is, was outlined in a COSLA paper on 17 December 2018. It is a much broader definition of PB than early thinking on the approach which focussed on public voting on resources distribution. The definition is:

*"Mainstream PB is the proactive involvement of and engagement with communities in the design and formulation of policy/strategy that eliminates existing participation gaps. A process of deliberative dialogue that allocates resources in a manner that delivers shared and individual outcomes as a result of direct community participation during the decision making process.*

*The clear demonstration/reflection of individual and community influence/need in final service delivery.”*

- 4.4 The 1% target for Councils is defined as the total estimated expenditure for revenue, as per the Local Government Finance Circular, less the assumed Council Tax intake. For Argyll and Bute the 1% target in 2019-20 would amount to £1.987m.
- 4.5 COSLA are working with local authorities in 2019-20 to pilot a national digital platform for engaging communities in both discussion and decision making. The Council's ICT Manager and Community Planning/ Development Service are engaged in the discussions. Argyll and Bute Council is not one of the Councils piloting the national digital platform and the learning from this has still to take place.

#### **Current examples of Community Choices in Argyll and Bute**

- 4.6 The Council has undertaken a range of activities in the past that would correspond with the new definition of Mainstream PB. These range from public engagement on capital expenditure to the Supporting Communities Fund grant distribution.
- 4.7 In 2017 and 2018 the Council undertook PB pilot projects, using mainly bespoke websites to host voting for projects, the latter pilot project was with the Supporting Communities Fund (SCF). On completion of this pilot an evaluation was carried out and it concluded that whilst it was very successful, the costs associated with running a PB project for small grants up to £100,000 were not commensurate with the benefits. (It was estimated to cost around £50,000). It was agreed that PB may be a feasible option for decisions involving larger funds and it may be that the work COSLA is doing on the national digital platform would allow feasibility of considering the grants allocation via this method in the future.
- 4.8 The following list, although not exhaustive, demonstrates areas of the Council budget where there has been public consultation/involvement and therefore compliance with the definition of Community Choices:
- Community Planning Partnership – engagement in shaping local community planning action plans
  - IJB Strategic Plan – engagement on priorities for Health and Social Care Partnership
  - Capital projects – e.g. CHORD, CARS, Helensburgh Waterfront Development and Lochgilphead and Tarbert Regeneration
  - Flood Risk Prevention Schemes
  - Early Years - Annual consultation and specific consultation on change to funded hours
  - Piers and Harbours – for example infrastructure improvements and fees and charges increases
  - Schools – catchment areas, provision of education and pupil equity funds

- Review of Advice Services.

4.9 The Council also carries out an extensive budget consultation exercise annually to ensure that communities have the opportunity to get involved in the process of setting the council budget.

4.10 There are also upcoming opportunities for engagement with communities on the Rural Growth Deal and Regional Transport.

### **Options to meet the 1% requirement of budget distribution by Community Choices by 2020-21**

4.11 Five options have been identified for consideration in respect of an approach to meet the 1% requirement of budget distribution by Community Choices by 2020-21. These are outlined in the paragraphs that follow.

#### **4.12 Option 1**

An enhanced version of the Council's budget consultation exercise increasing opportunity for decision making. For example, prioritisation of spend and proportion of spend options. This could be delivered using an online tool and also through ongoing community conversations about the future use of Council resources and its priorities. This would have a resource implication that Services will need to meet from within existing budget.

#### **4.13 Option 2**

Engagement on a number of initiatives each year. A current example is the Lochgilphead and Tarbert Regeneration Fund which aims to improve economic opportunities within the Mid Argyll area. The projects supported by this Fund will be determined following engagement activities with the community where projects will be prioritised after being assessed against a number of criteria. It should be noted, that final decision making will rest with the democratically Elected Members and therefore a change to the process may need to be implemented.

#### **4.14 Option 3**

A combination of option 1 and 2 noted above. Note that there will be a resource implication for option 1, and potentially option 2 if changes to process are required.

#### **4.15 Option 4**

Allocation of a sum of money to be used specifically for PB as part of the budget setting process. This should include an amount to both resource the process and to be distributed. There would be significant costs in relation to resourcing this. Given the necessary scale of this, it would require savings and cuts to be made to core service budgets in order to create the Fund for distribution. There are two fundamental questions in relation to this option. Would the new Fund's purpose have a higher priority than the core services cut to create the Fund and would there be support for cutting core services to fund the administration of the process?

4.16 **Option 5**

Maintain status quo. This option is here for consideration mainly due to insufficient resources to develop this further and also the fact that it could be argued that the existing processes in place, as outlined within paragraph 4.8 to 4.10, already achieve sufficient community engagement and exceed the 1% target.

**5. CONCLUSION**

5.1 Five options have been identified in respect of an approach to meet the 1% requirement of budget distribution by Community Choices by 2020-21. It is recommended that Members approve option 3 which is an enhanced version of the Council's budget consultation exercise together with engagement on a number of initiatives each year.

**6. IMPLICATIONS**

- |     |                        |   |
|-----|------------------------|---|
| 6.1 | Policy –               | COSLA framework on PB. Scottish Government target in Programme for Government.  |
| 6.2 | Financial -            | The costs of digital PB engagement and subsequent resource implications need to be proportionate to the funding being distributed. There are resource implications with Options 1-4 that Services will be required to meet from within existing budget. |
| 6.3 | Legal -                | None.   |
| 6.4 | HR -                   | None.   |
| 6.5 | Fairer Scotland Duty - | Potential inequality in accessing digital voting sites. Evidence suggests that disadvantaged persons and communities are least likely/able to participate in PB activities.   |
| 6.6 | Risk -                 | Reputation of Council should no action be taken regarding PB.   |
| 6.7 | Customer Service -     | Customer engagement with the Council may improve.   |

**Kirsty Flanagan**  
**Head of Financial Services**  
**17 September 2019**

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES  
COMMITTEE

Legal and Regulatory Support

17<sup>th</sup> October 2019

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**Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21 –  
Final documents and consultation**

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## **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this paper is to seek approval for the final revised Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21.
- 1.2 This report outlines the requirement for the annual updates and the key changes that have been made to both the Procurement Strategy and the Sustainable Procurement Policy.
- 1.3 The first drafts of both documents were approved by the Procurement Board to go to consultation with key stakeholders and the public via a web-based survey. The consultation closed on 27<sup>th</sup> September.
- 1.4 This report recommends that Policy and Resources Committee note the key changes to the document and the outcome of the consultation and agree the documents to be submitted to Full Council for approval.
- 1.5 The final versions of the documents will be published on the Council's website in March 2020.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES  
COMMITTEE

Legal and Regulatory Support

17<sup>th</sup> October 2019

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**Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21 –  
Final documents and consultation**

---

## **2.0 INTRODUCTION**

2.1 The purpose of this paper is to seek approval for the revised final Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21.

## **3.0 RECOMMENDATIONS**

3.1 That Policy and Resources Committee note the key changes to the Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21 and the outcome of the consultation.

3.2 That Policy and Resources Committee agree the revised final Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21 to be submitted to Full Council for approval.

## **4.0 DETAIL**

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

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

### **4.3 Procurement Strategy**

The Argyll and Bute Council Procurement Strategy 2020/21 will set out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

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



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

#### **4.4 Summary of key changes to the Procurement Strategy 2020/21**

The Argyll and Bute Council Procurement Strategy 2020/21 has been updated from the previous version in the following areas, after internal and external research was undertaken and as a result of feedback received during the consultation period:

- The Strategy Rationale/Context has been updated to reflect the current context for this strategy;
- The Strategic Aims, Key Priorities & Action Plan section has been streamlined, with activities within the Action Plan being revised with clearer wording;
- The Procurement Strategy by Category section has been updated with current plans;
- The Financial Analysis section has been updated with 2018/19 figures; and
- Appendix 1 – The Prioritisation Tool analysis has been removed to streamline the content of the Strategy.

#### **4.5 Sustainable Procurement Policy**

The Argyll and Bute Council Sustainable Procurement Policy 2020/21 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

#### **4.6 Summary of key changes to the Sustainable Procurement Policy 2020/21**

The Argyll and Bute Council Sustainable Procurement Policy 2020/21 has only had minor updates from the previous version, after internal and external research was undertaken.

#### **4.7 The revised draft Procurement Strategy 2020/21 and Sustainable**

Procurement Policy 2020/21 are attached as Appendix 1.

- 4.8 The Stakeholder Consultation report details the outcome of the consultation. This is attached at Appendix 2 and will be published on the Council's website in order to provide feedback the consultees.

## **5.0 CONCLUSION**

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

## **6.0 IMPLICATIONS**

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

**Douglas Hendry**

**Executive Director with responsibility for Legal and Regulatory Support**

**For further information contact:**

Elaine Appleby

01369 708 594

Elaine.appleby@argyll-bute.gov.uk

### **Appendices**

Appendix 1 – Draft Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21

Appendix 2 – Stakeholder Consultation Report 2019

**Rory Colville**

**Policy Lead**

7<sup>th</sup> October 2019

APPENDIX 1

# **ARGYLL AND BUTE COUNCIL**



## **PROCUREMENT STRATEGY**

**2020/21**

**V0.3**

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## Section 2 – Introduction

- 1.1. The Argyll and Bute Council Procurement Strategy 2020/21 relates to our overall procurement approach, with specific focus on regulated procurements. Regulated procurements are defined as works contracts over £2million in value, and supplies and services contracts over £50,000 in value.
- 1.2. This strategy sets out a framework, which is designed to enable the Council to continue on its journey of change and innovation through:
  - Building capacity and skills within the Council to continue to improve procurement activity;
  - Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
  - Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
  - Focusing our procurement activity on delivering improvements for the people and communities in Argyll and Bute;
  - Working cooperatively in everything we do to support SMEs and the third sector;
  - Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.
- 1.3. This Procurement Strategy has been prepared in response to the changing procurement agenda and the current financial climate. The strategy sets out the procurement aims and goals of the Council for 2020/21 and will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities. Through adhering to the Procurement Strategy, the Council will manage and mitigate the potential risks associated with public sector procurement. Such risks include the potential for challenge from unsuccessful tenderers, the risk of not achieving best value for Council Services, and failing to support the Council's strategic aims.
- 1.4. The strategy is aimed at ensuring the Council procures the goods, services and works it needs in the most economically advantageous manner. This recognises the importance of a procurement strategy towards meeting the Council's statutory duty of best value.
- 1.5. Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The strategy aims to help remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council. The Procurement and Contract Management Team has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

## Section 3 – Procurement Vision & Principles

### Our vision

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

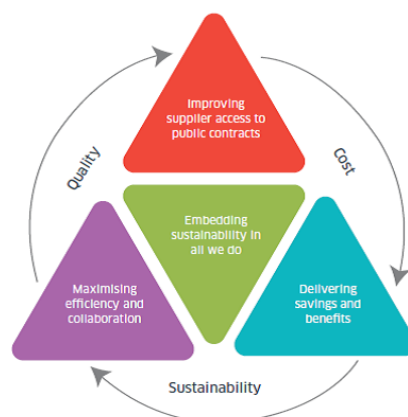
### Procurement Principles

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

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

## Section 4 – Strategy Rationale & Context

- 4.1 The Council’s new Procurement Strategy for 2020/21 takes account of the Annual Procurement Report 2018/19 which detailed the progress that the Council has made since the previous strategy was published. This allows us to reflect on the progress made as well as highlighting the opportunities and challenges now facing the Council, and how Procurement can support the organisation’s overall objectives.
- 4.2 The Council is mindful that the impact of procurement is far greater than this definition of a ‘process’ and our vision, objectives and principles as set out in this strategy illustrate the contribution that effective procurement arrangements can make to wide ranging socio-economic agendas. These include equality and diversity, a successful local economy, a thriving voluntary and third sector, environmental issues and value for money for Argyll and Bute citizens.
- 4.3 Current external impacts on the Council’s Procurement Strategy include demographic changes within Argyll and Bute, the changes in the Early Years delivery model, managing expectations of stakeholders within reduced budgets, environmental challenges including upcoming changes in relation to waste management and carbon reduction to meet climate change targets, and the need to ensure our processes are in line with current best practice. Upcoming external challenges include influences such as Brexit and the unknown implications surrounding this.
- 4.4 Internal impacts on this Strategy and the Council’s Procurement and Contract Management Team include the need to take account of the requirements of the Constitution, Corporate Plan and Outcome Improvement Plan, the provision of support to the service departments to meet their budgetary requirements, as well as the support provided to them to deliver transformational change in how they provide their services to the citizens of Argyll and Bute.
- 4.5 The Council will continue to deliver its procurement activities and meet the above opportunities and challenges in line with the Scottish Model of Procurement:



## Section 5 – Strategic Aims, Key Priorities & Action Plan

### 5.1 Our strategic aims

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

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

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

### 5.2 For all of our procurement activity we aim to:

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

### 5.3 Our key priorities for our regulated procurements for 2020/21, in line with Section 15(5) of the Procurement Reform (Scotland) Act 2014, are:



#	Priority	Activities
1	<p><b>Ensuring that the Council's regulated procurements will deliver value for money,</b> through applying the following key principles: Increasing our collaboration with other organisations where possible; Ensuring that all opportunities are thoroughly considered and all implications of change in service areas are fully appraised; Developing contract plans of future procurements to improve our services; Maintaining consistency and transparency in our procurement processes; and Considering where appropriate the whole-life cost of what is being procured and when applying the principle of value for money, ensure that we do so in a clear, transparent and proportionate manner.</p>	<p>A Fully implement Category Management approach for all regulated procurements</p> <p>B Work with Services to put regulated contracts in place where possible to reduce levels of addressable non-contracted spend (Ongoing)</p> <p>C Contract Plans of future regulated procurements to be included in Annual Procurement Reports (Ongoing)</p> <p>D Work with Live Argyll and NHS Highland to consider collaboration, and include their requirements in Commodity Sourcing Strategies (CSSs) for all regulated procurements, ensuring improved engagement with NHS Highland/HSCP in their procurement activity (Ongoing)</p> <p>E CSS templates ensure thorough consideration of all opportunities for regulated procurements (Ongoing)</p> <p>F Whole-life costing is included within CSS templates, to be considered where appropriate for regulated procurements (Ongoing)</p> <p>G Promote small changes that can add up to bigger savings i.e. via Cascade</p>
2	<p><b>Ensuring that the Council's regulated procurements will be carried out in compliance with our duty to act in a transparent and proportionate manner, at each stage of the procurement process,</b> through: Using electronic communications for all procurement activity, while providing alternative communications methods if requested; Ensuring open public and market engagement; Using clear and precise language to ensure a common understanding of the requirements; and Utilising Council thresholds to ensure proportionality regarding the appropriate type of procurement process.</p>	<p>A All regulated procurements to be published via PCS/PCS-T to maintain consistency and transparency (Ongoing)</p> <p>B Specifications within regulated procurements will include references to EU and British standards where appropriate (Ongoing)</p> <p>C All Council value thresholds for procurements will be complied with for regulated procurements (Ongoing)</p> <p>D Ensure processes and templates for regulated procurements reflect requirements of the Procurement Journey for tender processes and contract management (Ongoing)</p> <p>E Carry out supplier checks to remove the risk of serious and organised crime organisations (SOCO) being awarded public sector contracts - information will be shared with Police Scotland to carry out diligence on preferred bidders bidding in regulated procurements (Ongoing)</p>
3	<p><b>Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented:</b> (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor, by: Including a standard contract clause to this effect in our regulated procurement contracts; Including a clause regarding the prompt payment of sub-contractors within our</p>	<p>A We will aim to meet the target of 95.5% per quarter of invoices paid within 30 days during 2020/21</p> <p>B All regulated procurements in 2020/21 will include the standard clause in relation to payments within 30 days (Ongoing)</p> <p>C All regulated procurements in 2020/21 will include a clause regarding the prompt payment of sub-contractors (Ongoing)</p>

	regulated procurement contracts; and Through ensuring effective contract management and monitoring is undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract and taking any necessary steps to rectify any prompt payment issues experienced.		
4	<b>Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes</b> , through: Considering the Council's approach to procurement in the context of the wide range of joint plans and strategies developed internally and externally, with other local authorities and partner organisations; Utilising effective and relevant consultation when developing and aligning our procurement strategy with these plans and strategies, and for individual regulated procurements as required; and Promoting effective contract and supplier management to monitor the effectiveness of regulated procurements in achieving their purposes.	A	Carry out external and internal research when developing PS and SPP 2021/22 (Ongoing)
		B	Carrying out consultation for PS and SPP 2021/22 as per Section 8 (Ongoing)
		C	Carry out consultations for individual regulated procurements as relevant and appropriate (Ongoing)
		D	Procurement refresher training sessions for departmental staff who manage regulated contracts to be held in 2020/21
5	<b>Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements</b> ; through: Contributing towards improving the social wellbeing element - in particular reducing inequality in Argyll and Bute - of our sustainable procurement duty by promoting the Living Wage and fair work practices in regulated procurements; while ensuring a proportionate approach which provides an appropriate balance between quality and cost.	A	Consideration will be given at the initial stages of individual regulated procurements to whether it is relevant to address living wage and fair work practices (Ongoing)
6	<b>Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination</b> by, where relevant and proportionate: Considering early market engagement prior to the publication of a contract notice on Public Contracts Scotland (PCS); Considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots; and By using clear and precise language preventing broad interpretation as well as offering alternative language formats if requested.	A	PINs will be published on PCS for all appropriate regulated procurements in 2020/21
		B	Consideration will be given within the initial CSSs to lotting all regulated contracts in 2020/21 (Ongoing)
		C	We will offer alternative language formats when requested (Ongoing)
7	<b>Complying with the Council's Sustainable Procurement Policy (Appendix) in relation to the use of community benefit requirements.</b>	A	Community Benefits Clauses will be included in regulated procurements as outlined in the Sustainable Procurement Policy 2020/21 (Ongoing)
8	<b>Complying with the Council's Corporate Health and Safety Policy on promoting</b>	A	Health and Safety considerations will be included at all stages of regulated procurement

	<b>compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act</b> , through: Assessing the potential health and safety risks arising from regulated contracts and considering this throughout the procurement process; and Ensuring that our requirements for individual contracts meet current legislation as a minimum.		processes in 2020/21 (Ongoing)
		B	All regulated works procurements in 2020/21 will include reference to the current CDM regulations (Ongoing)
9	<b>Complying with the Council's Sustainable Procurement Policy (Appendix) in relation to the procurement of fairly and ethically traded goods and services.</b>	A	The procurement of fairly and ethically traded goods and services will be considered within the CSS of all regulated procurements in 2020/21 (Ongoing)
10	<b>Complying with the statutory requirements on how we intend our approach to regulated procurements involving the provision of food to:</b> (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare, by considering relevant national guidance.	A	Any regulated Catering contracts carried out in 2020/21 will consider the following national guidance throughout the procurement process: 'Better Eating, Better Learning'; 'Beyond the School Gate'; 'Soil Association Food for Life Catering Mark'; 'Catering for Change: Buying Food Sustainably in the Public Sector'; and 'Becoming a Good Food Nation' (Ongoing)
11	<b>Following the Council's standard practice on consulting and engaging with those affected by its individual regulated procurements</b> including, where appropriate and proportional: Consulting and engaging with relevant stakeholder groups at the commodity sourcing strategy stage of individual regulated procurements; Considering the National Standards for Community Engagement during this process; and Ensuring the outcomes of any consultations will be taken account of within our regulated procurements.	A	Consultations with relevant stakeholder groups will be carried out at the CSS stage of regulated procurements in 2020/21, where relevant and proportionate (Ongoing)
12	<b>Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty</b> , through: Embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises; Considering how individual procurement exercises can assist the Council to improve the economic, social, and environmental wellbeing of Argyll and Bute; Facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in the procurement process; and Promoting innovation at the initial stage of regulated procurements.	A	Consideration of Sustainability issues – Social, Environmental and Economic – will be embedded throughout the procurement process for regulated procurements in 2020/21 (Ongoing)
		B	Inclusion of a mandatory sub-contracting clause in regulated procurements where relevant and proportionate (Ongoing)
		C	Promote sub-contracting opportunities to SMEs through promoting the use of PCS on the Council's website
		D	Share knowledge and participate in events aimed specifically at local SMEs and third sector bodies, and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway

- 5.4 Key Performance Indicators by which we will measure the success of the action plan are detailed in Section 7.
- 5.5 The Council's Contract Plan can be found at: <https://www.argyll-bute.gov.uk/business-and-trade/find-tender>

## Section 6 – Procurement Strategy by Category

### CORPORATE & EDUCATION

#### Scope/Key Spend Areas

The Corporate & Education Category consists of the following areas:

- Education
- Corporate
- ICT
- HR/Training
- Transport (*including Bus, Air, Boats & Fleet*)
- Catering & Cleaning
- Economic Development
- Travel & Accommodation
- Leisure & Sports

#### **2020/21 Strategy**

Analysis of the existing spend profile (financial year 2018/19) across the Corporate & Education Category has identified the volume of uncontracted suppliers as a priority areas of focus. The analysis breaks down as follows:

Spend Type	Number of Orders	Total value (£)	Number of suppliers	Average transaction value (£)	Total Percentage
Contracted	25637	£44.06M	210	£1,718.61	93%
Uncontracted	8235	£3.37M	1224	£409.23	7%

A combination of the followings actions will be our strategy to address this:

- To continue to support all services to source and purchase goods and services from national and local contracts where possible.
- To continue to increase the remit of the Transactional Purchasing Team (TPT) and grow the team's procurement knowledge and skills to aid services in ensuring best value is achieved for all low value spend. TPT are currently carrying out sourcing and processing invitations to quote processes up to a value of £20,000.
- To continuously review PECOS to ensure catalogues and suppliers are up to date and available to for use by both the TPT and service end users.
- Continue to review the system setup of PECOS, test new functionality as it becomes available/resource allows and hopefully implement to improve user experience.
- To continue to work with all services to implement the No PO No Payment Project by end of the 2019/20 financial year; resulting in the stopping of all relevant manual batched payments and access to line item detail of all supplier spend.
- To ensure all council staff have the knowledge, skills and tools to ensure every order is placed via the appropriate procurement system; PECOS, Tranman, Carefirst, Concerto or Purchase Card.

#### Short/Medium Term Strategy

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

- **Transactional Purchasing Team (TPT):** Continue to increase the volumes of spend currently uncontracted to the TPT for sourcing. Increase volume of Invitation to Quotes (ITQs) processed and awarded via TPT. Complete the roll out of requesting corporate purchases and T&A requests via PECOS and stop all paper request forms.
- **National Contracts:** As new national contracts become available assess suitability and carry out Best Value review. If deemed appropriate roll out to relevant users and on PECOS.
- **PECOS:** Promote the use of local and collaborative contracts to achieve best value via the PECOS Noticeboard and email communications to both TPT staff and PECOS end users.
- **Contract Management:** Continue to undertake contract and supplier management meetings with key suppliers.
- **Catering Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency. Continue to work with the service to implement local contracts as appropriate.
- **Cleaning Contracts:** Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.
- **ICT:** Continue to use available frameworks and procurement services as required. .
- **Corporate:** Continue to utilise Scotland Excel and Scottish Procurement frameworks in order to achieve best value and process efficiency. We will work with all Services to implement demand management via the TPT for corporate goods not covered by national frameworks to ensure best value.
- **HR Contracts and Training:** Review of HR contracts ongoing with ICT. The Procurement and Contract Management Team will work on an ongoing basis with the Services to consider ways of improving and streamlining the central delivery with maximum use of training contracts and frameworks. Work with HR to utilise available frameworks as far as possible.
- **Transport:** Continue to provide procurement support to the Integrated and Strategic Transport Teams. Work with the service to review existing contracts and schedule tendering exercises for the coming years, engaging the market as early as possible.
- **Live Argyll:** Continue to provide procurement services as required.
- **Education:** Continue to provide procurement services as required. Specifically in relation to Early Years' Service Provision, support delivery of the Scottish Government's commitment to increase the entitlement for early learning and childcare hours from 600 per year to 1140 by August 2020 by working with the service to ensure cooperation and a collaborative approach with current suppliers to build on their current capacity to ensure the commitment to increased hours is met. This will include providing support to make sure property adaptations, extensions, and relevant refurbishments or new builds are completed timeously for phasing in of 1140 hrs across localities.

### Longer Term Strategy

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

- **Collaboration:** Greater engagement with potential partnerships with consideration to more collaborative procurement working, shared services and outsourcing opportunities.
- **Catering & Cleaning:** Provide procurement support for Cleaning and Catering Innovation programme.
- **ICT:** Work with the service to review overarching ICT Category Strategy.
- **Corporate:** Develop an overarching Corporate Category Strategy. Expand the contract and supplier management process and record on PCS-T where appropriate.

- **Transport:** Expand the contract and supplier management process and record on PCS-T. Annually review the Passenger Transport Category Strategy and continue to explore options to implement price adjustments in contract to enable transport operators to price more competitively and spread identified contract risks between Operators and Argyll and Bute Council.

## CONSTRUCTION & ENVIRONMENT

### Scope/Key Spend Areas

The Construction & Environment Category consists of the following areas:

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

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

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

### Short/Medium Term Strategy

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

- Continue to put in place framework agreements to cover core areas of spend, including Marine Operations;
- Continue to ensure adequate resource to support Major Projects programme procurement;
- Increase volume of Quick Quotes raised via Construction Purchasing Team for the purposes of operation efficiency and achievement of savings;
- Roll out of process for Corporate purchases and T&A requests via PecOS to D&I Services;
- Continue use of Vendor Rating Systems for Building and Infrastructure Works Quick Quotes, improving both systems and standardising them where appropriate;
- **Statutory Maintenance Term Contracts:** The PCMT is currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to buildings maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible;
- **Consultancy Services:** In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical

services suited to the Council's requirements – where possible these should be created using methods to encourage local SMEs to submit tenders. New or revised frameworks could include Ecologists and QS services.

### Longer Term Strategy

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

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

## **CARE & HOUSING**

### Scope/Key Spend Areas

The Care & Housing Category consists of the following areas:

- Adult Services
- Children's Service
- Housing & Homelessness Services
- Early Years
- Disability Equipment

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

- Care at Home and Supported Living are 2 of the highest spend areas, Scotland Excel are in the process of developing a national contract for delivery of these services with an anticipated start date of 27/01/2020. Argyll and Bute Council on behalf of the IJB have been involved in the development of this contract however it is not yet known if the solution will offer best value for the Council. No commitment has been made to use the contract at this stage. The current Care at Home/Supported Living contracts expire on 31/03/2020 (option to extend for up to 1 further year). A new sourcing strategy will be developed to determine future route to contract including consideration of the SXL option.
- Older People's Care Homes, Scotland Excel are working on the development of a new National Care Home Contract and it is our intention to continue using this. However, we must be aware of the continuing risk that negotiations will fail. In that instance, A&B HSCP would have to develop locally negotiated contracts/collaborative arrangements with other partnerships.
- Adult and Young People's Residential Placements outside of Argyll and Bute, the HSCP are currently working on a strategy aimed at bringing people back to Argyll and Bute. This may result in some related procurement/commissioning activity in 2019-20, arising from the Scrutiny Review.
- Disability Equipment, Cordia (Services) LLP run a contract for supply, delivery and maintenance of equipment which is open to all local authorities in Scotland. Argyll and Bute HSCP opted out of the current contract but work on the new contract will



commence in 2020 and PCT would recommend that the HSCP signed up to it this time around.

- TEC – The profile of Technology Enabled Care (with the move from analogue to digital) is increasing, and this is likely to be reflected in spend and procurement activity over the period of this strategy and which may result in supporting the HSCP in an innovation challenge activity.

### Short/Medium Term Strategy

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

- Significant aggregated spend is captured as part of the nationally negotiated care home contract. The Council's continued participation in national care home contract is expected and recommended. Scotland Excel are now actively involved in the negotiation process with COSLA and have successfully negotiated the contract for the year 2019/20. It is expected that from 2020/21 a longer term arrangement will be negotiated. The risk of failure of negotiations must continue to be monitored.
- Scotland Excel have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected.
- Scotland Excel are currently developing a National Contract for the provision of Care and Support Services. Argyll and Bute PCMT will continue to monitor its progress.
- In 2019 work commenced on reviewing the Carers Support Service Contracts (including Respite) following the introduction of the Carers (Scotland) Act 2016. A procurement exercise may be required in 2-3 years when the implications of the act become clear.
- TEC – The profile of Technology Enabled Care (with the move from analogue to digital) is increasing, PCMT will monitor this through attendance at the TEC steering group.
- Annual breaks have been incorporated into existing contracts in order to ensure contracts are flexible enough for the partnership to be in a position to take advantage of any national developments being led by Scotland Excel.
- A number of reviews are underway of current locally commissioned services and early procurement involvement in these will be key to ensure that resulting action is compliant with EU Procurement Regulations and the Council's Standing Orders.
- The Public Contract (Scotland) Regulations 2015 will have an impact on the procurement of Social Care Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making. It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process.
- Comply fully with Guidance on the Procurement of Care and Support Services 2016 (Best Practice).
- Continue to undertake contract and supplier management meetings with key suppliers.
- Improve communication of contract updates by developing and promoting user guides.
- Provide support and guidance to HSCP in relation to their SLA activity.
- Further explore possibilities to work collaboratively on contracts at sourcing strategy stage.
- A greater focus required during contract management on Community Benefits required to ensure that more of the provider's efforts are captured and formally recorded.
- Continue to review and revise the terms and conditions for care services as required and following feedback from providers
- Ensure comprehensive and clear process in place for new suppliers selected under

Option 2 Self Directed Support SDS, allowing people to choose their care provider, contracted via HSCP.

