

EXECUTIVE SUMMARY**FINANCIAL UPDATE – FEBRUARY 2018**

1. INTRODUCTION

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

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

The web link to the detailed reports is as follows:

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

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

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

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

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

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

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

in the previous year £0.097m.

- Underspend in fleet of £0.132m relating to a delay in replacing vehicles over 5 years old.
- Over-recovery of income within regulatory services (fish export certifications, private landlord registration and appraisal of water supplies, shellfish programme) amounting to £0.101m.
- Over recovering of income within piers and harbours as a result of RET £0.200m.
- Underspend of £0.095m in relation to Housing related services.
- £0.079m over recovery of commercial waste income.
- £0.050m relating to other small underspends in D&I.
- Underspend of £0.245m relating to a provision for superannuation costs that is no longer required.
- Apprenticeship levy estimated to be £0.090m below budget.
- Estimated £0.395m underspend within utilities across the Council.
- Over recovery of Council Tax income amounting to £0.600m.
- Overspend of £0.177m in relation to dangerous buildings.
- Increased demand within ASN support and residential schools placement estimated overspend of £0.199m.
- Under recovery of planning fee income estimated to be £0.240m.
- Overspend of £0.100m in ferries due to ASP payment.
- Estimated winter maintenance overspend of £0.650m. This was the figure calculated as at the end of December, however, due to the snow in January, this overspend is likely to increase and a further estimate will be calculated.

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

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

2.2 Capital Plan Monitoring Report

2.2.1 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total

budget and funding and non-financial in terms of project performance.

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

2.3 Treasury Monitoring Report

- 2.3.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.3.2 The external borrowing of the Council decreased by £3.832m during the period, due to the repayment of Public Works Loans Board borrowing of £3.872m offset by new borrowing of £0.040m.
- 2.3.3 Borrowing is below the Capital Financing Requirement for the period to 28 February 2018. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risks. However, if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.
- 2.3.4 The levels of investments were £67.9m at 28 February 2018. The rate of

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

2.4 Reserves and Balances

2.4.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.

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

2.4.3 The Council has a total of £58.449m usable reserves as at the end of 31 March 2017. Of this balance, £0.896m relates to Repairs and Renewals Fund, £4.064m relates to Capital Funds and the remainder is held in the General Fund, with £41.519m of the balance earmarked for specific purposes.

2.4.4 Of the earmarked balance of £41.519m:

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

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

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

2.5 Monitoring of Service Choices Savings

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

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

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

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

2.6 Update to Fees and Charges 2018-19

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

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

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

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

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

4. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2017-18 as at 28 February 2018. |
| 4.3 | Legal - | None. |
| 4.4 | HR - | None. |
| 4.5 | Equalities - | None. |
| 4.6 | Risk - | Risks are included in financial risks report. |
| 4.7 | Customer Service - | None. |

Kirsty Flanagan
Head of Strategic Finance
30 April 2018

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

Overall Position:

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

Key Highlights as at February 2018:

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

Key Financial Successes:

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

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

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

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

Forecast Outturn Position

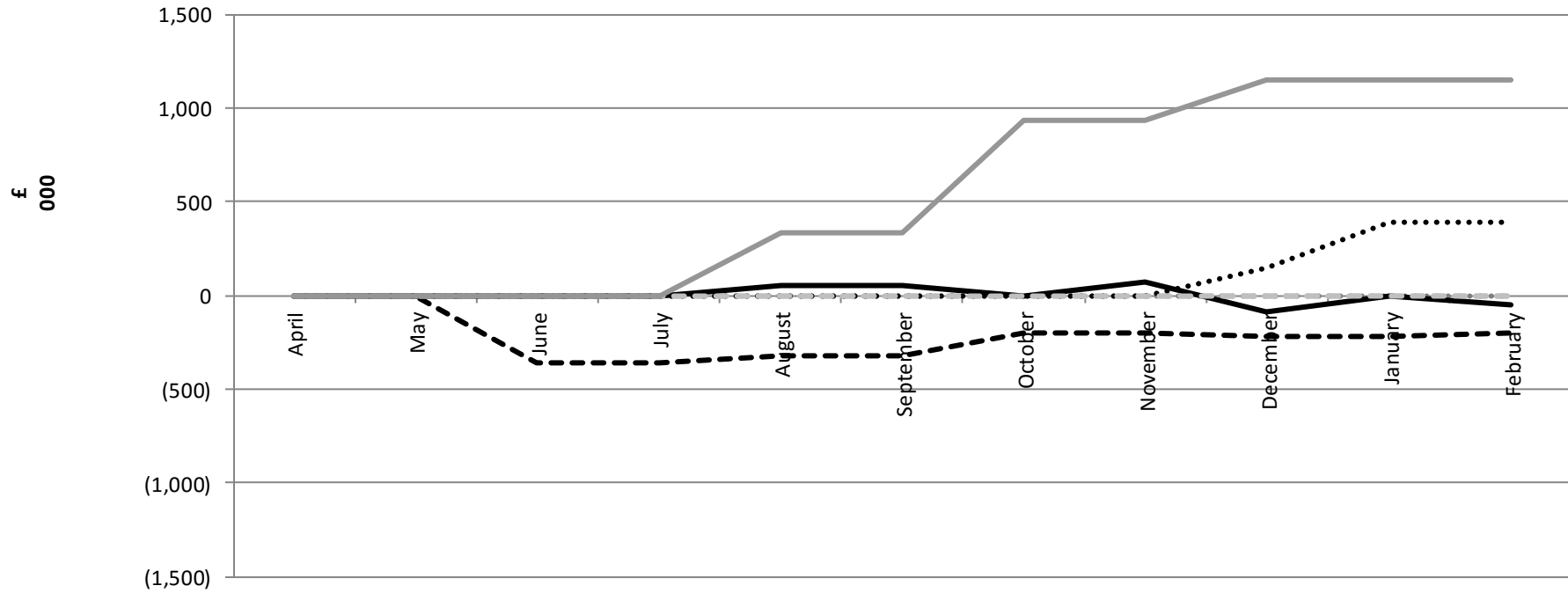
There is a forecast underspend of £1,299k as at the end of February 2018. This underspend consists of the following variances: underspend of £100k within NPDO utilities and deductions, over recovery of vacancy savings within Customer Services and DIS £483k, grant income in DIS relating to previous years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

