

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

1. INTRODUCTION

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

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

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

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

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

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

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

PSO contract for Air Services

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

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

Health and Social Care Partnership – Financial Update

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

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

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

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

Live Argyll

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

2.2 Monitoring of Service Package Policy Options

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

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

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

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

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

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

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

2.3 Monitoring of Financial Risks

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

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

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

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

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

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

- Education Legislative Requirements - Children and Young People

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

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

2.4 Capital Plan Monitoring Report

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

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

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

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

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

2.5 Treasury Monitoring Report

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

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

2.6 Reserves and Balances

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

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

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

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

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

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

4. IMPLICATIONS

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

Kirsty Flanagan, Head of Strategic Finance
26 September 2018

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

<p>Overall Position:</p> <ul style="list-style-type: none"> There is a forecast overspend for 2018-19 of £2.707m as at the end of August 2018. The main overspend is in relation to Social Work, where there is an overspend of £2.248m due to unidentified IJB savings allocated to Social Work as well as the net impact of service demand. There is also an overspend of £0.350m in relation to Education ASN due to a significant increase in demand, an overspend of £0.083m in relation to a shortfall in savings for the Catering and Cleaning project and an overspend of £0.047m within Development and Infrastructure which is in connection with the PSO contract for Air Services. These are offset by a small underspend £0.021m in relation to the Valuation Joint Board payment. There is a year to date underspend of £4.082m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. There is a variance within Education that relates to an underspend in staffing, however, under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this. There is an underspend in Customer Services in relation to HUB schools invoicing delay, NPDO savings and timing of water billing and timing of IT recharges. The underspend in Social Work reflects the lower than budgeted activity in care home placements and delays in payment of supplier invoices. Any year to date variances that may impact on the likely outturn position have been reported.
--

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

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

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

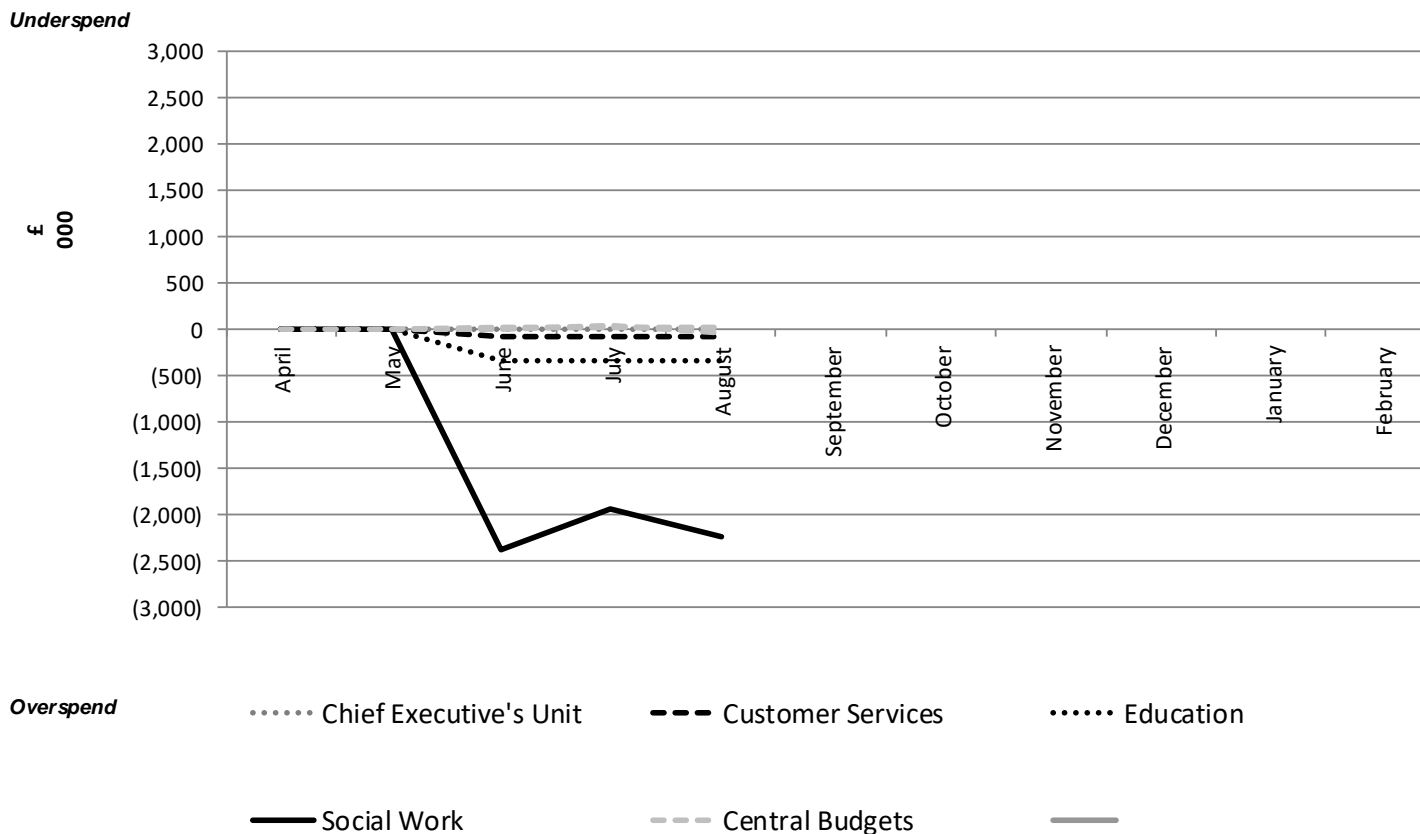
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention to these areas.
Ongoing requirement to fund unavoidable increases in areas like employee costs,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