- Ensure that suppliers providing services on behalf of the Council to vulnerable clients manage health and safety risks appropriately and implement the work control measures identified in their own risk assessments.
- The Procurement and Contract Management Team have developed the Care Service Monitoring Tool to gather information on ongoing contract compliance and performance. Procurement will continue to work with the service to embed this process into operational activities and ensure maximum benefits are realised from the contract.
- The new Public Contract (Scotland) Regulations 2015 will impact on the procurement of Housing Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making. It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process

### Longer Term Strategy

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

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

## Section 7 – Financial Analysis & Key Performance Indicators

- 7.1 The Council's total procurement spend in 2018/19 on supplies, services and works was £144.8 million, this is broken down by Category in the table below.

**Table 1: Procurement Spend by Category for 2018/19**

Category	Total Spend
Construction & Environment	£51.75m
Corporate & Education	£47.42m
Care & Housing	£45.68m
<b>Total</b>	<b>£144.85m</b>

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

**Table 2: Procurement Spend by vCode Business Sector for 2018/19**

vCode Business Sector	Total Spend
Social Care & Services	£40.48m
Construction	£31.52m
Facilities Management	£18.26m
Waste & Environmental Services	£10.60m
Other Goods & Services*	£9.13m
Travel & Accommodation	£6.31m
ICT	£4.40m
Financial Services	£4.35m
Vehicles	£3.71m
Utilities & Energy	£3.45m
Transport	£2.50m
Human Resources	£1.56m
Healthcare	£1.55m
Education	£1.28m
Food, Beverage & Catering	£0.96m
Arts, Sport & Leisure	£0.79m
Business Support Services	£0.63m
Security Equipment & Services	£0.61m
Professional Services	£0.54m
Public Sector Bodies	£0.52m
Data Not Available	£0.43m
Animals & Farming	£0.25m
Legal	£0.24m
Marketing & Media	£0.21m
Stationery & Office Products	£0.18m
Manufacturing & Machinery	£0.16m

<b>vCode Business Sector</b>	<b>Total Spend</b>
Laboratory	£0.11m
Clothing	£0.05m
Retail & Wholesale	£0.04m
Charitable & Religious Activity	£0.02m
Personal Care	£0.01m
<b>Total</b>	<b>£144.85m</b>

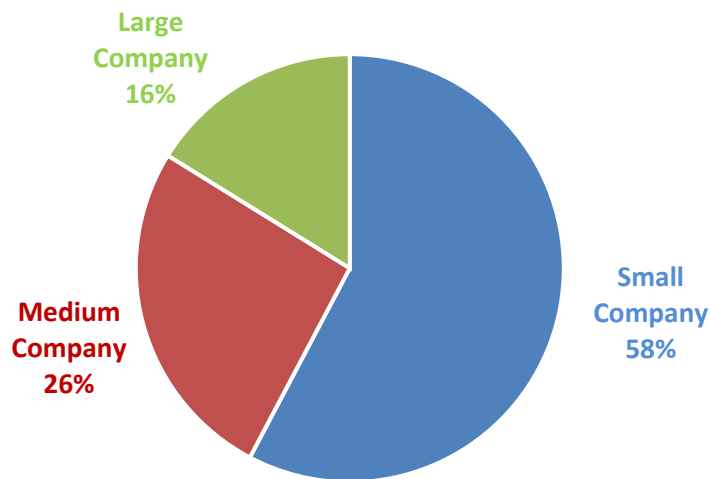
\* Note – the majority of this spend is with Hub North Scotland Ltd.

- 7.3 The top 20 suppliers to the Council account for 48.1% of the procurement spend. The following table shows the top suppliers and spend for the year 2018/19.

**Table 3: Spend with Top 20 suppliers in 2018/19**

<b>Supplier Name</b>	<b>Total Spend</b>
ABC Schools Ltd	£14.76m
Hub North Scotland Ltd	£8.29m
Renewi Argyll & Bute Limited	£7.40m
West Coast Motor Services Co.	£4.65m
Central Building Contractors (Glasgow) Ltd	£4.51m
Enable	£4.31m
Carr-Gomm Society Ltd	£3.04m
Kiely Bros Ltd	£2.85m
McLaughlin & Harvey Construction Trench Holdings Ltd	£2.12m
Carers Direct Limited	£2.08m
BCA Insulation	£2.00m
Hillhouse Quarry Company Ltd	£2.00m
Affinity Trust	£1.75m
Mckenzie Care Homes Ltd	£1.64m
Breedon Aggregates Scotland Limited	£1.64m
HC One Ltd	£1.53m
Key Housing Association Ltd	£1.36m
McKinven & Colville	£1.35m
Barr Environmental Limited	£1.20m
Noel Regan and Sons	£1.19m
<b>Total Spend with Top 20 Suppliers</b>	<b>£69.67m</b>

- 7.4 In 2018/19, spend with SMEs accounted for 64% of procurement spend (where supplier size could be determined). The chart below shows the breakdown of spend with Small, Medium and Large companies for 2018/19.



7.5 Key Performance Indicators:

Year	Procurement Commercial Improvement Programme (PCIP) Score	Procurement spend with contracted suppliers (%)	Local suppliers that benefit from the awards of contracts via the procurement portal (% of contracts awarded with local main supplier or sub-contractor)	Contracts awarded to SMEs (% of contracts awarded)	Local suppliers bidding for business with the Council (% of bids received)	Tenders won by a local supplier where a local supplier has placed a bid (%)	Invoices paid within 30 days (%)
Provisional 20/21 Target	76%	90%	35%	75%	20%	20%	95.5%

## Section 8 – Implementation, Reviewing & Reporting

### 8.1 Implementation

#### 8.1.1 Consultation

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

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

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

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

#### 8.1.2 Approval of Strategy

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

#### 8.1.3 Publication of Strategy

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

### 8.2 Reviewing

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

### 8.3 Reporting

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

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

## Section 9 – Policies, Tools & Procedures

### National Policies:

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

### Local Policies:

- Sustainable Procurement Policy 2020/21 (Appendix) – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Community Benefits Clauses in Procurement Guide – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Health and Safety Policy – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Council Constitution – <https://www.argyll-bute.gov.uk/constitution>
- Equality and Diversity Policy – [https://www.argyll-bute.gov.uk/sites/default/files/approved\\_equality\\_and\\_diversity\\_policy.pdf](https://www.argyll-bute.gov.uk/sites/default/files/approved_equality_and_diversity_policy.pdf)



<b>Section 10 – Glossary</b>	
<b>Term</b>	<b>Description</b>
Aggregated/ Aggregation	The adding together of the estimated value of different procurement requirements by the same contracting authority in order to ascertain whether notices (advertises) have to be placed in OJEU in accordance with the directives.
Annual Procurement Report	The Procurement Reform (Scotland) Act 2014 requires all contracting authorities obliged to publish a procurement strategy, to publish an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of its financial year.
Award	A decision to accept a tenderer's offer to supply/ provide specified goods/ services/ works according to agreed terms & conditions thereby creating a legally binding contract.
Best Value	The duty under the Local Government Act in Scotland 2003 to secure continuous improvement in the economy, efficiency and effectiveness with which they exercise their functions.
BPIs (Best Practice Indicators)	A common, core set of National Procurement Best Practice Indicators (BPIs) were developed by the Scottish Government and designed to be applicable and useful to procurement teams in all parts of the public sector in Scotland
Brexit	An abbreviation for "British exit," referring to the UK's decision in a June 23, 2016 referendum to leave the European Union (EU).
CSS	Commodity Sourcing Strategy - A document completed at the initial stage of a regulated procurement process
Category	A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.
Category Management	Procurement approach used within Argyll and Bute Council to manage categories of spend to increase efficiencies and expertise
CDM Regulations	Construction (Design and Management) Regulations 2015
Collaboration	Cooperative joint working with another public sector organisation
Commodity Sourcing Strategy	A document that shows the preparatory thinking that is done about a procurement process, including sustainability considerations, stakeholders to be involved, risks etc
Community Benefits Clauses	Community Benefit Clauses provide a means of achieving sustainability in public contracts.
Contract Award Notice	A notice published on PCS that a previously advertised opportunity has been awarded.
Contract Management	The process of monitoring the performance of a supplier to contract.
Contract Notice	Advert to invite applicants to express interest & apply to tender, or to be pre-qualified.
Contractor	The provider of any supplies, services or works under contract. Or, in the context of works at any stage of the process.
COSLA	Convention of Scottish Local Authorities
DMT	Departmental Management Team, within Argyll and Bute Council
Demand Management	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption.
DPS (Dynamic Purchasing System)	Electronic system that can be established to purchase goods and services, similar to a framework agreement, but where new suppliers can join at any time.
Equality Duty	Compliance with the terms of the Equality Act 2010 and any guidance

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

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

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

## Section 11 – Strategy Ownership & Contact Details

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

# ARGYLL AND BUTE COUNCIL



## SUSTAINABLE PROCUREMENT POLICY 2020/21

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

**Cleland Sneddon**  
Chief Executive

### **1: INTRODUCTION**

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

aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

- 1.4 Argyll and Bute Council is one of the region's major purchasers, with a total procurement spend in 2018/19 of £144.8 million, on a diverse range of goods, services and works from third parties, and recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come. It is important that this enormous spending power is used to support key Council objectives.
- 1.5 This Sustainable Procurement Policy has been developed to help the Council deliver its key strategic objectives and to meet a range of duties relating to sustainable development and climate change. This policy expands on the commitment to sustainable procurement which is set out in the Council's Procurement Strategy 2020/21. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. From writing sourcing strategies to evaluating bids, the Council should seek to integrate relevant sustainability issues into its everyday procurement activity.

## **2: POLICY STATEMENT**

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

### **2.5 Council Commitment**

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

### **3: PUBLIC SECTOR PROCUREMENT LANDSCAPE AND SUSTAINABLE PROCUREMENT**

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

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

### **4: LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT**

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

- Argyll and Bute Outcome Improvement Plan 2013-2023
- Argyll and Bute Council Corporate Plan for 2018-2022
- Argyll and Bute Council Procurement Strategy 2020/21
- Argyll and Bute Council Procurement Manual
- Argyll and Bute Council Community Benefits in Procurement Guide
- Carbon Management Plan (2011)

### **5: SUSTAINABLE PROCUREMENT METHODOLOGY**

#### **5.1 Priorities:**

The Council's Sustainable Procurement Policy will give guidance and direction, whilst remaining flexible to change as the Council continues to embed sustainability into the procurement process. This policy outlines the key sustainable procurement commitments which will be applied to all procurement activity carried out by the Council. Compliance with this policy and other linked policies set out in this document is mandatory. This will be achieved by a focus on the following priorities within the structure of the revised Flexible Framework:

#### **1 People**

- a) We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- b) We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the



Council, through having a Sustainable Procurement Champion within the Council.

- c) We will publicise our commitment and successes in Sustainable Procurement.

## **2 Objectives, Strategy & Communications**

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

## **3 Process**

- a) We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process, including within strategy documents and contract conditions and specifications.
- b) We will use Community Benefits Clauses where appropriate, in line with the Council's Community Benefits Clauses in Procurement Guide, reporting on achievements to the Council's Procurement Board on a quarterly basis.
- c) In relation to economic considerations, our priorities will be:
  - To use mandatory sub-contracting clauses in all proportionate and relevant contracts;
  - To lot contracts where appropriate to encourage Small and Medium size organisations to bid, and to ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.
- d) In relation to social considerations, our priorities will be:
  - To ensure there is no intentional discrimination against specific groups of people when undertaking procurements - Equalities and Diversity considerations will be embedded throughout the procurement process;
  - To ensure that our contract terms require suppliers to support the health, safety, welfare and rights of their employees and supply chain – ensuring that the Council does not support human trafficking or modern slavery;
  - To promote fair trade options throughout the Council;
  - To promote the use of Supported Businesses, where their prices and capacity to deliver is comparable to the rest of the market.

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

#### **4 Engaging Stakeholders**

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

#### **5 Monitoring & Reporting**

- a) The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- b) We will ensure suppliers comply with their commitments to the

sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.

- c) We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- d) We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, Equality reporting requirements, and internal reporting of Community Benefits achieved
- e) We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and report on our progress.

## **5.2 Implementation:**

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

## **5.3 Monitoring:**

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

## **5.4 Review:**

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

## **6: SUMMARY**

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

**For Further information please contact:**

**Elaine Appleby, Sustainability Lead Officer, Procurement and Contract Management Team – [Elaine.appleby@argyll-bute.gov.uk](mailto:Elaine.appleby@argyll-bute.gov.uk)**

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APPENDIX 2

**ARGYLL AND BUTE COUNCIL**



**PROCUREMENT STRATEGY 2020/21 & SUSTAINABLE  
PROCUREMENT POLICY 2020/21**

**STAKEHOLDER CONSULTATION REPORT**

## 1 INTRODUCTION

Argyll and Bute Council's Procurement and Contract Management Team (PCMT) would like to begin this report by thanking all stakeholders who took the time to respond to our consultation in relation to the Procurement Strategy 2020/21 and the Sustainable Procurement Policy 2020/21. It is important for us to ensure that our key documents and the priorities they contain reflect the concerns of our key stakeholder groups, both internal and external.

## 2 BACKGROUND

### 2.1 Procurement Strategy

The Argyll and Bute Council Procurement Strategy 2020/21 sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

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

### 2.2 Sustainable Procurement Policy

The Argyll and Bute Council Sustainable Procurement Policy 2020/21 sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

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

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

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

2.5 The consultation was completed in September 2019, via a web-based survey on the Council's website. The consultation was publicised via emails to key internal and external stakeholders, as well as being available to the general public through the consultations section on the Council's website. Appendix 1 details the consultation questions asked and Appendix 2 details the responses received.

### **3 CONSULTATION OUTCOMES**

3.1 93 responses were received, 51% of which were from the general public, and 30% from Argyll and Bute Council employees as the two largest response groups. This was an increase from the 20 responses received for the similar consultation undertaken in 2018. In general, although respondents found the strategy to be informative, easy to follow, comprehensive and with clear priorities appropriate for the Council; the free format responses received highlighted various areas for improvement including the length of the document. The responses relating to the Sustainable Procurement Policy were more positive, with respondents in general finding the policy to be informative, easy to read, easy to follow, comprehensive and with clear priorities. As a result of the consultation we have amended the policy documents to make them easier to read, by streamlining the documents to remove unnecessary content.