Current Forecast Outturn Variance with change from previous month

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

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

Underspend



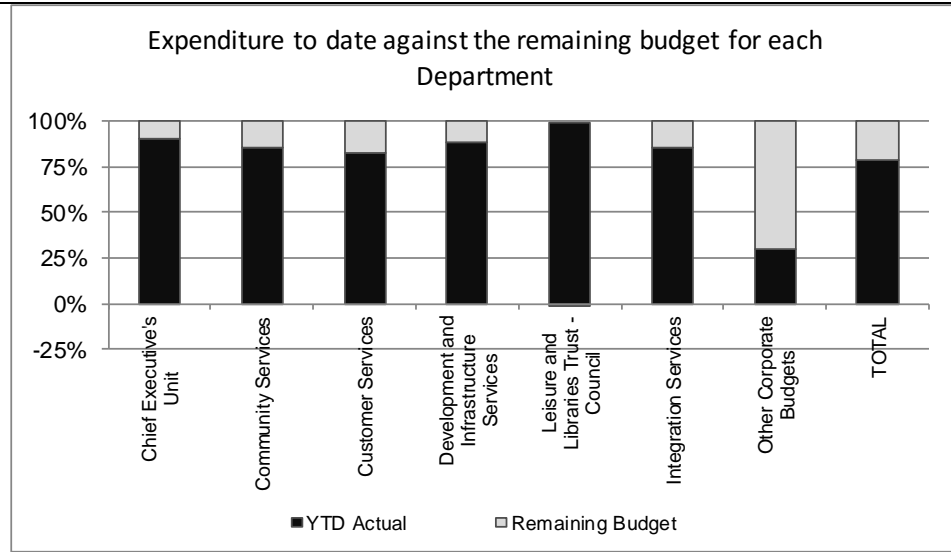
Overspend

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

Year to Date Position

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

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



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 28 FEBRUARY 2018

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

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 28 FEBRUARY 2018

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

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

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

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

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

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

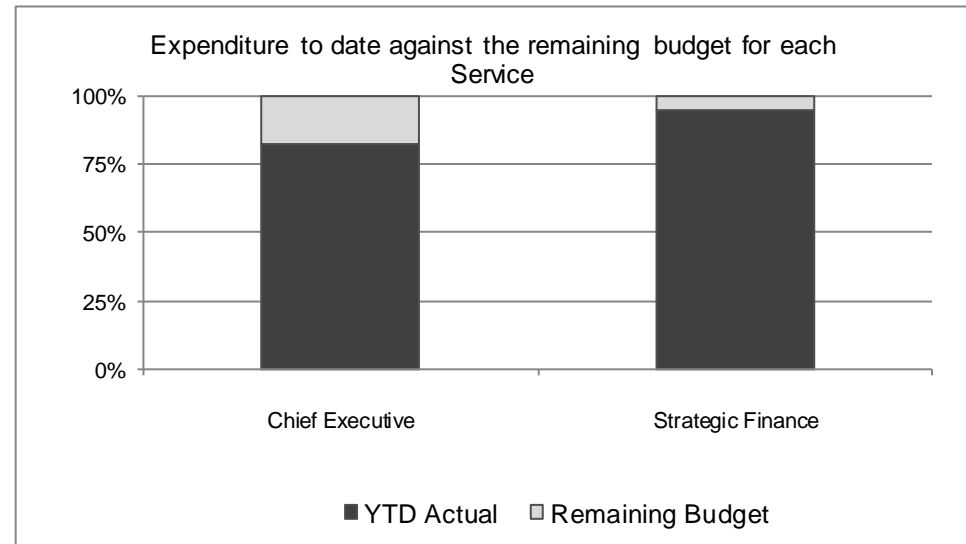
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – FEBRUARY 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