Forecast Outturn Position

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

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

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

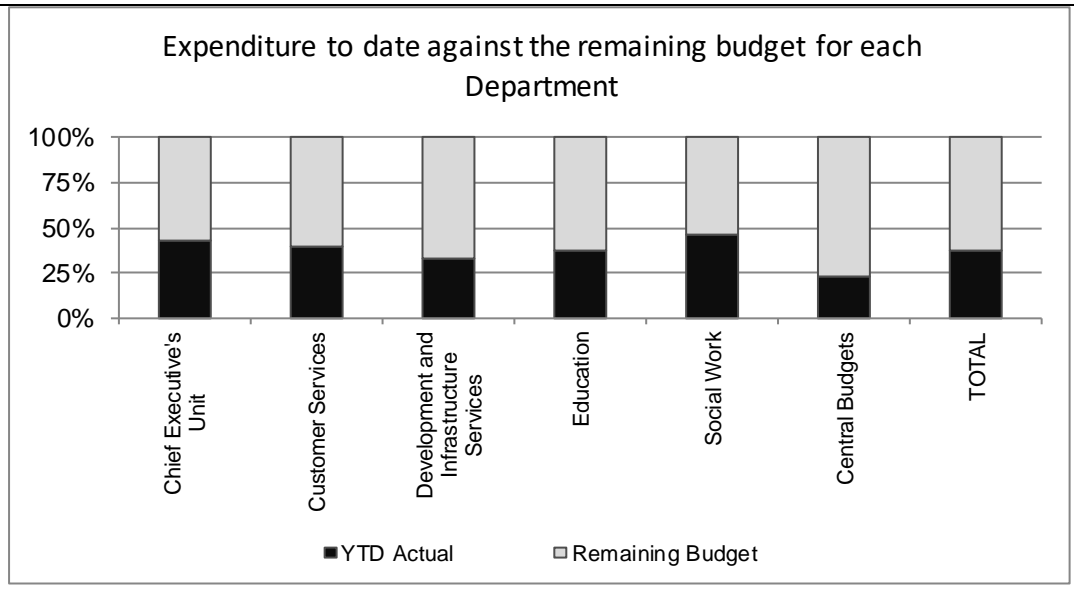


Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

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

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



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 AUGUST 2018

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

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 AUGUST 2018

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

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

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

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

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

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

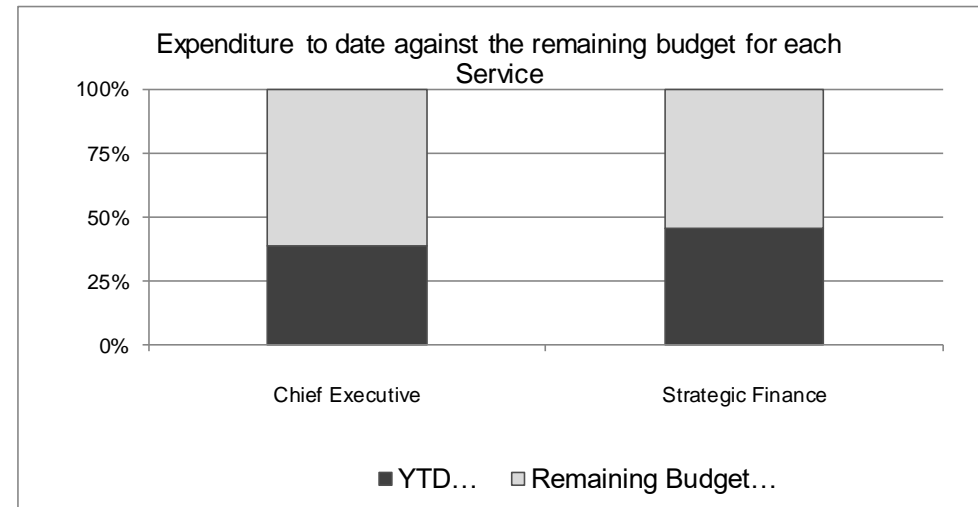
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 31 AUGUST 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

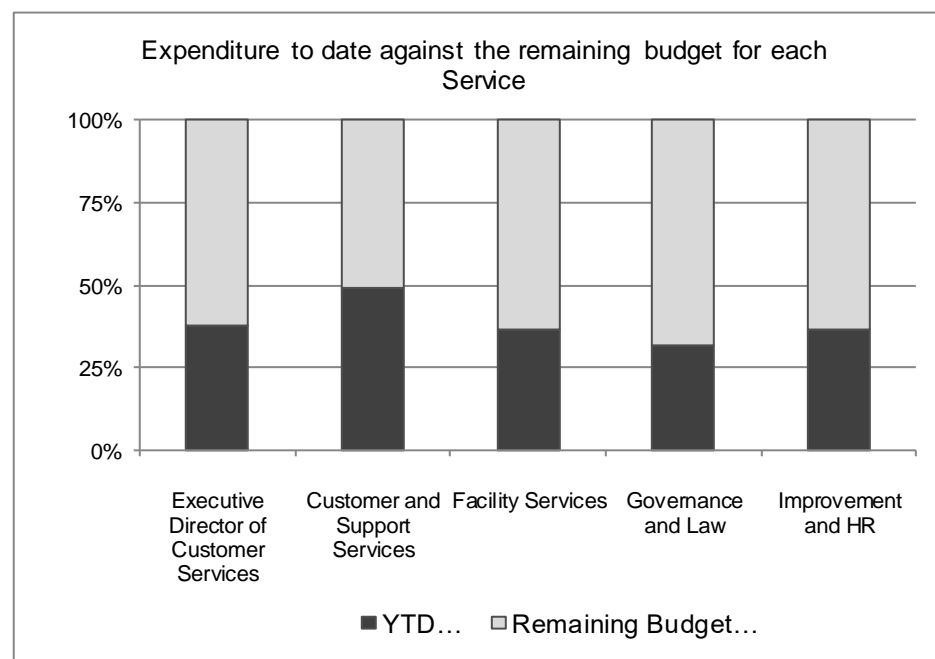
CUSTOMER SERVICES – AS AT 31 AUGUST 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

The 2017-18 year-end outturn position was an underspend of £1.306m. This was mainly as a result of over-recovery of vacancy savings, lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO, lower than planned expenditure on the Catering Innovation Project which was delayed and lower than expected expenditure on school transport due to reduced contract and fuel costs.

A number of the service choices savings have also been secured to date.

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

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

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

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

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

CUSTOMER SERVICES – RED VARIANCES AS AT 31 AUGUST 2018

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

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

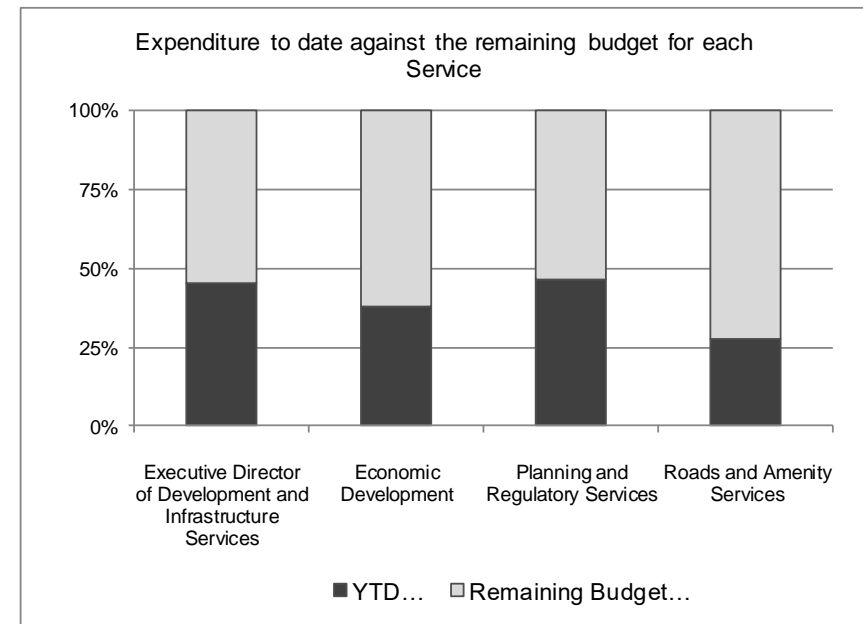
DEVELOPMENT AND INFRASTRUCTURE HIGHLIGHTS – AS AT 31 AUGUST 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