3.2 The majority of responses to the open-ended questions within the consultation provided feedback that included queries in relation to areas already covered in the documents or in more operational documents, as well as some feedback on areas out with the scope of the current consultation and Strategy document. Procurement comments on these responses have been provided, and the team will consider the application of improvements where relevant.

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

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

3.4.1 The Prioritisation Tool Appendix has been removed from the Strategy to streamline the content. We will look at further streamlining the non-mandatory content next year.

- 3.4.2 Activities within the Procurement Strategy's Action Plan have been revised with clearer wording.
- 3.5 The Procurement and Contract Management Team aims for continuous improvement in this area to reflect best practice, therefore the outcomes of this consultation have also been taken account of in the following ways:
  - 3.5.1 Discussions will be held with the Communications Team to create a Summary Document for the next consultation, covering key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
  - 3.5.2 In line with feedback provided within this consultation, future consultation exercises will also include an option for respondents to decline to respond to answer questions, i.e. an "I don't know" option.
  - 3.5.3 Contract Management guidance and templates - we will look at implementing an approach to gathering feedback from wider stakeholder groups at the end of contracts as appropriate - this will help inform our end of contract reviews as part of contract management.
  - 3.5.4 Commodity Sourcing Strategy templates - the requirement to consider the implications of The Islands (Scotland) Act 2018 will be added to our templates for individual procurements as appropriate to ensure that the Service departments take into account the Act in advance of any procurement activity.

## **4 CONCLUSION**

As a large number of stakeholder responses were received, including many more from the general public than in previous consultations, therefore a lot of useful feedback has been provided. The amendments to the documents should reflect the requirements highlighted and make the final documents more relevant to these stakeholders. The strategy has been streamlined in response to the comments and we have ensured that all matters highlighted by stakeholders have been included.



## **APPENDIX 1 - SURVEY QUESTIONS**

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

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

### **PROCUREMENT STRATEGY 2020/21**

The key change to the document this year is the streamlining of the key priorities and action plan. The procurement strategy by category has also been updated to reflect new plans within the categories, the financial analysis has been updated with current data, and the prioritisation tool outcomes have been updated to reflect the category structure. Only minor amendments have been made to the remaining sections of the document.

#### **General:**

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

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

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

a. The strategy was easy to read

- Strongly agree
- Agree
- Neither Agree or Disagree
- Disagree
- Strongly disagree

b. The format made it easy to follow

- Strongly agree
- Agree
- Neither Agree or Disagree
- Disagree
- Strongly disagree

c. The strategy is comprehensive

- Strongly agree
- Agree
- Neither Agree or Disagree
- Disagree
- Strongly disagree

d. The key priorities are clear

- Strongly agree
- Agree
- Neither Agree or Disagree
- Disagree
- Strongly disagree

**Strategic Context:**

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

**Key Priorities:**

Twelve key priorities for regulated procurements have been identified in the Strategy, in line with Section 15(5) of the Procurement Reform (Scotland) Act 2014.

5. Do you consider the activities relating to these key priorities to be appropriate for the Council?

- Yes
- No

6. Would you propose an additional or alternative key priority or activity in relation to regulated procurements?

**SUSTAINABLE PROCUREMENT POLICY 2020/21**

Only minor amendments have been made to this document.

**General:**

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

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

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

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

**Priorities:**

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

- Yes
- No

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

**COMMENTS**

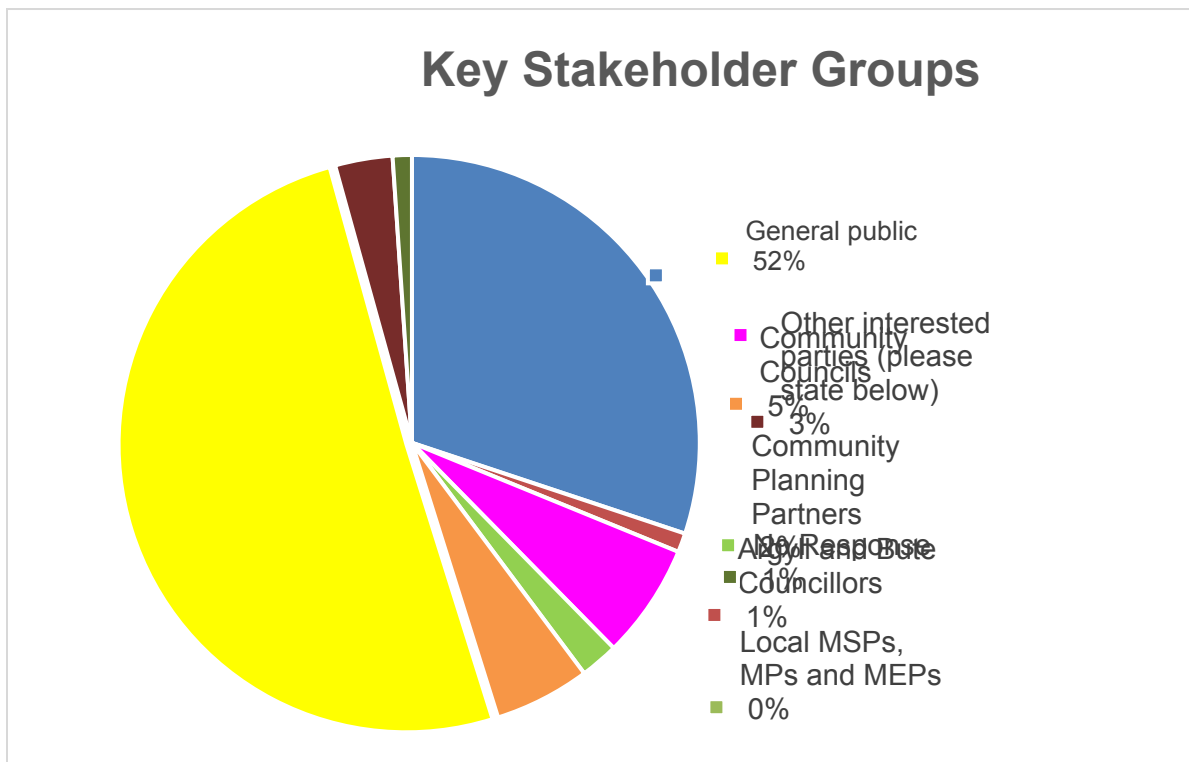
11. Are there any other comments you would like to make about the draft Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21?

**SURVEY RESPONSES**

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

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

Stakeholder Groups	2019 Respondents (%)	2018 Respondents (%)
Argyll and Bute Council employees	30	45
Argyll and Bute Councillors	1	0
Local MSPs, MP, and MEPs	0	0
Suppliers to Argyll and Bute Council	6	25
Community Planning Partners	2	5
Community Councils	5	15
Other interested parties	3	10
General public	51	5
No response to question	1	5

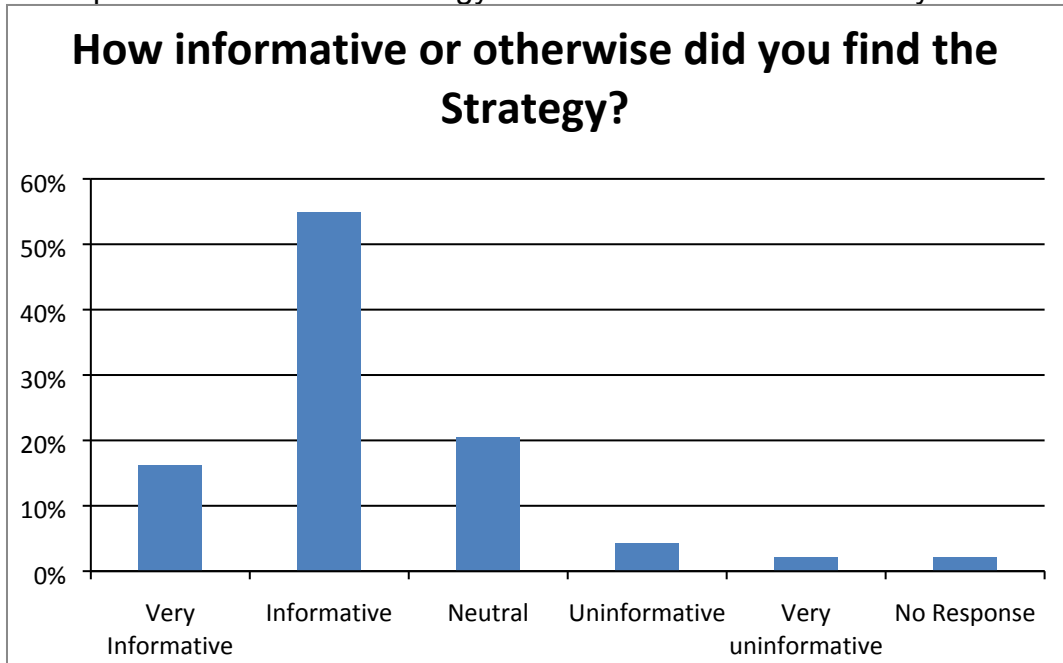


**PROCUREMENT STRATEGY 2020/21**

**General:**

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

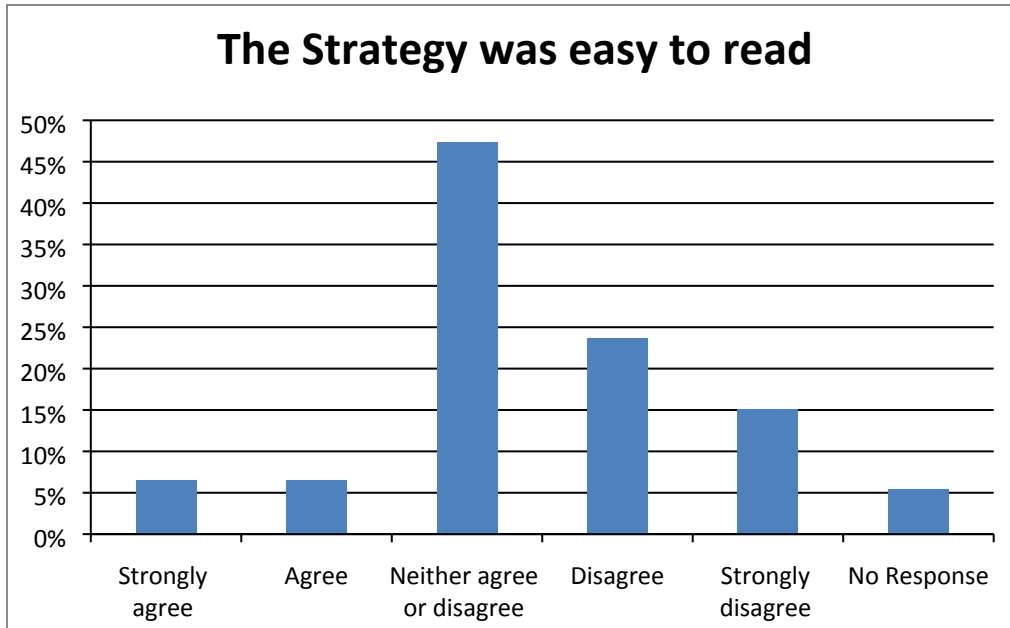
71% of respondents found the Procurement Strategy to be either informative or very informative, with only 6% of respondents stating that it was uninformative or very uninformative. This was a more positive response than last year, when 70% of respondents found the strategy to be either informative or very informative.



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

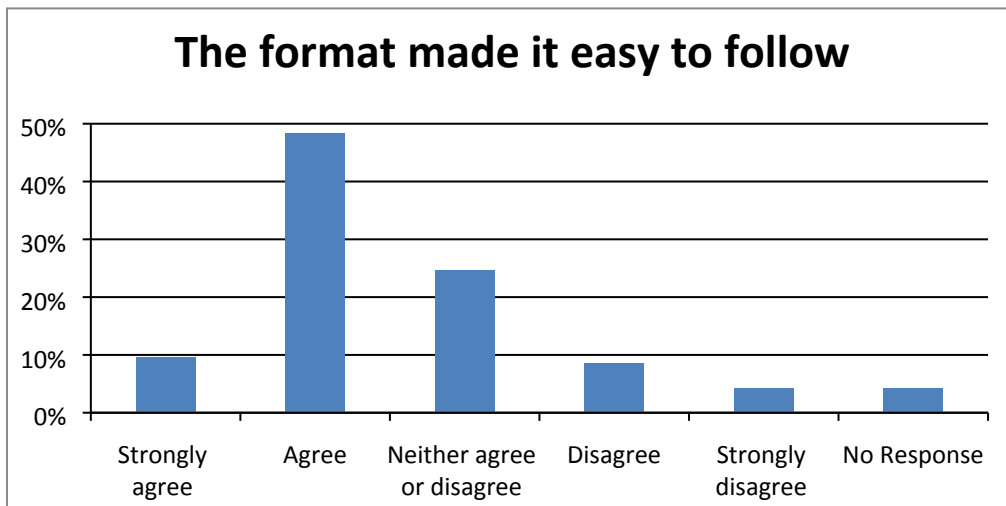
**a. The strategy was easy to read**

Only 12% of respondents agreed or strongly agreed that the strategy was easy to read; while 39% disagreed or strongly disagreed. This was a less positive response than last year, when 70% of respondents agreed or strongly agreed with this statement.



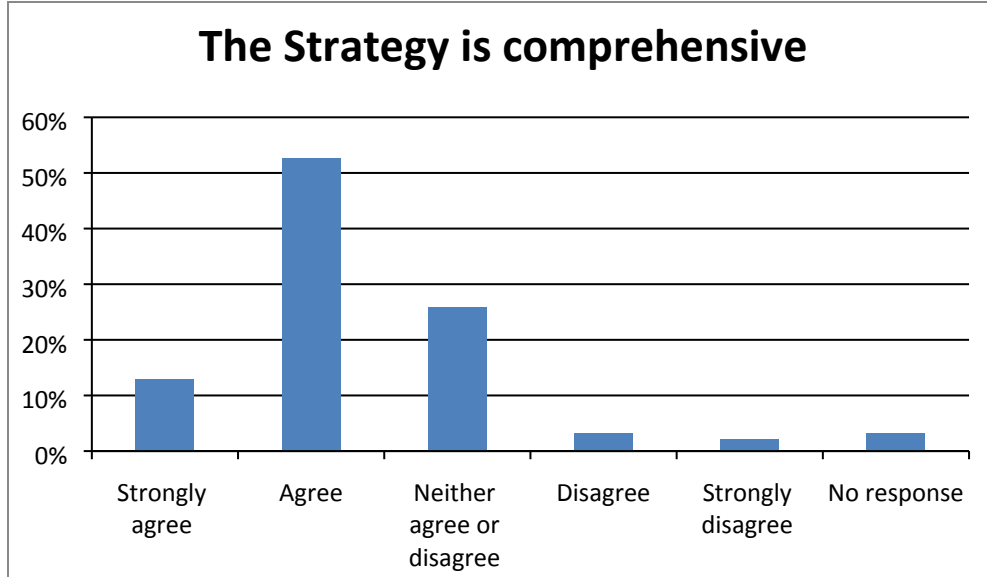
**b. The format made it easy to follow**

58% of respondents agreed or strongly agreed that the format of the strategy made it easy to follow; while 13% of respondents disagreed or strongly disagreed. This was a less positive response than last year, when 70% of respondents agreed or strongly agreed with this statement.