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

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

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

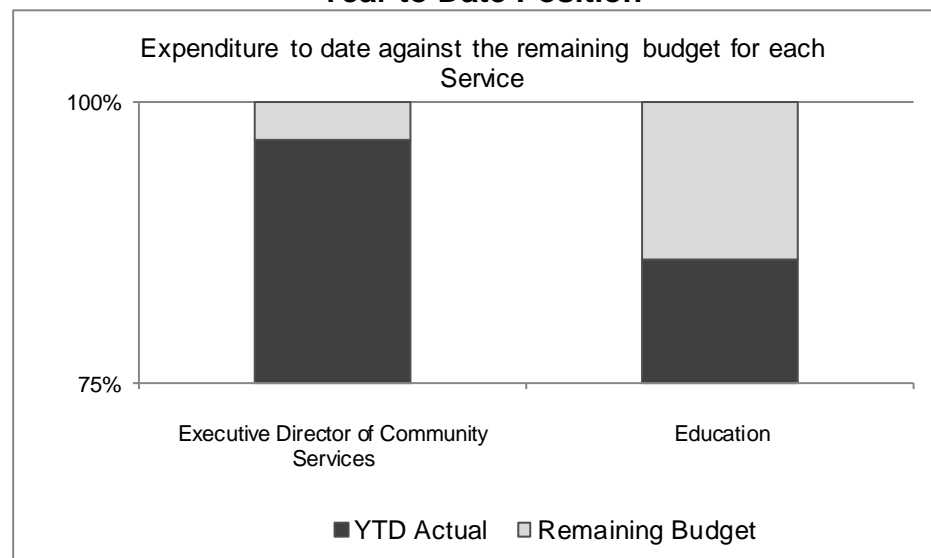
COMMUNITY SERVICES HIGHLIGHTS – FEBRUARY 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

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

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

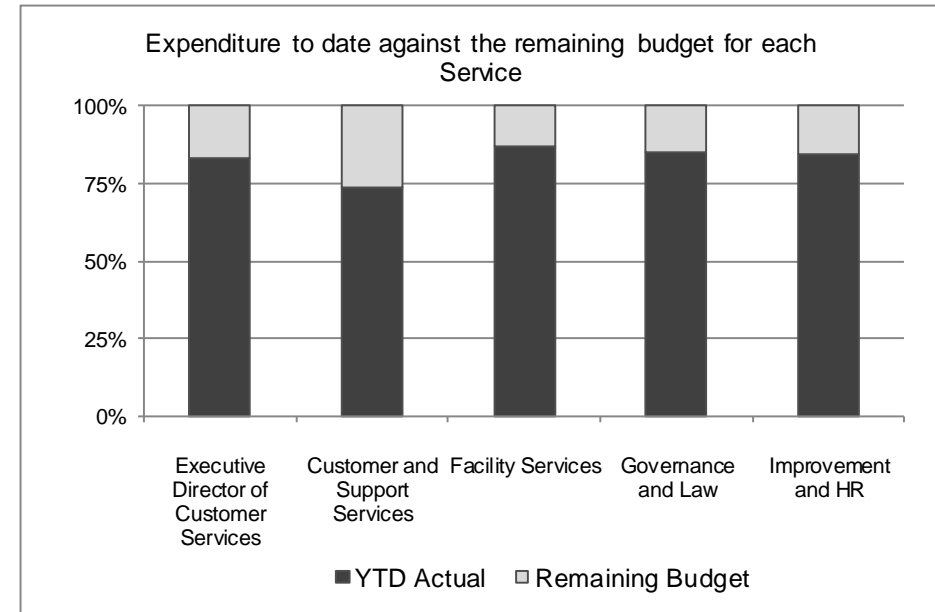
CUSTOMER SERVICES HIGHLIGHTS – FEBRUARY 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

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

Key Financial Challenges:

Impact of Welfare reforms.

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

Proposed Actions to address Financial Challenges:

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

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

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

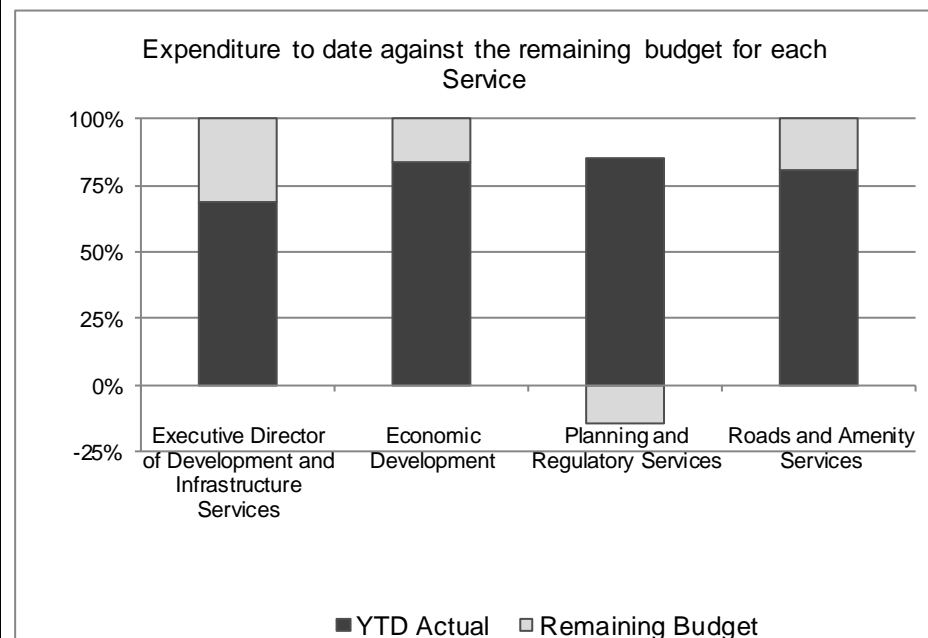
DEVELOPMENT AND INFRASTRUCTURE SERVICES HIGHLIGHTS – FEBRUARY 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES

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

THERE ARE CURRENTLY NO RED VARIANCES FOR THE DEPARTMENT.