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

DEVELOPMENT AND INFRASTRUCTURE – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

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

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

DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

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

DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 31 AUGUST 2018

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

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

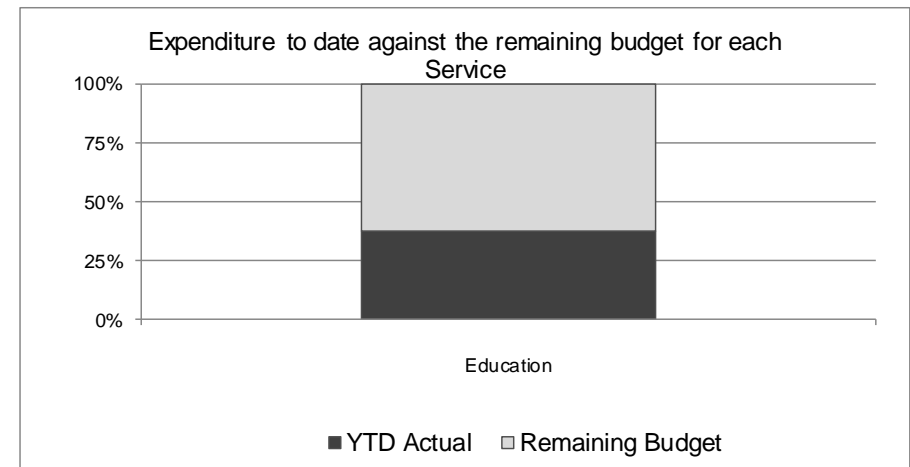
EDUCATION HIGHLIGHTS – AS AT 31 AUGUST 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

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

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

EDUCATION – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

EDUCATION – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

EDUCATION – RED VARIANCES AS AT 31 AUGUST 2018

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

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

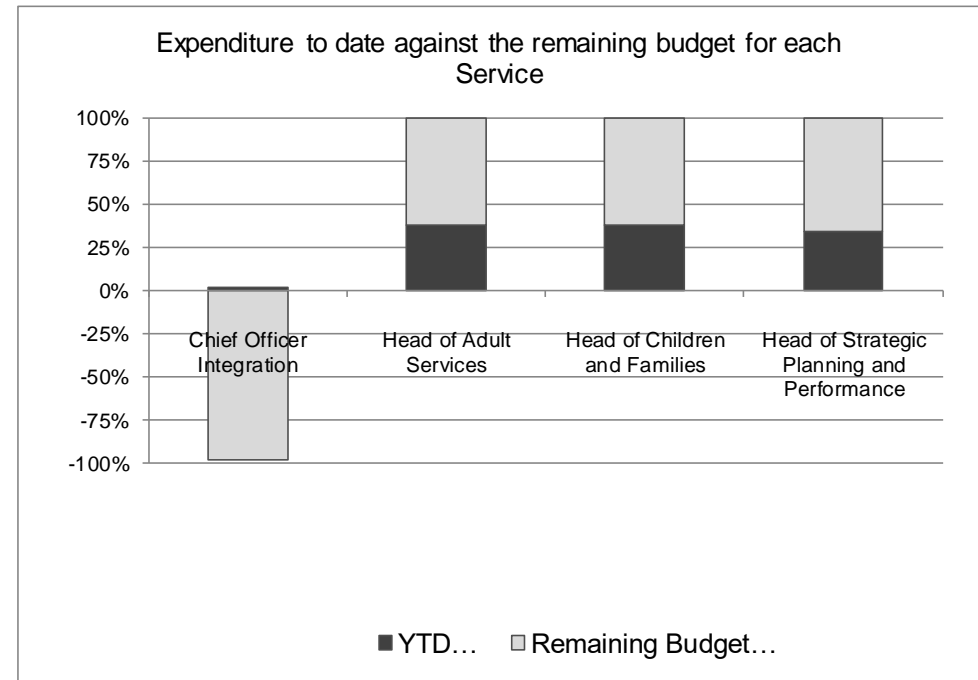
SOCIAL WORK – AS AT 31 AUGUST 2018

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

Forecast Outturn Position

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

Year to Date Position



Key Financial Successes:

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

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

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

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

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2018

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

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

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

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 31 AUGUST 2018

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

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

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

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2018

1. EXECUTIVE SUMMARY

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

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – AUGUST 2018**2. INTRODUCTION**

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

3. DETAIL

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

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

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

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

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

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

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

4. CONCLUSION

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

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

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

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

APPENDICES:

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

Appendix 2a – Potential Shortfall – TB10 Ferries

Appendix 2b – Potential Shortfall – TB11 Piers and Harbours

Appendix 2c – Delay – TB15 Airports

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018
SUMMARY

Appendix 1

POSITION AS AT 31 AUGUST 2018

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

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

Appendix 1

POSITION AS AT 31 AUGUST 2018

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

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

Appendix 1

POSITION AS AT 31 AUGUST 2018

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

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

Appendix 1

POSITION AS AT 31 AUGUST 2018

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

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

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

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

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

SERVICE PACKAGE SAVING MARKED AS DELAYED

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

FINANCIAL RISKS ANALYSIS 2018-19

1 EXECUTIVE SUMMARY

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

FINANCIAL RISKS ANALYSIS 2018-19

2. INTRODUCTION

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

3 DETAIL

3.1 Introduction

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

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

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

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

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

3.2 Council Wide Risks

Revenue

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

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

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

Capital

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

3.3 Departmental/Service Risks

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

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

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

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

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

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

3.4 Changes to Financial Risks since 30 June 2018

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

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

3.5 Monitoring of Financial Risks

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

4 CONCLUSION

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

5 IMPLICATIONS

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

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

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

APPENDICES

Appendix 1 – Detail of Department/Service financial risks.