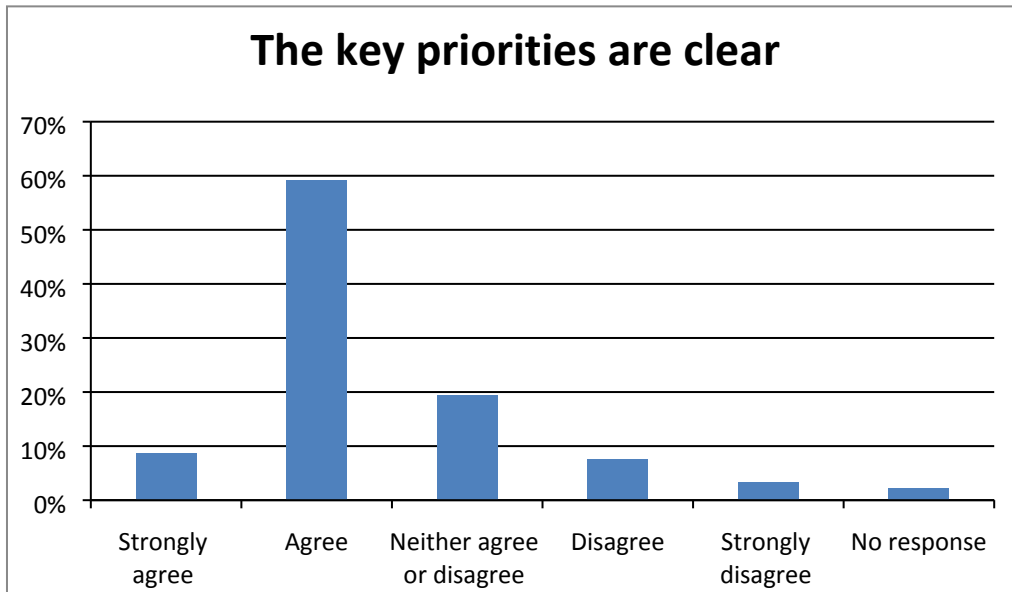
**c. The strategy is comprehensive**

66% of respondents agreed or strongly agreed that the Procurement Strategy is comprehensive; while 5% of respondents disagreed or strongly disagreed. This was a less positive response than last year, when 75% of respondents agreed or strongly agreed with this statement.



**d. The key priorities are clear**

68% of respondents agreed or strongly agreed that the key priorities within the Strategy are clear; while 11% of respondents disagreed or strongly disagreed. This was a slightly less positive response than last year, when 70% of respondents agreed or strongly agreed with this statement.



**Strategic Context:**

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

Consultation Feedback	Procurement Comment
Local suppliers to each area are not being given the opportunity to work with the council	Our procurement methods ensure we encourage local suppliers to bid for all appropriate contracts. In 2019/20 we are currently reviewing how we procure our low value works contracts to encourage more local contractors to bid for work via the development of new frameworks.
Investigate other forms of Framework Contracts in the Infrastructure procurement strategy	In 2019/20 the Council is reviewing its low value/unregulated procurement spend with infrastructure works contractors, and will be implementing new frameworks to address the types of spend identified which will improve the methodology by which these works are procured and encourage new local contractors to bid for these frameworks.
Impact of any implications linked to the asks within The Islands (Scotland) Act 2018	Thank you for this feedback, although not covered within the scope of the Procurement Strategy, the requirement to consider the implications of The Islands (Scotland) Act 2018 will be added to our templates for individual procurements as appropriate to ensure that the Service departments take into account the Act in advance of any procurement activity.
<p>there is a need to talk about Just and Social Value, with the possible pointers being</p> <ul style="list-style-type: none"> <li>• Promote employment and economic sustainability – tackle unemployment and facilitate the development of residents' skills</li> <li>• Raise the living standards of local residents – by offering employees at least the living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Mid Argyll</li> <li>• Promote participation and citizen engagement - encourage residents participation and promote active citizenship</li> <li>• Build the capacity and sustainability of the voluntary and community sector – practical support for local voluntary and community groups</li> <li>• Promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation.</li> <li>• Promote environmental sustainability – reduce wastage, limit energy</li> </ul>	<p>The following areas are covered within the Procurement Strategy and Sustainable Procurement Policy, and therefore within our daily procurement practices:</p> <ul style="list-style-type: none"> <li>• Promote employment and economic sustainability: This is covered within our approach to Community Benefits;</li> <li>• Raise the living standards of local residents: This is covered within the Procurement Strategy priorities in relation to living wage - we promote the Living Wage and fair work practices in procurements;</li> <li>• Promote participation and citizen engagement: Consultations are carried out with relevant groups for individual procurements as appropriate which feed into the development of what the Council is buying and in addition there are certain procurements that have a representative of an interested group within the evaluation team;</li> <li>• Build the capacity and sustainability of the voluntary and community sector: This is covered within the Procurement Strategy priorities in relation to facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in procurement processes, i.e. through working with the Supplier Development Programme to provide training and</li> </ul>



<p>consumption and procure materials from sustainable sources</p>	<p>in addition through the Procurement Team providing training and advice to the groups via TSI events held across Argyll and Bute;</p> <ul style="list-style-type: none"> <li>• Promote equity and fairness: The Strategy supports the Council's Corporate Plan and ensures procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond;</li> <li>• Promote environmental sustainability: This is covered within our priorities within the Sustainable Procurement Policy</li> </ul>
<p>I did not note anything on WASTAGE of materials, labour, and on contracts. I assume that the reason for this document is to reduce the cost in procurement? Are the questions being asked , does these works need to be done/ are we overdoing our obligations/is there proper checks/ are external contractors being properly supervised &amp; are we getting what we are paying for ? I personally noted a £10K job which was "bizarre". Honestly.</p>	<p>The Council's Procurement and Contract Management Team assist other Service teams to achieve their objectives. These considerations are always included within the initial Commodity Sourcing Strategy stage carried out for all regulated procurements (which assists the Council in selecting the appropriate method of procurement, if indeed the requirement is actually needed), rather than being included at the strategic level within this document. Checks on suppliers are carried out as part of the procurement process and supervision of contractors is part of contract management.</p>
<p>Does not seem to measure environmental considerations of suppliers or do suppliers meet Argyll and Bute standards? If not why not?</p>	<p>Environmental considerations for our procurements are included within the Sustainable Procurement Policy Priorities. Where relevant Environmental Management Systems or Standards are included within evaluation criteria for procurements.</p>
<p>Good to see collaborative approach being considered however don't think it goes far enough. I think social work is a key aspect where local authority collaborative working should be mandated as a minimum, I think even national working in this area would establish significant savings. Also good to see P2P 30 days however be interesting to know how effective this is! Think the document lacks how the authority will KPI their suppliers' delivery - no mention of cost, quality &amp; resource assessment of your suppliers! Also are you training your staff outside commercial teams to understand their service receiver responsibilities?</p>	<p>We always encourage collaborative opportunities and do this whenever we can, in line with the priorities of the Procurement Strategy. Social care procurement is one area where this is being developed nationally with the national care home contract, and various national care frameworks which we access for our service users. Our Annual Procurement Report contained the information in relation to invoice payments - during 2018/19 97.3% of invoices were paid within 30 days. Specific KPIs are contained within individual contracts, and are monitored as part of contract management. Procurement refresher and contract management training was provided to wider Service staff within the Council, in line with our priorities in the Procurement Strategy refresher training will be provided on an annual basis.</p>
<p>I am highly concerned that the strategy does not include references and actions to ensure a cyber secure supply chain.</p>	<p>Our standard terms and conditions that are issued with every new contract deal with this.</p>

<p>Should this be part of sustainable procurement? Certainly the requirement to ensure all suppliers obtain cyber essentials should be part of a procurement strategy so that there is a general step up in this important field as well as better protecting the council and its citizens</p>	
<p>Since the Council is purchasing services on behalf of the Community, and using Value as the criteria, it would be good practice (taken from many customer facing organisations) to include an ACTED UPON FEEDBACK LOOP. That is to say, the community has a portal where it can feedback specifics of where they the community feel the service isn't offering VALUE &amp; SUSTAINABILITY - this feedback is then used to modify the delivered service. It requires 2 changes to the Strategy - i) that non-one-off contracts are written such that feedback modifications are incorporated into the future service delivery, ii) that future contracts (one-off or long-term) incorporate the feedback into the contracted delivery.</p>	<p>This approach is similar to that currently used within certain Council contracts, such as care contracts. We will look at implementing an approach along these lines within other procurements as appropriate - this will help inform our end of contract reviews as part of contract management, in addition to the end-user feedback already gathered as part of the new procurement development stage for relevant contracts.</p>
<p>Whilst community benefit is mentioned within the strategic priorities, it seems there is a lack of ambition in terms of maximizing the value through delivering community benefit and measuring impact of spend across all aspects.</p>	<p>Our current internal threshold for the consideration of inclusion of Community Benefits Clauses is £100k for supplies and services and £2m for works - which is below the national threshold of £4m. The Council is keen to include CBCs but must consider the impact on suppliers where the contract is low value or short term. The Council's current methodology for procuring low value works contracts under £2m means that we are supporting our local suppliers for bidding for contracts and thus generating economic growth for Argyll and Bute which is a community benefit and supports the Council's Corporate Plan.</p>
<p>Climate Change</p>	<p>Climate Change considerations are covered within the Sustainable Procurement Policy</p>
<p>It is short on the detail of public consultation. For example, before tendering for subsidised buses, there needs to be public consultation with bus users on which bus services should get priority. Detailed bus timetables for subsidised bus routes should also be subject to consultation. Bus user groups</p>	<p>Consultations are carried out as appropriate for individual procurements, at an operational level. This decision is taken at the initial Commodity Sourcing Strategy stage of the procurement process. This feedback will be passed on to the Service team responsible for the bus contracts.</p>

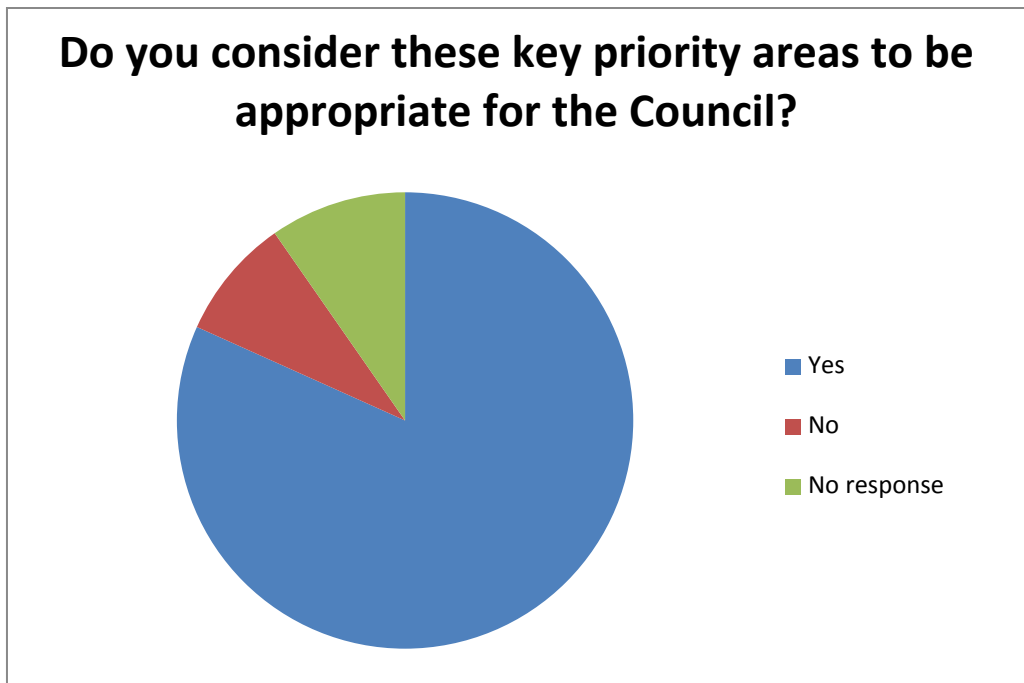
should be set up to decide which routes should be improved and which routes should have reductions.	
Acha letting trees grow out of control	Please note that as ACHA is a separate organisation, any issues with trees on their property should be provided directly to ACHA, as it is not within the Council's remit, or the scope of this consultation.

**Key Priorities:**

Twelve key priorities for regulated procurements have been identified in the Strategy, in line with Section 15(5) of the Procurement Reform (Scotland) Act 2014.

**5. Do you consider the activities relating to these key priorities to be appropriate for the Council?**

82% of respondents agreed that the key priority areas are appropriate for the Council; 9% of respondents disagreed. The response to this question was less positive than last year, when 90% of respondents agreed that the key priority areas were appropriate.