COMMUNITY SERVICES – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

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

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

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

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

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

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

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

COMMUNITY SERVICES – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

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

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

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

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

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

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

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

COMMUNITY SERVICES – RED VARIANCES

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

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

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

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

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

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 28 FEBRUARY 2018

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

CUSTOMER SERVICES – RED VARIANCES

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

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

THERE ARE CURRENTLY NO RED VARIANCES FOR THE DEPARTMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

DEVELOPMENT AND INFRASTRUCTURE SERVICES – RED VARIANCES

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

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

CAPITAL BUDGET MONITORING REPORT – 28 February 2018

1 EXECUTIVE SUMMARY

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

1.2 Financial Position:

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

1.3 Project Delivery:

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

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

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

CAPITAL BUDGET MONITORING REPORT – 28 February 2018

2 INTRODUCTION

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

2.2 Financial Position:

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

2.3 Project Delivery:

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

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

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

3 RECOMMENDATIONS

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

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

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

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

4.2 Project/Department Position

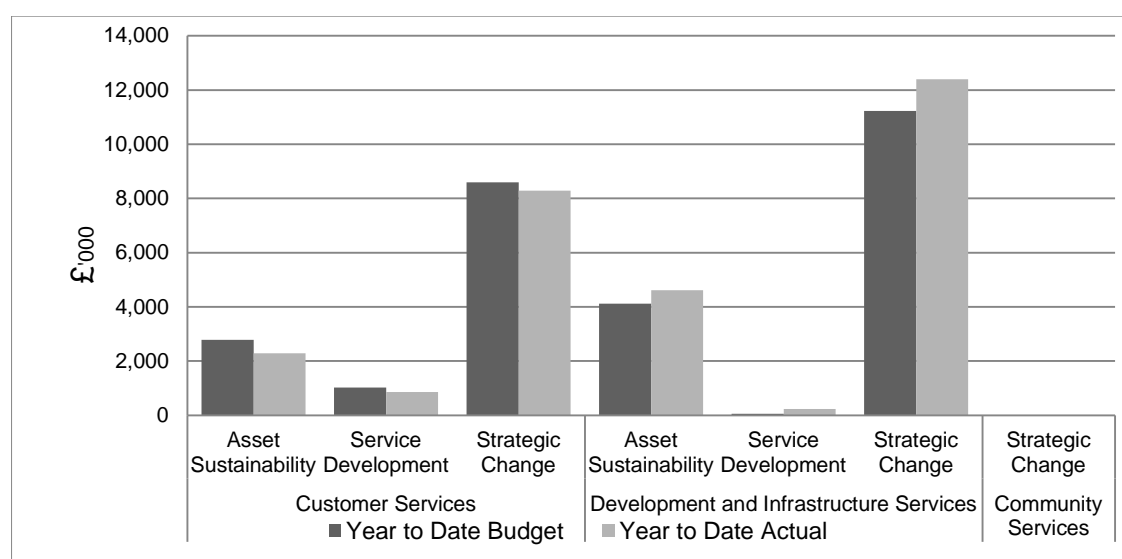
The table below shows the year to date net expenditure against the year to date budget by project type and department:

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

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

4.3 Chart of YTD Variances

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



5 FORECAST OUTTURN 2017-18

5.1 Overall Position

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

5.2 Project/Department Position

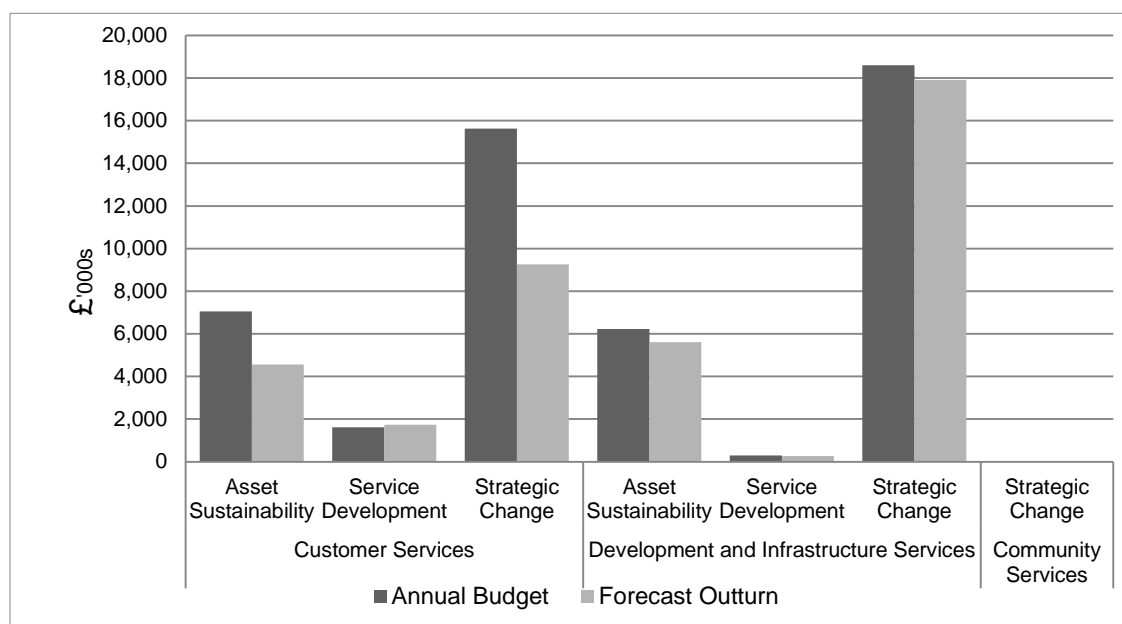
The table shows the forecast expenditure and budget for the year by project type and department:

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

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

5.3 Chart of Forecast Outturn

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



6 TOTAL PROJECT COSTS

6.1 Overall Position

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

6.2 Project/Department Position

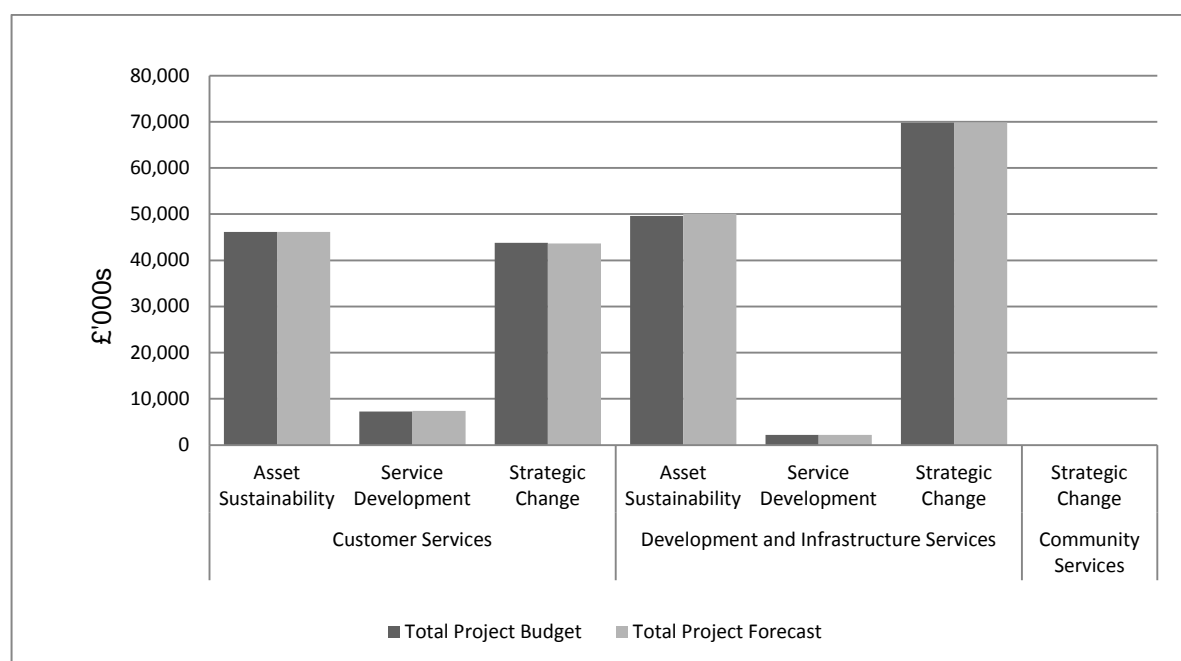
This table shows the net forecast total project cost and the budget for total project costs by project type and department:

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

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

6.3 Chart of Total Project Costs

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



7 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

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

7.2 Project Position

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

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

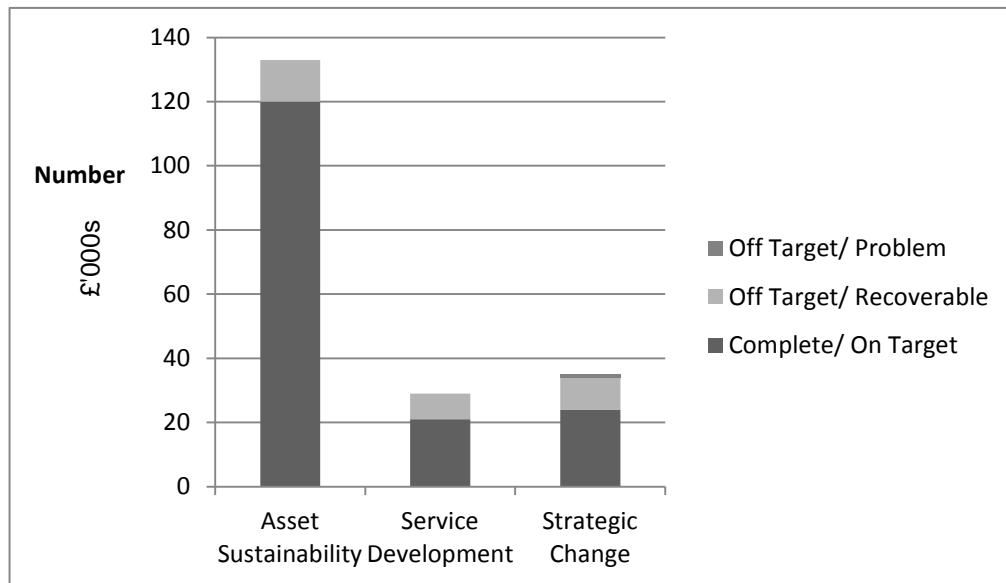
Department:

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

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

7.3 Chart of Performance Status

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



8 OFF TRACK PROJECTS

8.1 There are no projects off track.

9 CHANGES TO CAPITAL PLAN

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

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

10 STRATEGIC CHANGE PROJECTS

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

11 CAPITAL RECEIPTS

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

12 APPENDICES

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

Kirsty Flanagan
Head of Strategic Finance

18th April 2018

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

APPENDIX 1 – Year to Date Finance Variance Explanations

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

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

APPENDIX 2 – Forecast Outturn Variance Explanations

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

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

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

APPENDIX 3 – Total Project Finance Variances

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

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

APPENDIX 4 – Asset Sustainability Project Performance

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

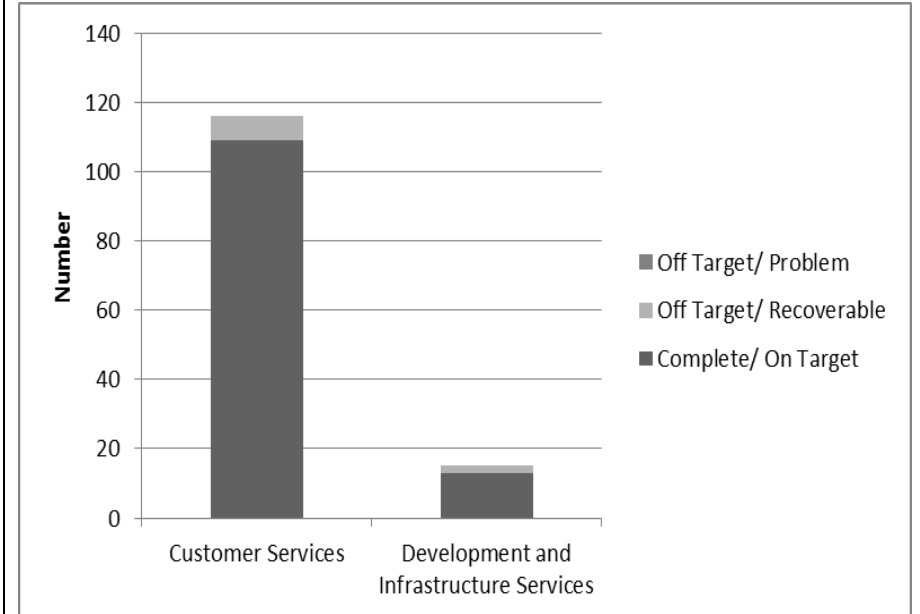
Department Position:

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

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

Chart of Asset Sustainability Performance Status

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



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

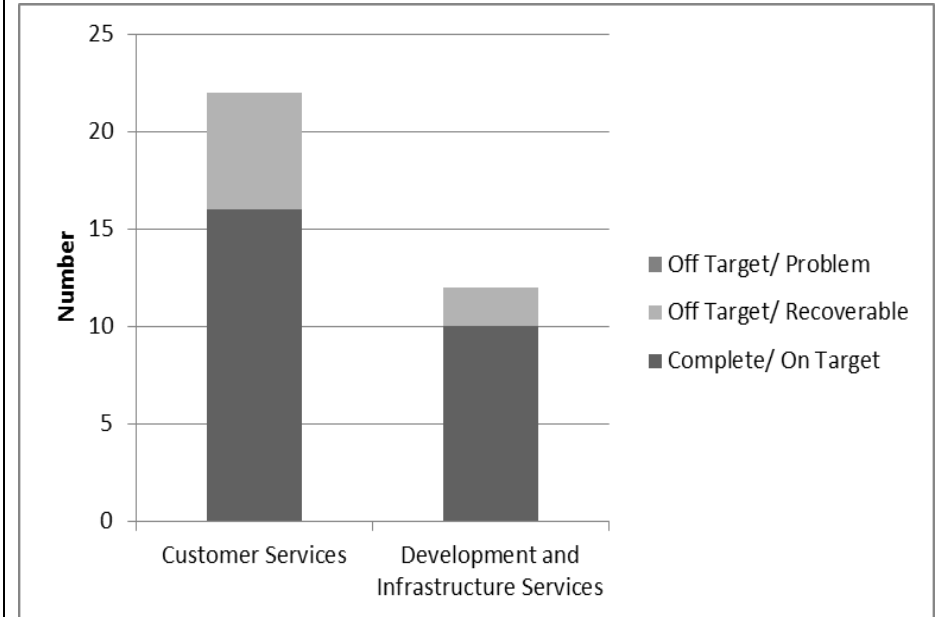
Department Position:

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

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

Chart of Service Development Performance Status

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



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

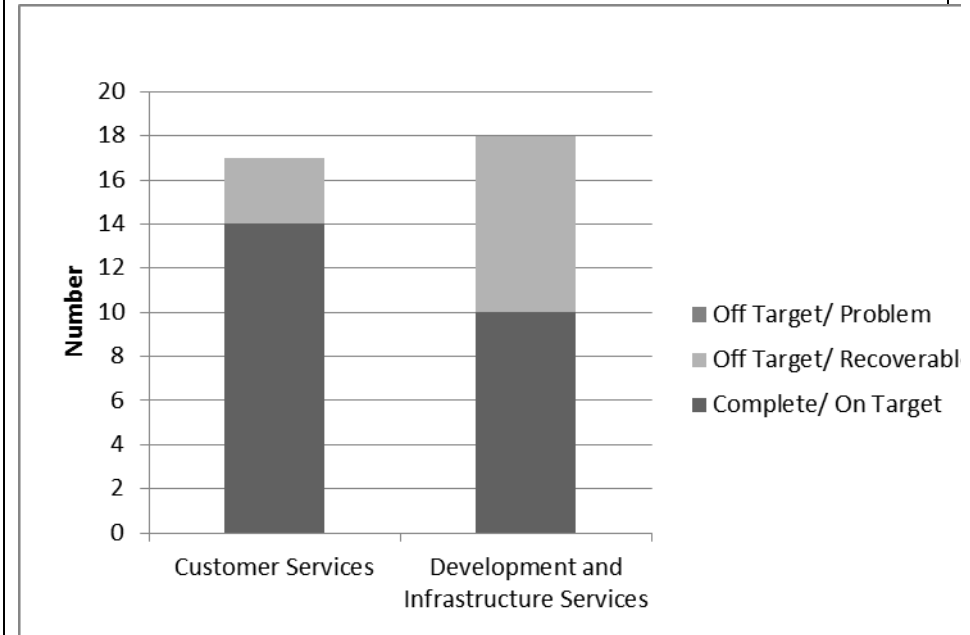
Department Position:

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

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

Chart of Strategic Change Performance Status

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



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

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

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

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

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

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

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

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

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL **Appendix 8**
FINANCIAL SUMMARY - NET EXPENDITURE **28 February 2018**

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

FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

28 February 2018

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

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

Appendix 8
28 February 2018

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

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

Project Risk Classifications:

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

Amber - Risks are increasing but are still manageable.

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

**CAPITAL PLAN 2017-18
SUMMARY**

APPENDIX 10

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

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

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

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

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

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

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

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

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

Head of Service	Category	Project	Previous				Future	Total	
			Years £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	Years £'000s		£000s
Economic Development	Service Development	Fionnphort Village Hall Link	13	0	0	0	0	13	
		Kilmartin House	0	0	0	200	200	400	
		NVA	0	250	0	0	0	250	
		Safe Streets, Walking and Cycling (CWSS)	377	127	8	9	0	521	
		SPT	937	475	0	0	0	1,412	
	Service Development Total			1,327	852	8	209	200	2,596
	Strategic Change	01 TIF - Lorn/Kirk Road	110	128	0	0	0	238	
		05 TIF - North Pier Extension	185	375	0	0	0	560	
		09 TIF - Oban Airport Business Park	426	164	0	0	0	590	
		CHORD - Campbeltown	3,460	1,326	0	0	0	4,786	
		CHORD - Dunoon	2,248	7,650	769	1,254	0	11,921	
		CHORD - Helensburgh -Public Realm Imprv	6,365	865	0	0	0	7,230	
		CHORD - Oban	3,740	3,991	226	0	0	7,957	
		CHORD - Rothesay	661	5,779	6,105	0	0	12,545	
		Dunoon CARS	0	500	0	0	0	500	
		Glengorm Wind Turbine	393	44	0	0	0	437	
		Helensburgh Waterfront Development	244	530	250	2,679	14,684	18,387	
		Hermitage Park	53	0	0	0	0	53	
		OBC for Dunoon Pier	2,834	-4	0	0	0	2,830	
		Rothesay THI	0	200	0	0	0	200	
Strategic Change Total			20,719	21,548	7,350	3,933	14,684	68,234	
Economic Development Total			22,046	22,400	7,358	4,142	14,884	70,830	
Overall Total			22,046	22,400	7,358	4,142	14,884	70,830	

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

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

TREASURY MANAGEMENT MONITORING REPORT 28th FEBRUARY 2018

1. EXECUTIVE SUMMARY

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

TREASURY MANAGEMENT MONITORING REPORT 28 FEBRUARY 2018

2. INTRODUCTION

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

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

3. DETAIL**Overall Borrowing Position**

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

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

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

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

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

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

Borrowing Activity

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

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

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

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

Investment Activity

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

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

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

Economic and Interest Rate Forecasts

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

Prudential Indicators

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

4. CONCLUSION

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

5. IMPLICATIONS

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

Kirsty Flanagan, Head of Strategic Finance
Gary Mulvaney, Policy Lead for Strategic Finance

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

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

Appendix 1

Economic Background

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

During the quarter ended 31 December 2017:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 2

Interest Rate Forecast:

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

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

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

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

APPENDIX 3 : PRUDENTIAL INDICATORS

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

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

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

RESERVES AND BALANCES – UPDATE AS AT 28 FEBRUARY 2018

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £93.115m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 The Council has a total of £58.449m usable reserves as at the end of 31 March 2017. Of this balance, £0.896m relates to the Repairs and Renewals Fund, £4.064m relates to Capital Funds and the remainder is held in the General Fund, with £41.519m of the balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £41.519m:
- £24.610m is invested or committed for major initiatives
 - £4.359m has already been drawn down as at the end of February, with a further £2.003m drawn down during March.
 - £0.626m is still to be drawn down in 2017-18
 - £9.486m is planned to spend in future years and
 - £0.435m can be released back to the General Fund.