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 AUGUST 2018

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



Argyll & Bute Health & Social Care Partnership

Integration Joint Board

Agenda item: X

Date of Meeting: 26 September 2018

Title of Report: Budget Monitoring Report

Prepared by: Lesley Macleod, Interim Chief Finance Officer

The Integration Joint Board is asked to note:

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

1. EXECUTIVE SUMMARY

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

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

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

2. INTRODUCTION

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

3. DETAIL OF REPORT

3.1 Argyll & Bute HSCP Funding 2018/19

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

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

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

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

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

3.2 Year to Date Position

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

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

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

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

3.3 Forecast Outturn Projection

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

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

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

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

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

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

3.4 Savings Plan

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

Savings targets identified	<u>£ 10.60m</u>
Savings declared to date	<u>£ 2.451m</u>
Savings still to be achieved	<u>£ 8.149m</u>

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

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

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

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

3.5 Financial Risks

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

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

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

4. CONTRIBUTION TO STRATEGIC PRIORITIES

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

5. GOVERNANCE IMPLICATIONS

5.1 Financial Impact

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

5.2 Staff Governance

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

5.3 Clinical Governance

None

6. EQUALITY & DIVERSITY IMPLICATIONS

Equality Impact Assessments will be carried out where required.

7. RISK ASSESSMENT

Financial risks are noted in the report.

8. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

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

9. CONCLUSIONS

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

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

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

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

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

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

CAPITAL BUDGET MONITORING REPORT – 31 August 2018

1 EXECUTIVE SUMMARY

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

1.2 Financial Position:

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

1.3 Project Delivery:

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

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

CAPITAL BUDGET MONITORING REPORT – 31 August 2018

2 INTRODUCTION

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

2.2 Financial Position:

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

2.3 Project Delivery:

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

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

3 RECOMMENDATIONS

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

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

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

4.2 Project/Department Position

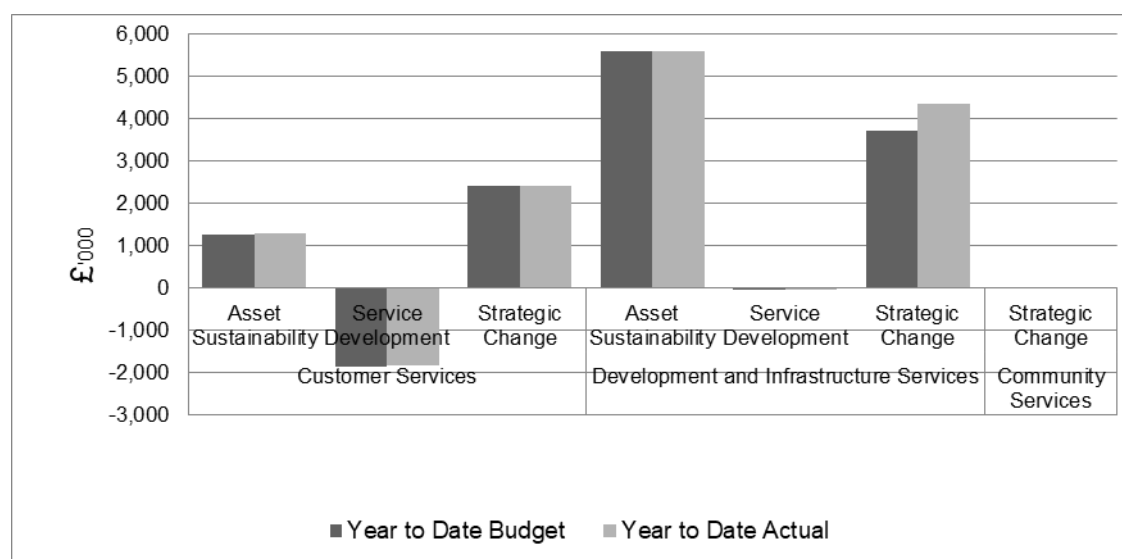
The table below shows the year to date net expenditure against the year to date budget by project type and department:

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

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

4.3 Chart of YTD Variances

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



5 FORECAST OUTTURN 2018-19

5.1 Overall Position

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

5.2 Project/Department Position

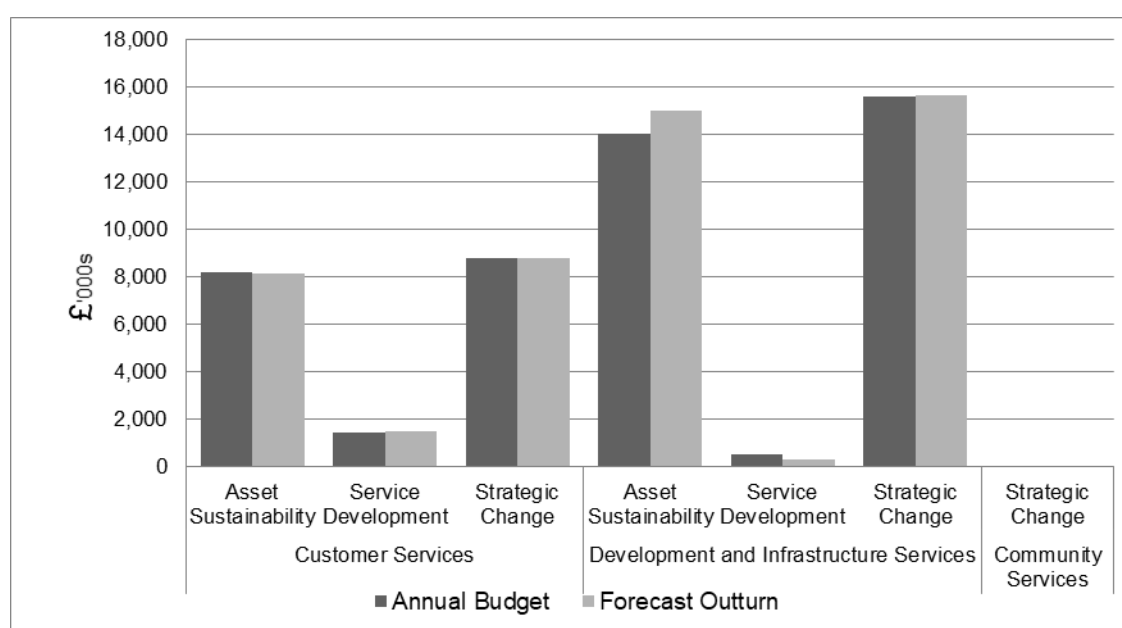
The table shows the forecast expenditure and budget for the year by project type and department:

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

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

5.3 Chart of Forecast Outturn

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



6 TOTAL PROJECT COSTS

6.1 Overall Position

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

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

6.3 Project/Department Position

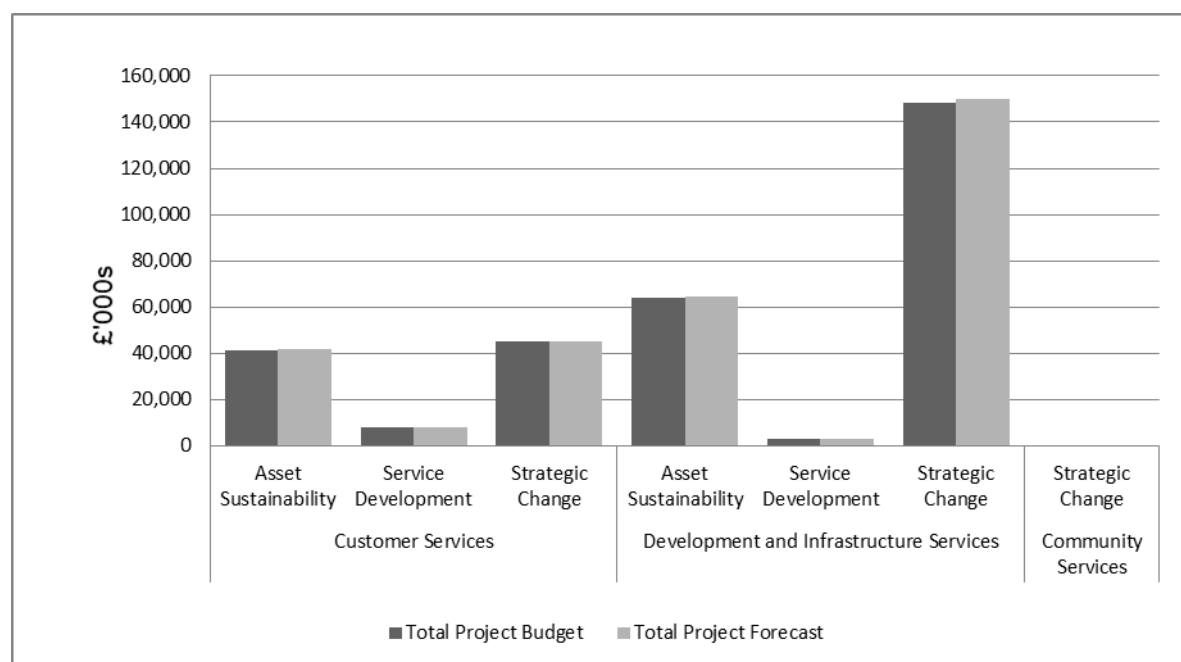
This table shows the net forecast total project cost and the budget for total project costs by project type and department:

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

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

6.4 Chart of Total Project Costs

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



7 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

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

7.2 Project Position

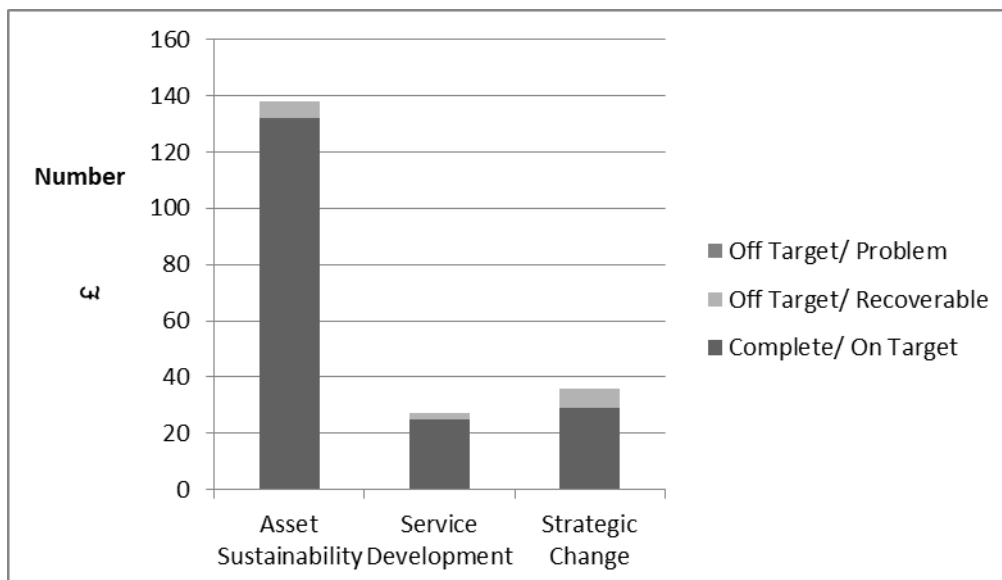
The table below shows the Performance Status of the Projects in the Capital Plan:

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

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

7.3 Chart of Performance Status

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



8 OFF TRACK PROJECTS

8.1 There are no projects off track and not recoverable.

9 CHANGES TO CAPITAL PLAN

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

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

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

10 STRATEGIC CHANGE PROJECTS

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

11 CAPITAL RECEIPTS

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

12 APPENDICES

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

Kirsty Flanagan
Head of Strategic Finance

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

APPENDIX 1 – Year to Date Finance Variance Explanations

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

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

APPENDIX 2 – Forecast Outturn Variance Explanations

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

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

APPENDIX 3 – Total Project Finance Variances

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

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

APPENDIX 4 – Asset Sustainability Project Performance

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

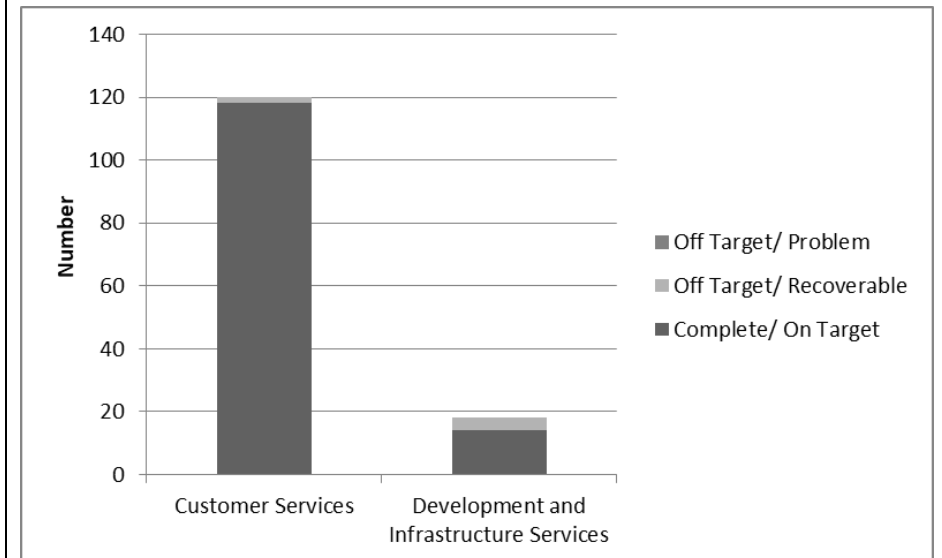
Department Position:

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

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	118	2	0	120
Development and Infrastructure Services	14	4	0	18
Total	132	6	0	138

Chart of Asset Sustainability Performance Status

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



APPENDIX 5 – Service Development Project Performance

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

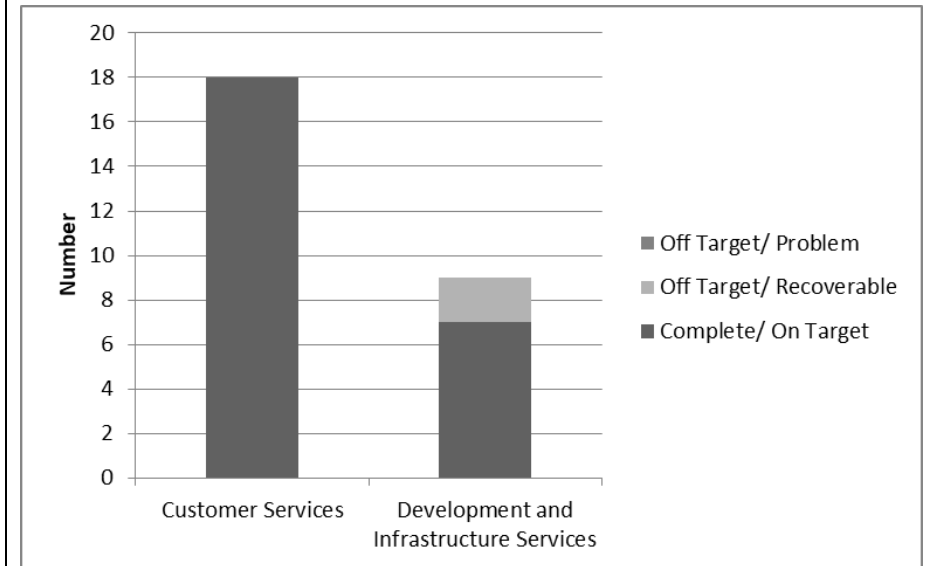
Department Position:

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

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

Chart of Service Development Performance Status

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



APPENDIX 6 – Strategic Change Project Performance

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

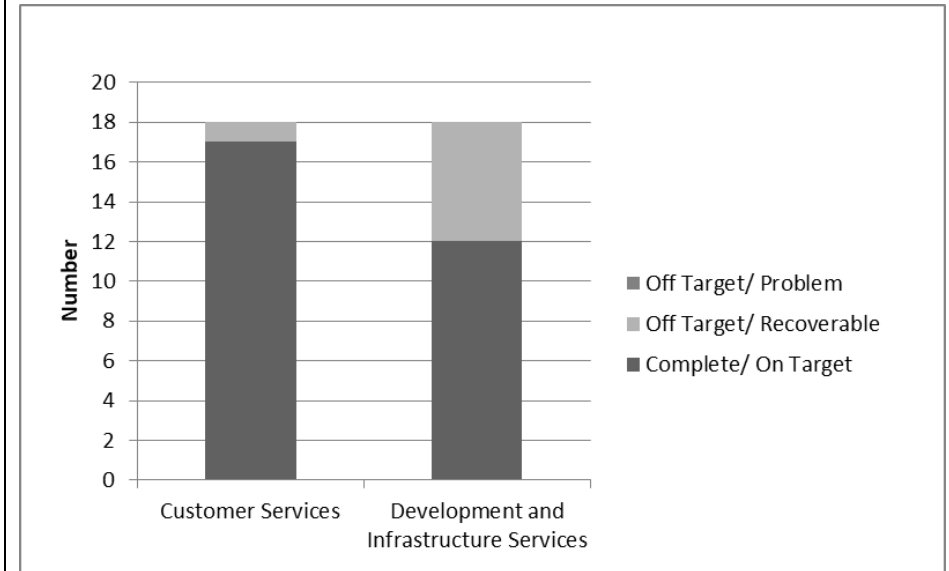
Department Position:

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

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	17	1	0	18
Development and Infrastructure Services	12	6	0	18
Total	29	7	0	36

Chart of Strategic Change Performance Status

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



APPENDIX 7 – Changes to Capital Plan and Financial Impact							
OVERALL COST CHANGES							
Project	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Clyde Cottage	92				92	Increase budget by £92k from Early Learning & Childcare.	Works complete but balances and retentions due. Additional £92k required to cover overspend in previous years and retentions to be paid in 2018/19.
Early Learning and Childcare	(92)				(92)	Reduce budget by £92k for use in Clyde Cottage Project.	To be used on individual projects such as Clyde Cottage.
Total Cost Changes	0	0	0	0	0		