**6. Would you propose an additional or alternative key priority or activity in relation to regulated procurements?**

Consultation Feedback	Procurement Comment
Supplying small islands	All of our contracts that we have in place allow us

<p>Training on using PECOS</p>	<p>to supply goods and supplies to our small islands with reduced delivery costs thus ensuring that they can benefit from a similar rate to the mainland. There are however certain types of works and services that are difficult to access on the islands and therefore a supplier will have to travel to the islands to deliver the contract. We can provide training to Council employees on PECOS, any employees requiring training should contact <a href="mailto:pecosadmin@argyll-bute.gov.uk">pecosadmin@argyll-bute.gov.uk</a>. In addition, an e-learning module is available for employees to complete.</p>
<p>I would like to see the money focused on saving the pier to the Waverly can come back to Helensburgh. I feel the council is spending way too much money on other places and forgetting about Helensburgh as a whole. The youth provision in Helensburgh is disgusting due to there is none.</p>	<p>The Procurement Strategy provides support to other Service teams within the Council to deliver their objectives. If you have specific concerns about the quality of service provision in your area we would advise you to contact your local Councillor, the contact details can be found on: <a href="https://www.argyll-bute.gov.uk/councillor_list">https://www.argyll-bute.gov.uk/councillor_list</a></p>
<p>Measures should be in place to evaluate regulated procurements</p>	<p>Although the Procurement Strategy does not go into this type of operational detail, the evaluation of regulated procurements is included within procurement exercises as standard.</p>
<p>As a layperson I found this document pretty 'dry' and confusing, but I would like to have had a link to more detailed information on the spending via the top 20 suppliers - a breakdown of their bills to the council. I only say this because their efficiency is key to the council managing its funds efficiently. I think we should have a 'self build' initiative in A and B: This would address some of the housing problems here, and amongst other things, help to build a new skilled workforce, create communities, and support positive mental health. One thing we do have here is land, and a self build portfolio would attract interest from all over the UK. I think the council should run a number of these in tandem, and I think it would send a very positive message to residents here. Perhaps some of your construction suppliers could get involved too - integrate the process? I think the design of the builds should be very carefully considered too, and there should be a requirement to use 'green' building materials - lime etc. Scottish Heritage could maybe consult with you? I mean build something beautiful, as well as efficient,</p>	<p>All of the high value/high risk contracts within the Council are contract managed, including these top 20 suppliers detailed within the Procurement Strategy, to ensure efficiency and effectiveness within the contracts. We will pass the feedback relating to the self build initiative to colleagues within the Development and Economic Growth Service.</p>

something driven by passion not profit - something to be proud of!	
Pay the talkers less and the doers more	Thank you for your feedback, staff salaries within the Council are not within the scope of the Procurement Strategy or this consultation.
As above - cyber essentials through the supply chain	Please see response to this feedback within Question 4
Since the Council is purchasing services on behalf of the Community, and using Value as the criteria, it would be good practice (taken from many customer facing organisations) to include an ACTED UPON FEEDBACK LOOP. That is to say, the community has a portal where it can feedback specifics of where they the community feel the service isn't offering VALUE & SUSTAINABILITY - this feedback is then used to modify the delivered service. It requires 2 changes to the Strategy - i) that non-one-off contracts are written such that feedback modifications are incorporated into the future service delivery, ii) that future contracts (one-off or long-term) incorporate the feedback into the contracted delivery.	Please see response to this feedback within Question 4
Community and local economic impact of all spend.	This type of analysis is undertaken by Service teams for individual major projects. At present it is not possible to undertake this analysis for all spend within the Council.
To be honest I rather lost the will to live reading all this gobbledegook which seemed to repeat itself endlessly without any increase in clarity. I am not qualified to answer questions 4 and 5. I did read to the end and, though accustomed to reading long documents and a well-read individual with excellent command of English, found it lacking in any real substance.	Thank you for your feedback, we have streamlined the content of the Strategy where possible, however we are bound by statutory requirements to provide the various information detailed within this document. In 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
Would prefer more "in house" activities	Where appropriate activities are carried out in house after a make or buy evaluation is completed to establish if this demonstrates best value prior to any procurement activity starting.
Consultation with specific user groups. For example, when social work care services are contracted out, care service users should be consulted on which are good care firms and which are bad care firms. The results of the surveys should be taken into account before new contracts are awarded. Some care firms are so bad that	These types of consultations already take place, in line with the priorities in the Procurement Strategy, especially in care services and via other contracts where appropriate.

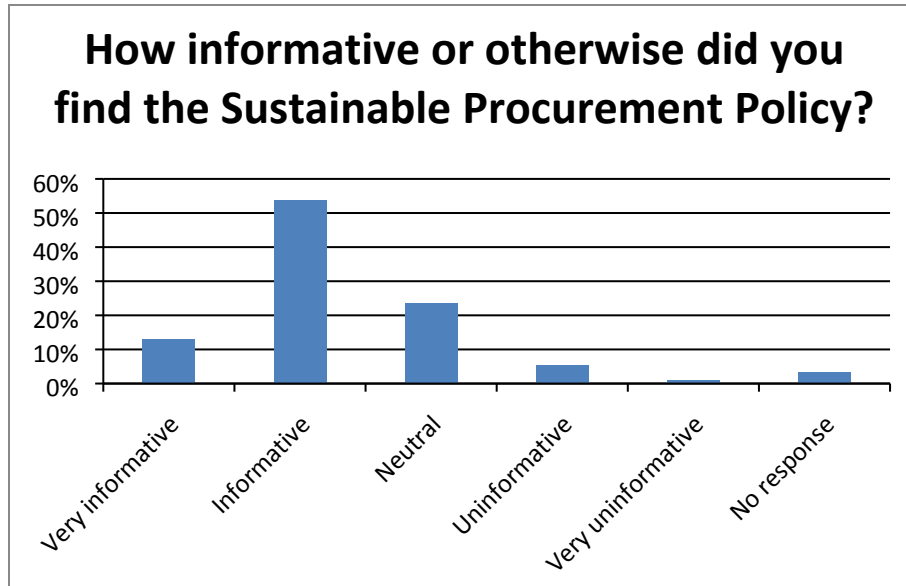
they should be banned from being awarded care contracts.	
<p>I object in the strongest terms to the fact that ABC Schools, of whom I have never previously heard, have a contract to run 5 schools and make a huge profit which I understand to be £948k. I was under the impression that A&amp;B Council ran all the schools.</p> <p>I find this incredible from a Council which is constantly complaining of lack of funding.</p>	<p>Both ABC Schools and HUB North Scotland are the Council's partner suppliers for the provision of a number of our education buildings/facilities across Argyll and Bute. The Council contracts with both of these organisations for the facility management of these buildings. The education provision is provided by Argyll and Bute Council staff.</p>
<p>No, as it would appear all key priorities and activities have been covered. However, it is quite frankly astonishing that the proposed strategy is only now being rolled out when the Council must surely be aware that the public perception of its procurement policy has been regarded with derision in terms of value for money for many years. There is no end of evidence in the Dunoon area indicating that the Council has not been particularly clever or flexible in achieving best value. Indeed, it's fair to say that the views regularly expressed about why this should be the case vary from incompetence to corruption. I am happy to give several examples if requested but, given the Council's sensitivity to criticism, imagine I will not be asked.</p>	<p>Thank you for your feedback. The Procurement Manager requests that you provide further information on your concerns regarding procurement activity in the Cowal area, in order that she can review and investigate these - please email <a href="mailto:procurement@argyll-bute.gov.uk">procurement@argyll-bute.gov.uk</a>. We have been unable to request contact details within this consultation in order to comply with GDPR requirements therefore she cannot contact you directly. For information, this is the third strategy that we have carried out a consultation for.</p>

## **SUSTAINABLE PROCUREMENT POLICY 2019/20**

### **General:**

#### **7. How informative or otherwise did you find the Sustainable Procurement Policy?**

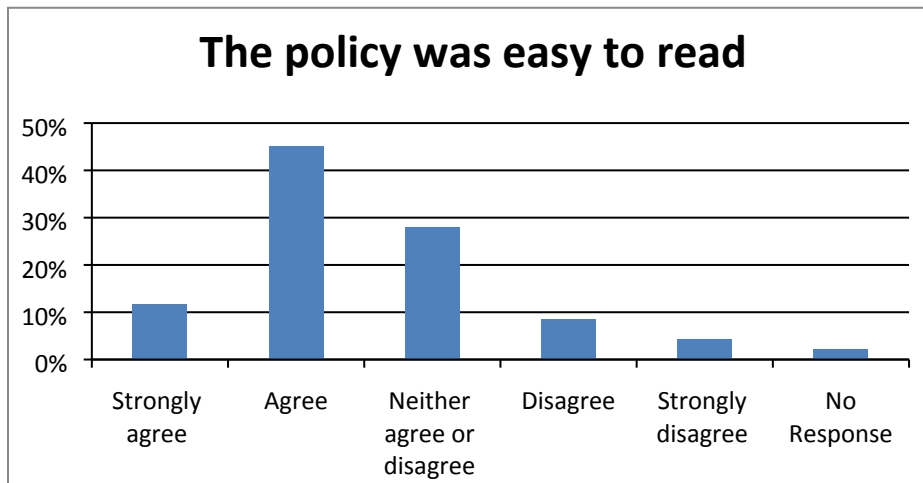
67% of respondents found the Sustainable Procurement Policy to be either informative or very informative; only 6% found it to be uninformative or very uninformative. This was a less positive response than last year, when 80% of respondents found the policy to be informative or very informative.



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

**a. The policy was easy to read**

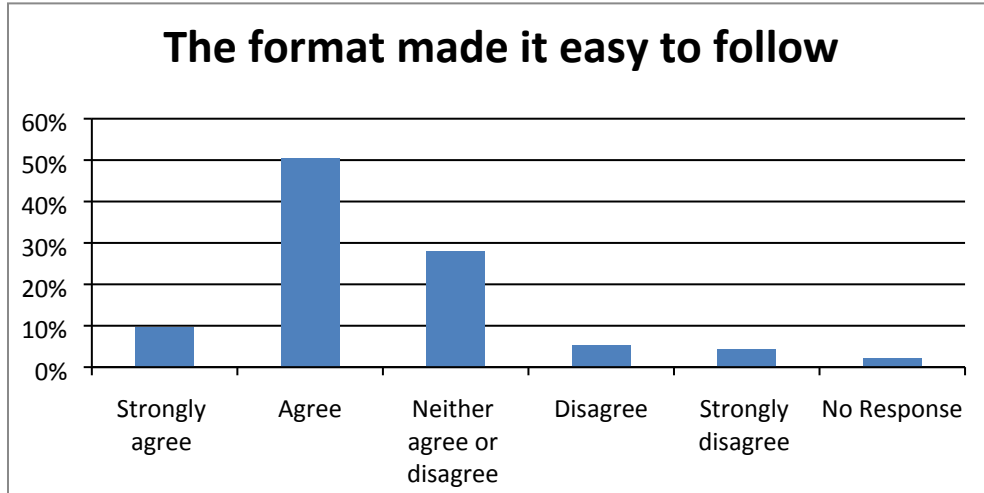
57% of respondents indicated that they either strongly agreed or agreed that the Sustainable Procurement Policy was easy to read; while 13% disagreed or strongly disagreed. This was a less positive response than last year, when 79% of respondents agreed or strongly agreed with this statement.



**b. The format made it easy to follow**

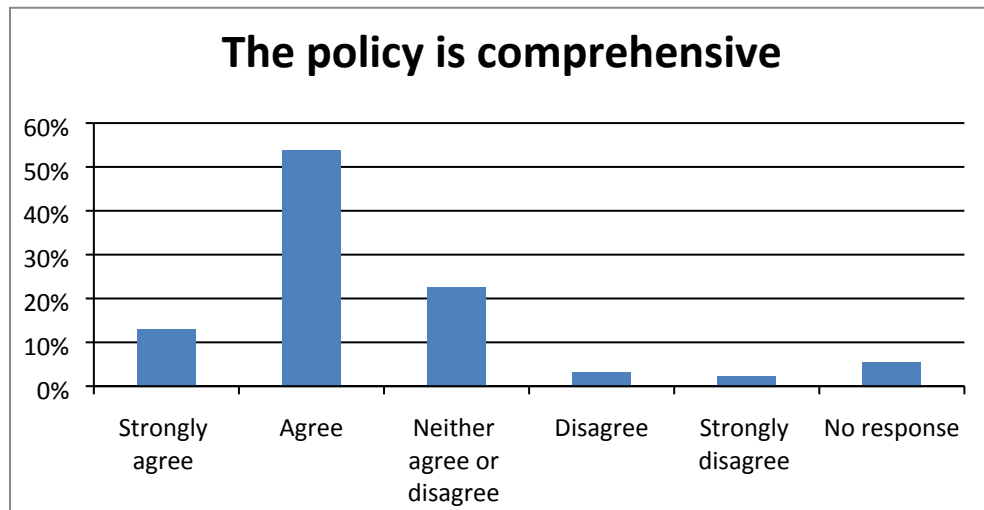
61% of respondents indicated that they either strongly agreed or agreed that the format of the Sustainable Procurement Policy made it easy to follow; while 9%

disagreed or strongly disagreed. This was a less positive response than last year, when 70% of respondents agreed or strongly agreed with this statement.



**c. The policy is comprehensive**

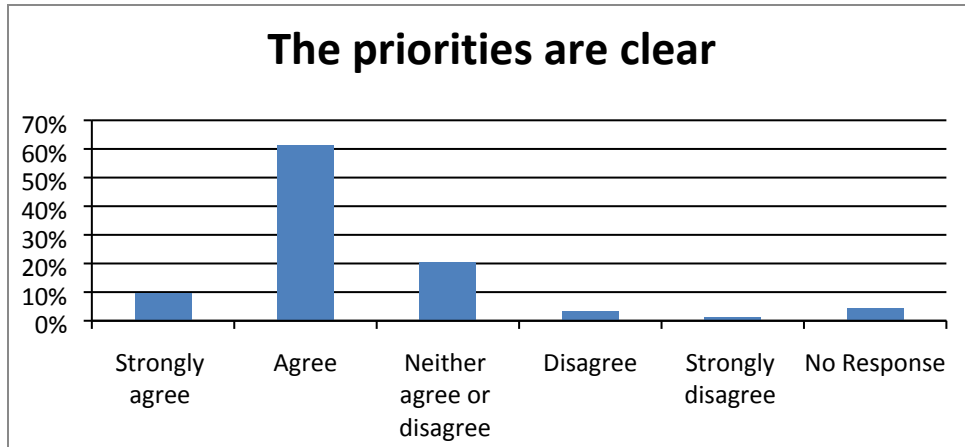
67% of respondents indicated that they either strongly agreed or agreed that the Sustainable Procurement Policy is comprehensive, while 5% disagreed or strongly disagreed. This was a less positive response than last year, when 80% of respondents agreed or strongly agreed with this statement.



**d. The priorities are clear**

71% of respondents indicated that they either strongly agreed or agreed that the priorities included in the Sustainable Procurement Policy were clear, only 4% disagreed or strongly disagreed. This was a more positive response than last year, when only 65% of respondents agreed or strongly agreed with this statement.