Appendix 1 provides further information on the unspent budget earmarkings.

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

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

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances At 31 March 2017

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

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

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

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

3.3 General Fund

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

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

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

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

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

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

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

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

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

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

4. CONCLUSION

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

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
20 April 2018

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

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

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

Ref	Department	Service	Description	Opening Balance	Budget Drawdown (end of Feb)	March	Released back to General Fund	Remaining Balance	Still to be drawdown in 17/18	No fixed drawdown plan	Planned to spend in Future years	Plans for Use/Justification for Amounts to be Earmarked	Amount Planned to be Spent in 2017/18	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent from 2019/20 onwards
001	Chief Executive Unit	Strategic Finance	CIPFA student fees, VAT training and equipment	33,500	12,449			21,051	7,718	0	13,333	To fund the professional training costs for two staff undertaking the CIPFA professional accountancy qualification, VAT training for staff in Strategic Finance as well as key staff in procurement and creditors and fund the replacement/upgrade of IT equipment necessary to ensure the efficient delivery of service.	20,167	6,667	6,666
002	Community Services	Formerly Community and Culture	Queen's Hall Soft Play	75,000				75,000	0	0	75,000	To fund the provision of a soft play area required as part of the CHORD redevelopment of the Queen's Hall.	0	75,000	0
003	Community Services	Community and Culture	Consultancy	40,000	40,000			0	0	0	0	Specialist consultancy required for the implementation of the Leisure and Libraries Trust.	40,000	0	0
004	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	150,000		35,000		115,000	115,000	0	0	To meet the cost of appealing NDR revaluations which will be imposed from 1st April 2017.	150,000	0	0
005	Customer Services	Customer Services	New Schools Project - Additional Monitoring	250,000		80,000		170,000	0	0	170,000	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance.	80,000	85,000	85,000
006	Customer Services	Customer and Support Services	Replacement of IR5 system	30,000	22,000			8,000	8,000	0	0	Replacement of unreliable and insecure IR5 system for room/resource bookings with modern system.	30,000	0	0
007	Customer Services	Facility Services	Management of Asbestos	270,000		31,057		238,943	58,943	0	180,000	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	90,000	90,000	90,000
008	Customer Services	Customer and Support Services	WSUS Servers	50,000	14,204	26,348		9,448	9,448	0	0	To fund the introduction of local Windows Services Update Servers (WSUS) to assist the Council with ensuring that essential updates are installed across the desktop and laptop estate much more quickly, thereby increasing IT security and with less adverse impact on bandwidth and user performance.	50,000	0	0
009	Customer Services	Improvement and HR	Training Centre Improvements	16,700				16,700	16,700	0	0	To fund the improvement of the Council's training facilities, including the purchase of new IT equipment which would increase the Council's training offering, allowing access to online, remote and multiple location webinar based learning.	16,700	0	0
010	Development & Infrastructure Services	Development & Infrastructure Services	Hermitage Park Pavilion	100,000				100,000	100,000	0	0	Funding to meet the unexpected additional cost associated with the construction of a new pavilion at Hermitage Park in Helensburgh.	100,000	0	0
011	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen	100,000				100,000	0	0	100,000	Essential maintenance work to be required out on the Arches in Inveraray.	0	100,000	0
012	Other	Other	Underwriting development of Rothesay Pavilion	1,000,000				1,000,000	0	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	0	1,000,000
013	Other	Other	New schools additional costs	750,000		750,000		0	0	0	0	Funding to meet additional costs identified as necessary to complete the refurbishment of Dunoon Primary School.	750,000	0	0
037	Chief Executive Unit	Strategic Finance	AAT Training programme, Audit plan resource and a Converting to Digital records project	42,000	482			41,518	7,518	0	34,000	AAT Programme - This is part of the Strategic Finance medium to long term plan to "Grow your own" to plan for succession and ensure the quality of service provided. Audit plan resource - Completion of the Audit plan is Strategically important, on a Corporate level, due to the reliance the external auditors place on the internal audit function. Due to long term sickness, the Audit team requires funding to delay the release of a member of staff who has been accepted for voluntary redundancy. This will ensure the Audit plan is successfully completed. Converting to Digital Records project - This project has been created to cover all the Income Maximisation finance files (Homecare/Adult care etc) to digital. This will be done by employing a temporary admin assistant. Once complete the efficiencies of information flow and access will generate savings	8,000	26,000	8,000

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

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

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

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

7,719,843 1,559,669 1,245,060 0 6,160,174 679,933 82,392 4,152,789