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

FINANCIAL SUMMARY - NET EXPENDITURE

31 August 2018

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

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

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

Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
Campbeltown Schools Redevelopment	1,623	327	20	1,970	1,970	16/02/2012	30/11/2018	Green	
Dunoon Primary	3,175	4,582	2,942	10,699	10,699	18/12/2014	30/04/2019	Green	
Replacement of Oban High	2,282	548	520	3,350	3,350	24/04/2014	31/01/2019	Green	
Kirn Primary School	9,864	315	0	10,179	10,179	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	14	36	0	50	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	944	26/06/2014	31/08/2018	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	488	20/03/2014	31/03/2017	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2017	Green	
Carbon Management - Group Heating Conversion Project	1,891	125	0	2,016	2,016	01/02/2016	31/08/2018	Green	
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	19/10/2016	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2017	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2017	Green	
Helensburgh Office Rationalisation	11,438	400	0	11,838	11,838	25/04/2013	03/07/2016	Amber	CPC Issued 3rd July. Final costs still to be established - Final expenditure now anticipated this year.
Rothesay Office Rationalisation	0	10	0	10	10	01/09/2018	31/03/2019	Green	
Asset Management Fund	0	2,000	0	2,000	2,000	2018/19	2018/19	Green	
Kintyre Renewables Hub	11,383	10	0	11,393	11,698	01/05/2009	30/04/2017	Amber	Project projected to come in under budget. Until final grant/audit position is clear, any apparently (at this time) surplus budget should not be reallocated. Forecast expenditure in 2018-19 has been reduced to reflect expected expenditure noting that we are still awaiting close off of contractual obligations with BAM Nuttall.
Campbeltown Flood Scheme	84	519	0	603	603	01/08/2016	31/03/2023	Green	
Street Lighting LED Replacement	2,501	650	749	3,900	3,900	01/08/2016	16/12/2016	Green	
Harbour Investment Programme	319	2,770	75,075	78,164	78,164	01/04/2017	31/03/2028	Green	
CHORD - Helensburgh	6,465	765	0	7,230	7,229	29/09/2011	30/04/2015	Amber	Due to protracted commercial dispute with the original CHORD Contractor, the Retentions were not released in FY16/17 as expected. This was matter was only finally resolved on 12 July 2018 when lawyers acting on behalf of the Contractor agreed to drop legal action and accept the Balance of Retentions due.
CHORD - Campbeltown	3,460	1,326	0	4,786	4,801	25/06/2014	10/11/2015	Green	
CHORD - Dunoon	9,504	2,615	281	12,400	11,921	03/02/2012	09/03/2018	Amber	Anticipated overspend of project. Report to be presented to December Policy and Resources Committee by the Service.
CHORD - Oban	6,982	983	0	7,965	8,282	27/10/2016	31/07/2017	Green	
CHORD - Rothesay	3,017	10,753	0	13,770	21,966	01/04/2015	01/12/2018	Amber	Updated/detailed Main Contractor Programme of works including revised Cash Flow. For further detail see Bute & Cowal Area Committee Report Dated August 2018.
Helensburgh Waterfront Development	738	674	18,533	19,945	18,387	01/04/2017	30/09/2020	Amber	Contract sum increased due to significant increase in substructure costs, the provision of the café as opposed to a vending machine, and the appointment of a Clerk of Works and short term Marine Planning Consultant.
TIF - Lorn/Kirk Road	736	190	0	926	746	22/01/2015	31/03/2019	Amber	Explanation of variance not yet provided by Department.
TIF - North Pier Extension	214	346	0	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	445	145	0	590	590	22/01/2015	31/12/2017	Green	
OBC for Dunoon Pier	2,844	0	0	2,844	2,830	03/02/2012	26/02/2016	Green	
Dunoon CARS	0	500	0	500	500	01/04/2017	31/03/2022	Green	
Rothesay THI	0	200	0	200	200	2017/18	31/03/2019	Green	
Glengorm Wind Turbine	408	22	0	430	437	28/04/2016	30/11/2016	Green	
Strategic Change Total	82,819	31,233	98,120	212,172	218,818				

CAPITAL PLAN 2018-19
SUMMARY

APPENDIX 10

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

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

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

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

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

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

Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Facility Services	Argyll House, Dunoon	77	470	6	0	0	553
		Asbestos Capital Property Works	72	42	0	0	0	114
		Block Allocation	0	168	525	0	0	693
		Burnett Building	74	20	0	0	0	94
		Capital Property Works 16/17	70	10	0	0	0	80
		Castle House, Dunoon	46	10	0	0	0	56
		Dunoon Office Rationalisation	3	7	220	0	0	230
		Eaglesham House, Rothesay	63	0	0	0	0	63
		Fire Risk Assessment Works 16/17	0	75	0	0	0	75
		Hill Street Dunoon Rewire	2	0	32	1	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Kilarrow House	123	0	0	0	0	123
		Kilmory Castle	280	111	5	0	0	396
		Kilmory Castle 2012-13	142	0	0	0	0	142
		Legionella Capital Works 16/17	8	0	0	0	0	8
		Legionella Control Works	0	500	500	0	0	1,000
		Lorn House, Oban	96	25	0	0	0	121
		Manse Brae District Office	32	91	2	0	0	125
		Manse Brae Roads Office	35	2	0	0	0	37
		Mill Park Depot	84	-11	0	0	0	73
		Oban Municipal Buildings	250	20	0	0	0	270
		Oban Office Rationalisation	0	0	0	0	0	0
		Old Quay Head Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	96	73	0	0	0	169
		Union Street, Rothesay	76	0	0	0	0	76
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
		Willowview Oban	19	0	0	0	0	19
			Facility Services Total		1,710	1,692	1,290	1
Asset Sustainability Total			1,710	1,692	1,290	1	0	4,693
Strategic Change	Facility Services	Asset Management Fund	0	2,000	0	0	0	2,000
		Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	1,891	125	0	0	0	2,016
		Carbon Management Business Cases (FPB)	201	60	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	11,438	400	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Rothesay Office Rationalisation	0	10	0	0	0	10
		Tiree Shared Offices	0	0	0	0	0	0
			Facility Services Total		16,550	2,995	0	0
Strategic Change Total			16,550	2,995	0	0	0	19,545
Area Committee	Facility Services	Area Committee	25	44	0	0	0	69
	Facility Services Total		25	44	0	0	0	69
Area Committee Total			25	44	0	0	0	69
Overall Total			18,285	4,731	1,290	1	0	24,307

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

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

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

TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2018

1. EXECUTIVE SUMMARY

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

TREASURY MANAGEMENT MONITORING REPORT – AUGUST 2018

2. INTRODUCTION

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

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

3. DETAIL**Overall Borrowing Position**

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

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

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

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

Borrowing Activity

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

3.5 The external borrowing of the Council decreased by £1.53m during the period, due to the repayment of Public Works Loans Board borrowing of £1.57m.

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

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

Investment Activity

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

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

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

Economic and Interest Rate Forecasts

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

Prudential Indicators

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

4. CONCLUSION

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

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

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

Economic Background

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

During the quarter ended 30 June 2018:

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

Employment growth rose strongly but wage growth softened;

Consumer price inflation eased further;

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

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

Progress on Brexit negotiations stalled;

Equity markets were buffeted by increased global trade tensions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest Rate Forecast:

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

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

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

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

APPENDIX 3 : PRUDENTIAL INDICATORS

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

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

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

RESERVES AND BALANCES – UPDATE AS AT 31 AUGUST 2018

1 EXECUTIVE SUMMARY

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

Appendix 1 provides further information on the unspent budget earmarkings.