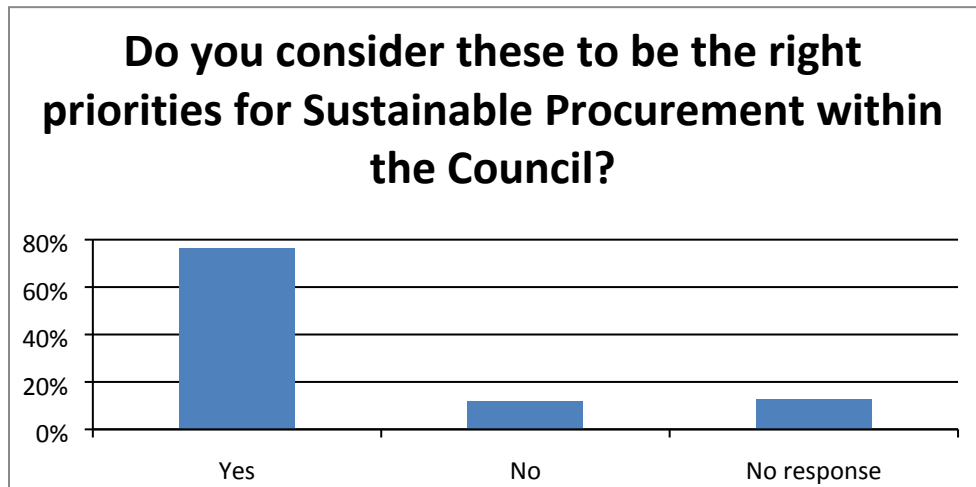




**Priorities:**

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

76% of respondents indicated that they consider the current priorities to be the right priorities for the Council, 12% disagreed. This was a less positive response than last year, when 80% of respondents agreed that the priorities were right for Sustainable Procurement within the Council.



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

Consultation Feedback	Procurement Comment
Please consider the local businesses in relation to climate change and CO	The Council in how we determine the methodology by which we procure ensures we consider local

emissions	businesses at every opportunity. For example, lotting of larger contracts which means local SME suppliers are better able to bid for their local geographical area. For works contracts under £2m, inviting local suppliers to bid for works within their local area. The calculations required to quantify CO emissions are not currently used within procurement evaluations, due to the complexities involved at this time.
Yes , a council wide initiative to inform the workforce that savings reduce council tax, e.g., do you order a tonne and half, instead of a tonne, just to make sure. Do you order 2 just in case you get the idea. Do you pay the contractors extras above contract without detailed explanation and good reason & the work was actually done.	We will look at promoting these types of savings further within the workforce of the Council, by increasing awareness of small changes that can add up to bigger savings.
Environmental measure of procurement	Environmental considerations for our procurements are included within the Sustainable Procurement Policy Priorities. Where relevant Environmental Management Systems or Standards are included within evaluation criteria for procurements.
Yes Stop waffling and do something! A&B needs action not more documents	Thank you for your feedback, the Council has a legal requirement to draft, consult on and publish a Procurement Strategy on an annual basis. This is acted upon and delivered by the Procurement Team on behalf of the Council.
Training staff outside procurement team to be active service receivers. How do these staff assess (kpi) the quality, resource efficiency & if timescales were appropriate to what was paid for?	Staff within Service teams are professional in their field therefore have an understanding of what they need for their service. They require to have a basic understanding of the procurement rules so they are aware of what is expected of them and their role in the procurement process. On that basis, the Council's Procurement and Contract Management Team carry out internal training on an annual basis to ensure that they have the appropriate tools to manage their contracts and deliver best value for the Council.
Why can't there be a 'don't know' above	We will include this within our consultation for next year's Procurement Strategy
Cyber essentials	Our standard terms and conditions that are issued with every new contract deal with this.
There are no proper metrics - it is just words. To be Sustainable requires proper metrics.	The Sustainable Procurement Policy provides a strategic overview, the Council is currently working towards level 2 of the Flexible Framework which provides specific actions and measurable outcomes in relation to these sustainable priority

	areas.
<p>People (with a greater reflection of the impact of spend on the population of Argyll and Bute - rather than internal people focus)</p> <p>Communities - as a measure for ensuring maximum benefit from public sector spend.</p> <p>Also in relation to community benefit clauses, it seems that the 'where appropriate' could considerably dilute the potential impact of this approach, where as if the approach was to consider community benefit as a core consideration this would have potential to have much greater impact.</p>	<p>As these priorities are based on the Flexible Framework structure, the People element is required to focus on internal staff to reflect the focus of the Flexible Framework. Our current internal threshold for the consideration of inclusion of Community Benefits Clauses is £100k for supplies and services and £2m for works - which is below the national threshold of £4m. The Council is keen to include CBCs but must consider the impact on suppliers where the contract is low value or short term. The Council's current methodology for procuring low value works contracts under £2m means that we are supporting our local suppliers for bidding for contracts and thus generating economic growth for Argyll and Bute which is a community benefit and supports the Council's Corporate Plan.</p>
Would prefer less reliance on the private sector.	Where appropriate activities are carried out in house after a make or buy evaluation is completed to establish if this demonstrates best value.
Care of the Environment	Environmental considerations for our procurements are included within the Sustainable Procurement Policy Priorities. Where relevant Environmental Management Systems or Standards are included within evaluation criteria for procurements.
Better consultation with users.	These types of consultations already take place, in line with the priorities in the Procurement Strategy, especially in care services and via other contracts where appropriate.
A&BC should not be allowing huge profits for private companies at the expense of funding which should go direct towards ducting our children and young people.	Please note, if this query relates to spend with both ABC Schools and HUB North Scotland, these organisations are the Council's partner suppliers for the provision of a number of our education buildings/facilities across Argyll and Bute. The Council contracts with both of these organisations for the facility management of these buildings. The education provision is provided by Argyll and Bute Council staff. Unfortunately the Council is unable to provide every service/work that is required therefore we are required to contract with external organisations.
I have nothing further to add other than to refer again to my comments above which have been corroborated by the recent report of the cross-party Public Audit Committee chaired by Labour MSP Jenny Marra. The report concluded that, inter alia, the quality, management and	Although this feedback relates to the public sector in Scotland in general, we can confirm that Argyll and Bute Council has clear processes, procedures and monitoring in place to ensure contracts that are procured are done to achieve best value.

<p>delivery of public services in Scotland has been poor. In particular, there is uncertainty that public money is being spent wisely; there have been instances of unacceptably poor governance and squandering of public money; there is no evidence that additional cash put into childcare and early learning has improved the quality of service or outcomes; etc, etc. This is an indictment on local authorities (and the Scottish Government itself to a certain extent) and, in my view, the situation can only be improved by placing a greater degree of accountability on both senior management figures and professional officers. As things stand, the buck stops with elected councillors some of whom are not capable of properly appreciating the issues they are being asked to decide upon and/or do the bidding of their particular political group without question. A sorry state of affairs!</p>	
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## **COMMENTS**

### **11. Are there any other comments you would like to make about the draft Procurement Strategy 2020/21 and Sustainable Procurement Policy 2020/21?**

<b>Further comments</b>	<b>Procurement Comment</b>
Seems to cover our commitments in terms of equalities and employment law. Is based on making the most of our spend. Looks good.	Thank you for your feedback
I understand why the layout is as it is but I think it could have been done in a way that made it much easier to read. More and better graphics, more colour to divide sections clearly, spaced out more and less use of tables. Just my opinion. I'm sure it's fine for everyone else.	Thank you for your feedback, we have streamlined the content of the Strategy this year and in 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
This is the 1st time we have been included in this type of information sharing for any local authority and as a supplier find it very refreshing.	Thank you for your feedback
An excellent piece of work that should drive forward huge improvements in A&B	Thank you for your feedback
I found the documents an easy read and fully appreciate the financial challenges facing all public sectors; the policy reflect the commitment to achieve best value and deliver	Thank you for your feedback

best outcomes in a very financially demanding and challenging environment.	
Whilst you say it is inappropriate to give preference to local suppliers, I think that given that we are in a climate emergency we should give preference to local suppliers if they can reduce our carbon footprint. I also believe that we need to switch our economy back to favour local SME's as this is the only way we can reduce depopulation, unemployment and inequality. By supporting our local business we are creating a cushion against economic downturns for these businesses are not only the employers of local people but their workforce are also their customers.	Thank you for your feedback. The Council through its procurement activity does everything it can to support our local suppliers within the legislative framework. The law does not allow us to favour local suppliers, however the various methodologies by which we procure ensure that wherever possible we enable local suppliers to bid for and be successful for our contracts, thus supporting our local businesses and economy and all the benefits associated with that i.e. reduction in carbon emissions.
We just have to trust you. Not many people will easily understand the content. All the persons involved in the document will get it, not ordinary public	Thank you for your feedback - we have opened this consultation out to the general public as we are keen to take account of feedback from residents within Argyll and Bute as they are the end-users of the Supplies, Services and Works that we procure. In addition in 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
Agree purchasing is an important discipline. Both documents could be briefer. Greater priority should be given to local suppliers.	To a large degree, the structure of the content is set by the Scottish Government, we have added some content which we think is of benefit to Argyll and Bute Council for example the detailed breakdown by Category, the Prioritisation Tool Outcomes and the Sustainable Procurement Policy. The Council through its procurement activity does everything it can to support our local suppliers within the legislative framework. The law does not allow us to favour local suppliers, however the various methodologies by which we procure ensure that wherever possible we enable local suppliers to bid for and be successful for our contracts, thus supporting our local businesses and economy and all the benefits associated with that.
Less consumption =less materials =less cost. & more environmentally friendly.	Agree, what has been described is one of the principles of public sector procurement.
As with any lengthy and technical document it is difficult to make the important take -away points stand out. The key will be the competence of the staff procuring and	In 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a

<p>monitoring the transactions. Keep the document as focused and pithy as possible. The obvious danger is that people will be reluctant to read it properly if it is too long or convoluted.</p>	<p>procurement background to understand the objectives of the Strategy.</p>
<p>Bit standard but non specific, cannot be measured.</p>	<p>The Action Plan is designed to allow us to measure specifically our level of compliance for regulated procurements. This will be included in our Annual Procurement Report. The 2018/19 Annual Procurement Report is currently available on the Council's website.</p>
<p>If you really think all this will help Then your part of the problem!</p>	<p>Thank you for your feedback, the Council has a legal requirement to draft, consult on and publish a Procurement Strategy on an annual basis. This is acted upon and delivered by the Procurement Team on behalf of the Council.</p>
<p>Maybe think about reorganising the layout and simplifying the language? I can't offer any constructive suggestions as I was bamboozled by most of it! Sorry!</p>	<p>We understand that some of language is technical within this document, the Glossary is provided to assist readers with some of the technical definitions. To a large degree the structure of the document is set by the Scottish Government, we are limited to the extent to which we can amend this. In 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.</p>
<p>Collaborative procurement with other authorities should be exploited more. Eg social work foster carer training could be a nationally funded aspect!</p>	<p>We always encourage collaborative opportunities and do this whenever we can, in line with the priorities of the Procurement Strategy. Social care procurement is one area where this is being developed nationally with the national care home contract, and various national care frameworks which we access for our service users.</p>
<p>I do get the impression that this has been put together to fulfil a specific commitment to have a procurement strategy rather than moving towards something that will improve services for citizens. Not much digital in there either.</p>	<p>Thank you for your feedback, although the Council has a legal requirement to draft, consult on and publish a Procurement Strategy on an annual basis, the content is designed to support the Council's Corporate Plan which will improve service for residents of Argyll and Bute.</p>
<p>Long winded.</p>	<p>The Procurement Strategy 2019/20 is 40 pages, we have reduced the length of this to 36 pages. Once the amendments have been made based on the feedback of this consultation, it will have reduced further to 33 pages. In 2021/22 we will endeavour to produce a summary document detailing the</p>

	key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
Have said Yes to question 9 but feel that a 'neither agree or disagree' should have been an option. As a member of the general public I do not feel sufficiently qualified to give an informed answer.	We will include this within our consultation for next year's Procurement Strategy
The Strategy has an opportunity to consider the key challenges for Argyll and Bute in terms of depopulation and economic sustainability, with community benefit as a core approach. However these aspects seem to be one of many considerations rather than being at the forefront of Council procurement and spending decision making.	The Procurement Strategy supports the Council to meet its objectives within the Corporate Plan, as detailed in the comment
Please see comments above. A superb exercise in management-speak avoiding any need actually to say anything of substance.	Thank you for your feedback, the Council has a legal requirement to draft, consult on and publish a Procurement Strategy on an annual basis. This is acted upon and delivered by the Procurement Team on behalf of the Council. To a large degree, the structure of the content is set by the Scottish Government, we have added some content which we think is of benefit to Argyll and Bute Council.
A query on a private company involved in the education sector - can the council not provide this service? Surely in contracting out public services rather than council personnel must save the council money?	Both ABC Schools and HUB North Scotland are the Council's partner suppliers for the provision of a number of our education buildings/facilities across Argyll and Bute. The Council contracts with both of these organisations for the facility management of these buildings. The education provision is provided by Argyll and Bute Council staff.
Full of 'continue with on going policies' without stating what these are. The policies don't outline how or what the council is proposing to do about Climate change and protecting and advancing the Environment	The Activities relating to the priorities have been updated to make the ongoing activities clearer. The Council's Climate Change proposals fall outwith the scope of the Procurement Strategy. The Strategy and Sustainable Procurement Policy support the Council's work in this area.
While I recognise it has to be comprehensive, I think a slightly shortened version could be written for the general public responder.	To a large degree, the structure of the content is set by the Scottish Government, we have added some content which we think is of benefit to Argyll and Bute Council for example the detailed breakdown by Category, and the Sustainable Procurement Policy. In 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in

	<p>enabling consultees without a procurement background to understand the objectives of the Strategy.</p>
<p>Particularly disagree with the first sentence of 2.5 - the Council should NOT consult existing contractors because that would give them an improper advantage.</p>	<p>The statement "Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships" reflects the Council's requirement to ensure its contracts are delivering best value therefore we are required to regularly consult, engage and contract manage our existing suppliers with the view to ensuring the Key Performance Indicators contained within their contracts are met and best value is delivered. Existing contractors are not consulted separately at the start of a new procurement process ensuring no improper advantage is conferred. All procurement activity is carried out in an open fair and transparent manner.</p>
<p>From my experience with councils and district councils in England I can say without doubt that any procurement from councils is not generally a reflection of the true cost of any item. It is well known that prices are inflated along with the hourly costs of labour. I notice that there are contracted and non contracted areas with the non contracted items being only a small part of the overall. I would suggest that if the Council wished to reduce its spend it looks very carefully at quotations submitted and check against what is currently available in the market and I am confident that prices quoted are generally inflated. Why should this be? If you are interested in delivering best value for money for the ratepayers then seriously consider who you employ and look closely at their pricing structure</p>	<p>Argyll and Bute Council has clear processes, procedures and monitoring in place to ensure contracts that are procured are done to achieve best value.</p>
<p>Wrt the Procurement Principles, I would have expected the A&amp;B Authority to be doing this in any case. And not having to notify the Public of their intentions to do it!!</p>	<p>It is a requirement for the Council to produce an annual Procurement Strategy and to carry out a consultation as part of the process of preparing the Strategy. Many of the areas contained within the Strategy are business as usual, however we are required to include them within the structure of the Strategy.</p>
<p>I am disappointed and very sad that information about running schools has not previously been forthcoming and I suspect the intention was to keep it hidden from public scrutiny</p>	<p>Both ABC Schools and HUB North Scotland are the Council's partner suppliers for the provision of a number of our education buildings/facilities across Argyll and Bute. The Council contracts with both of these organisations for the facility management of</p>



	these buildings. The education provision is provided by Argyll and Bute Council staff.
36 pages of utter waffle and you want Joe public to comment on it? You are having a laugh, got fed up trying to read it after two minutes.	It is a requirement for the Council to produce an annual Procurement Strategy and to carry out a consultation as part of the process of preparing the Strategy. In 2021/22 we will endeavour to produce a summary document detailing the key messages from the Strategy document which should assist in enabling consultees without a procurement background to understand the objectives of the Strategy.
Thank you for involving us.	Thank you for your feedback
Thank you for involving us.	Thank you for your feedback
Would it not be best to wait until after Oct 31st to see what, if any, difference any form of Brexit deal would make?	Due to the timescales involved for producing and approving the Procurement Strategy for publication prior to the required deadline of 31 March 2020, we were unable to postpone creating this document until after Brexit to incorporate the impact of any deal made.
As a member of Sandbank Community Council I would suggest that an appropriate Council officer attend one of our meetings to explain the rationale behind the proposed new procurement arrangements and respond to any questions which might arise.	Thank you for your feedback. The Procurement Manager requests that you provide further information on your concerns regarding procurement activity in the Cowal area, in order that she can review and investigate these - please email <a href="mailto:procurement@argyll-bute.gov.uk">procurement@argyll-bute.gov.uk</a> . We have been unable to request contact details within this consultation in order to comply with GDPR requirements therefore she cannot contact you directly.

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**ARGYLL AND BUTE COUNCIL**  
**CUSTOMER SUPPORT SERVICES**

**POLICY AND RESOURCES COMMITTEE**  
**17 OCTOBER 2019**

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**ARGYLL AND BUTE JOINT BRITISH SIGN LANGUAGE PLAN 2018 – 2024**  
**PROGRESS REPORT**

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**1.0 EXECUTIVE SUMMARY**

The purpose of this report is to provide a progress report to the Policy and Resources Committee on the actions contained within the Argyll and Bute Joint British Sign Language Plan 2018 – 2024.

The Council approved the Plan on 18 October 2018. This report outlines the work Argyll and Bute Council has carried out since then to put the Joint British Sign Language Plan into practice.

Of the seven success measures identified within the period, one has been delayed but will be rescheduled, and the remaining six are either complete or have been started and are ongoing. Further information is provided in Appendix 1 of this report.

It is recommended the Policy and Resources Committee:

- Note the progress that has been made by Argyll and Bute Council between October 2018 and August 2019;
- Note that a further update will be given to the Committee in October 2020
- Note Argyll and Bute Council will provide regular progress reports to the Scottish Government. The timing and means of doing this is still to be confirmed.

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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES COMMITTEE**

**CUSTOMER SUPPORT SERVICES**

**17 OCTOBER 2019**

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**ARGYLL AND BUTE JOINT BRITISH SIGN LANGUAGE PLAN 2018 – 2024  
PROGRESS REPORT**

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**2.0 INTRODUCTION**

- 2.1 This report provides details of the progress made by Argyll and Bute Council between October 2018 and August 2019 to implement the actions contained within the Argyll and Bute Joint British Sign Language Plan 2018 – 2024.

The BSL (Scotland) Act 2015 requires public bodies in Scotland to publish local plans every six years, showing how they will promote and support the use of British Sign Language (BSL). Argyll and Bute's first plan was approved by the Council on 18 October 2018.

The aim of the plan, which is shared by Argyll and Bute Council, Live Argyll and the Health and Social Care Partnership, is to improve access for deaf and deafblind BSL users to information and public services including healthcare and mental health support

- 2.2 The BSL plan is adaptable and flexible to the priorities set out by all of the organisations involved in its delivery, particularly when circumstances may change. It is important to note that since the Plan was adopted, Argyll and Bute Council has undertaken an organisational restructure resulting in a reduction in the number of senior management posts and a change to the roles and responsibilities of some Heads of Service. The senior officer with operational responsibility for overseeing the preparation and monitoring of the Plan within the Council is now known as Head of Customer Support Services. Delivery of the individual actions in the Plan remain the responsibility of the named services, though the personnel and remits of some of those previously identified have now changed. Accordingly, some success measures and targets may require to be adjusted over the life the Plan.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended the Policy and Resources Committee:

- Note the progress that has been made since October 2018;
- Note that a further update will be given to the Committee in October 2020
- Note Argyll and Bute Council will provide regular progress reports to the Scottish Government. The timing and means of doing this is still to be confirmed.

### **4.0 DETAIL**

4.1 Before it was approved, the Council consulted over the actions that should be included in the BSL Plan and the majority of the suggestions made were accepted. Education was by far the single most important issue to those who responded to the Council's survey; in particular the need for training in BSL and the idea that children, (both deaf and hearing), should be taught BSL from a young age. Respondents believed these activities would increase awareness; allow greater inclusion and engagement of deaf children, and promote a more inclusive society more widely. Education is therefore one of the key themes in the BSL Plan, and the area where most work has been carried out in the ten months since the Plan was adopted.

4.2 A summary of the actions which were due to be carried out between October 2018 and August 2019 is provided in Appendix 1 together with an update on progress made. Of the seven success measures, one has been delayed but will be rescheduled, and the remaining six are either complete or have been started and are ongoing.

### **5.0 CONCLUSION**

5.1 This report provides a summary of the significant steps Argyll and Bute Council has taken to support and promote the use of BSL in the ten months since the Council approved the Joint BSL Plan.

The one action point which was delayed by the management restructure will be rescheduled by the new Head of Customer Support Services in consultation with the Customer Service and Engagement Board.

5.2 Argyll and Bute Council will submit frequent progress reports to the Scottish Government to assist the Scottish Ministers to meet their legislative requirements to report on progress made by Public Authorities. The timing and preferred method of updating the Scottish Government is still to be confirmed. Notwithstanding this, the intention is to bring the Policy and Resources Committee up-to-date in October 2020.

## **6.0 IMPLICATIONS**

- 6.1 Policy - The Council ensures any new and current policies are in line with the BSL Plan by identifying any interdependencies through the Equality and Socio-Economic Impact Assessment process.
- 6.2 Financial - The Plan utilises existing resources, taking account of the current challenging financial position which the Council faces.
- 6.3 Legal – Under the 2015 Act, the Council has a statutory responsibility to publish a BSL Plan every six years from October 2018 onwards. The Council also has a separate legal duty to make reasonable adjustments for disabled people under the Equality Act 2010.
- 6.4 HR – The Council will continue to promote the BSL Plan and its associated actions to employees.
- 6.5 Fairer Scotland Duty:
  - 6.5.1 Equalities - protected characteristics – Deafness is considered to be a disability which in turn is a protected characteristic under the Equality Act 2010. Furthermore, under the Equality Act, the Council has an Equality Duty to consider the needs of all individuals in their day to day work - in shaping policy, in delivering services, and as an employer.
  - 6.5.2 Socio-economic Duty - The BSL Plan will help to make sure that people whose first, or preferred language is BSL can be fully involved in daily and public life in Scotland as active, healthy citizens who are able to make informed choices about every part of their lives.
  - 6.5.3 Islands – None arising directly from this report
- 6.6. Risk – None arising directly from this report
- 6.7 Customer Service – The actions which form part of the BSL Plan should result in improved access to services, information and communication for BSL users

**Pippa Milne,**

**Executive Director with responsibility for Customer Support Services**

**Policy Lead - Councillor Rory Colville, Policy Lead for Corporate Services**

**For further information contact:** Lisa Bond, Business Partner – Performance and Improvement

3 September 2019

Appendix 1 - Extract from Argyll and Bute Joint British Sign Language Action Plan showing the actions which were due to be carried out between October 2018 – August 2019

**Appendix 1 – Extract from Argyll and Bute Joint British Sign Language Action Plan showing the actions which were due to be carried out between October 2018 – August 2019**

<b>1 Across All Our Services</b>						
	<b>We will:</b>	<b>Success Measure</b>	<b>National Plan Action Point(s)</b>	<b>Timescale</b>	<b>Lead</b>	<b>Comments</b>
1.3	Promote the use of the Scottish Government's nationally funded BSL online interpreting video relay service called 'contactSCOTLAND-BSL' to staff and to local BSL users. This is a free service which allows BSL users to contact public and third sector services and for these services to contact them.	Add a link to the service into our email signatures	5	June 2019	Head of Customer & Support Services	This has been delayed due to the management restructure but will be rescheduled by the new Head of Customer Support Services in consultation with the Customer Service and Engagement Board
<b>2 Family Support, Early Learning and Childcare</b>						
	<b>We will:</b>	<b>Success Measure</b>	<b>National Plan Action Point(s)</b>	<b>Timescale</b>	<b>Lead</b>	<b>Comments</b>
2.1	Provide early years staff with information about BSL and Deaf culture, and about resources that are available in BSL, so that they can meet the needs of families with a D/deaf or Deafblind child.	Produce a pack containing deaf friendly educational resources and information about deaf culture for parents, nurseries and	10,11,12	January 2019	Head of Education – Lifelong Learning & Support	Completed

2.1	(D - people born deaf, d - those who become deaf)  Provide early years staff with information about BSL and Deaf culture, and about resources that are available in BSL, so that they can meet the needs of families with a D/deaf or Deafblind child.	health visitors which will also include links to additional online resources  Provide Early Years' employees with access to training on basic BSL and fingerspelling		August 2018 onwards	Head of Education – Lifelong Learning & Support	Completed - Training course delivered November 2018  Ongoing signing support provided by the Teacher of the Deaf to 6 nurseries/Pre5 units
<b>3 School Education</b>						
	<b>We will:</b>	<b>Success Measure</b>	<b>National Plan Action Point(s)</b>	<b>Timescale</b>	<b>Lead</b>	<b>Comments</b>
3.1	Contribute to the Scottish Government's investigation of the level of BSL held by teachers and support staff working with D/deaf and Deafblind pupils in schools, and take account of any new guidance for teachers or support staff working with pupils who use BSL.	Carry out a survey every year in schools to collect information on the level of BSL held by teachers and support staff	17, 18	From April 2019	Head of Education - Learning and Teaching	2019 Survey Completed. 7 schools have some staff who hold the Level 1 qualification with 4 of these schools also having employees who are qualified to Level 2. Other staff are currently studying for their Level 2.



3 School Education						
3.1	Contribute to the Scottish Government's investigation of the level of BSL held by teachers and support staff working with D/deaf and Deafblind pupils in schools, and take account of any new guidance for teachers or support staff working with pupils who use BSL.	Keep up to date records on where and how BSL is being offered in schools and report this to the Scottish Government		From April 2019	Head of Education - Learning and Teaching	Signing is currently being used in four education establishments on a daily basis.
3.3	Contribute to the Scotland's National Centre for Languages (SCILT) programme of work to support the learning of BSL in schools for hearing pupils as part of the 1+2 programme, including sharing best practice and guidance.	Review lessons learned from a pilot project to teach BSL101 to Primary 4 hearing and deaf students at a primary school within Argyll & Bute, and share examples of good practice with SCILT.		August 2018 – June 2019	Head of Education - Learning and Teaching	BSL101 is an Introduction to British Sign Language course which teaches learners how to meet and greet; understand basic conversation and numbers, and to give and follow simple directions and information. 7 pupils have passed BSL 101 to date. A review of the pilot has taken place and the school concerned is continuing with the project in 2019/20.

3	School Education					
3.3	Contribute to the SCILT programme of work to support the learning of BSL in schools for hearing pupils as part of the 1+2 programme, including sharing best practice and guidance.	Make BSL online resources readily accessible to practitioners through the Argyll and Bute Education blog		January 2019	Head of Education - Learning and Teaching	Completed

## Policy and Resources Committee Work Plan 2019-20

This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee.					
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
17 October 2019	Financial Monitoring Reports Pack	Financial Services	Every Meeting except May	17 September 2019	
	Budget Outlook	Financial Services	Every Meeting		
	Budget 2020-21 Savings Options	Financial Services	Annual		
	Budget Consultation	Customer and Support Services	Annual		
	Community Choices/Participatory Budgeting	Financial Services	Annual		
	Procurement Strategy and Sustainable Procurement Policy	Legal and Regulatory Support	Annual		
	Draft NTS2 Consultation Response	Development and Economic Growth			
	Argyll And Bute Joint British Sign Language Plan 2018 – 2024 Progress Report	Customer and Support Services			
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
12 December 2019	Financial Monitoring Reports Pack	Financial Services	Every Meeting except May	12 November 2019	
	Budget Outlook	Financial Services	Every Meeting		
	Performance Report FQ2		Quarterly		
	Service Planning 2020-23	Customer and Support Services	Annual		
	Third Sector Recycling Services	Roads and Infrastructure Services			

## Policy and Resources Committee Work Plan 2019-20

					been completed.
	Front Green, Lochgilphead	Recommendation to come from MAKI			Area Committee Manager (SB) advised that recommendation will come forward to meeting on 12 December 2019 (28.08.19)
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
20 February 2020 (Budget)	Financial Report Monitoring Pack	Financial Services	Every meeting except May	21 January 2020	
	Budget Pack	Financial Services	Annual		
	Treasury Management and Investment Strategy	Financial Services	Annual		
	Six Monthly report on Cash Flow Support Loans	Financial Services	Annual		
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
14 May 2020	Budget Outlook	Financial Services	Every Meeting	14 April 2020	
	Performance Report FQ3 and FQ4		Quarterly		
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
TBC August 2020	Financial Report Monitoring Pack	Financial Services	Every meeting except May	TBC	
	Budget Outlook	Financial Services	Every Meeting		
	Performance Report FQ1		Quarterly		
	Service Annual Performance Reviews	Customer and Support Services	Annual		
	Strategic Risk Register	Financial Services	Annual		

## Policy and Resources Committee Work Plan 2019-20

Date	Report Title	Dept/Section	How Often?	Date Due	Comments
TBC October 2020	Financial Monitoring Reports Pack	Financial Services	Every Meeting except May	TBC	
	Budget Outlook	Financial Services	Every Meeting		
	Budget 2020-21 Savings Options	Financial Services	Annual		
	Community Choices/Participatory Budgeting	Financial Services	Annual		
	Budget Consultation	Customer and Support Services	Annual		
	Procurement Strategy and Sustainable Procurement Policy	Legal and Regulatory Support	Annual		
<b>Future Items – Date to be determined.</b>					
	IHR Policies: <ul style="list-style-type: none"> <li>• Attendance Management Policy</li> <li>• Secondment Policy</li> </ul>	Customer and Support	As required	TBC	Date to be confirmed.

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