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

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

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances At 31 March 2018

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

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

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

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

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

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

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

3.3 General Fund

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

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

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

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

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

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

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

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

4. CONCLUSION

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

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

5. IMPLICATIONS

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

Kirsty Flanagan
Head of Strategic Finance
26 September 2018

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

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2018

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
001	Chief Executive Unit	Strategic Finance	CIPFA and AAT student fees, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	54,919			54,919	40,253	14,666	CIPFA Training - To fund the professional training costs for three staff undertaking the CIPFA professional accountancy qualification. AAT Programme - This is part of the Strategic Finance medium to long term plan to "Grow your own" to plan for succession and ensure the quality of service provided. Converting to Digital Records project - This project has been created to covert all the Income Maximisation finance files (Homecare/Adult care etc) to digital. This will be done by employing a temporary admin assistant. Once complete the efficiencies of information flow and access will generate savings within the finance team.	40,253	14,666	0
002	Community Services	Education	Youth Employment Opportunities Fund	30,270	12,298		17,972	702	17,270	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	13,000	17,270	0
003	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	43,122	43,122		0	0	0	Additional revenue costs associated with development of new schools. Draw down as Schools project progresses and project costs are incurred.	43,122	0	0
004	Community Services	Formerly Community and Culture	Queen's Hall Soft Play	75,000			75,000	75,000	0	To fund the provision of a soft play area required as part of the CHORO redevelopment of the Queen's Hall.	75,000	0	0
005	Customer Services	Customer and Support Services	WSUS Servers	9,448			9,448	9,448	0	To fund the introduction of local Windows Services Update Servers (WSUS) to assist the Council with ensuring that essential updates are installed across the desktop and laptop estate much more quickly, thereby increasing IT security and with less adverse impact on bandwidth and user performance.	9,448	0	0
006	Customer Services	Customer and Support Services	Discretionary Housing Payments	38,939			38,939	38,939	0	Residual funding from the Scottish Government allocation for Discretionary Housing Payments (DHPs) in 2014-15 not previously utilised on DHPs in 2017-18 as planned. This underspend should be carried forward to supplement monies available for DHPs in 2018-19 to offset the reduction in the	38,939	0	0
007	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	18,595	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2017.	18,595	0	0
008	Customer Services	Customer and Support Services	Digital Transformation	119,870	26,480		93,390	93,390	0	To fund the development of 11 digital transformation options and to support the work of the Transformation Board. Options were approved by the Administration on 3rd December for a series of spend to save activities.	119,870	0	0
009	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	115,000			115,000	115,000	0	To meet the cost of appealing NDR revaluations which will be imposed from 1st April 2017.	115,000	0	0
010	Customer Services	Customer Services	New Schools Project - Additional Monitoring	170,000			170,000	85,000	85,000	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance.	85,000	85,000	0
011	Customer Services	Facility Services	Management of Asbestos	236,961	11,303		225,658	135,658	90,000	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	146,961	90,000	0
012	Customer Services	Improvement and HR	Training Centre Improvements	16,700			16,700	16,700	0	To fund the improvement of the Council's training facilities, including the purchase of new IT equipment which would increase the Council's training offering, allowing access to online, remote and multiple location webinar based learning.	16,700	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
013	Customer Services	Improvement and HR	Resourcelink Review	40,827	25,644		15,183	15,183	0	Fund the Resourcelink Project, which is improving efficiency and functionality in the Council's HR and payroll database. The RL5 Project is underway and I deliver improved and remote clocking, health and safety records, learning and development records and functionality that supports the delivery of savings in HROD through automation and the removal of paper processes.	40,827	0	0
014	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	6,354			6,354	6,354	0	Fund the Argyll and Bute Manager training programme which has been extended. Over 200 managers have been trained and the funding is being used to roll this out across all managers, with a further 3 cohorts having been enrolled in 2016/17 for training to take place in 2017/18. Once full coverage has been achieved the training will become part of business as usual for Learning and Development.	6,354	0	0
015	Customer Services	Improvement and HR	Learning and Development	44,147			44,147	44,147	0	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period.	44,147	0	0
016	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	157,867	19,797		138,070	138,070	0	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. Includes funding for a temporary Growing Our Own development officer, who has been in post since September 2016 to co-ordinate the programme.	157,867	0	0
017	Customer Services	Improvement and HR	Leadership Development	32,282			32,282	32,282	0	Support a programme of enhanced leadership development for both senior and team leaders, building on the skills that they already have and ensuring that they are prepared and able to meet the challenges of transformation that that council is facing.	32,282	0	0
018	Customer Services	Improvement and HR	Service Choices HR Team	32,624	7,515		25,109	25,109	0	Fund a Service Choices team in HR to manage the HR process of redundancy, redeployment, retirement, contractual change and service re-design. This was agreed by Policy and Resources Committee on 20 August 2015. The Service Choices Programme is in its final year of implementation and the team are continuing to deal with redeployment, revised contracts and redundancy related to Year 3 implementation. The team will also pick up any employee related changes emerging from transformation or other service change.	32,624	0	0
019	Development & Infrastructure Services	Development & Infrastructure Services	Hermitage Park Pavilion	100,000			100,000	100,000	0	Funding to meet the unexpected additional cost associated with the construction of a new pavilion at Hermitage Park in Helensburgh.	100,000	0	0
020	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen Inveraray Arches Re-tender	150,000			150,000	150,000	0	Essential maintenance work to be required out on the Arches in Inveraray. The design team working on the essential maintenance work required on the Arches in Inveraray have provided updated advice on the likely cost of the project based on the reduction in scope of the works to the minimum (essential) elements and the costs which are likely to be submitted in response to a retender exercise. This earmarking reflects the anticipated increase in the cost of the works.	150,000	0	0
021	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40,000			40,000	40,000	0	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014.	40,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
022	Development & Infrastructure Services	Economic Development	Hermitage Park HLF	45,000	45,000		0	0	0	The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities This will be achieved through the following : 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls, 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors, 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park, 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.	45,000	0	0
023	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306,400			306,400	306,400	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
024	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	1,005,171			1,005,171	1,005,171	0	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	1,005,171	0	0
025	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	19,910			19,910	19,910	0	To be used for the Marine Related Infrastructure Requirements Study which was mentioned in the Oban Strategic Development Framework and the Main Issue report (FO4 2017/18). Remainder will be used for publicity and printing for the proposed LDP & associated documents.	19,910	0	0
026	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	144,156	32,018		112,138	0	112,138	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date. In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date.	32,018	77,138	35,000
027	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	81,017	22,866		58,151	58,151	0	To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. Work is progressing with a pilot phase. ELM is currently live with two teams in the Helensburgh and Lomond area, with colleagues in IT in the process of testing the results	81,017	0	0
028	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194,361			194,361	194,361	0	Will be used towards long term waste management model, including but not limited to scoping work for the creating of a waste transfer station at Blackhill. Will be used towards Waste Management longer term model. Delay in introduction of comingled collection due to legal issues that remain to be resolved, however monies will be required for waste management longer term model.	194,361	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 18/19	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2018/19	Amount Planned to be Spent in 2019/20	Amount Planned to be Spent from 2020/21 onwards
029	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	448,679			448,679	397,000	51,679	Maintenance of 3G Pitches across Argyll & Bute.	397,000	51,679	0
030	HQ, Non Dept	n/a	Community Resilience Fund	82,256			82,256	0	82,256	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	Contingency balance - no spending plan for earmarked balance.	0	82,256
031	Social Work	Adult Care	Autism Strategy	8,068			8,068	8,068	0	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014 noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and remainder of funding will be utilised in 2017-18 on planned training.	8,068	0	0
032	Other	Other	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000,000	0
033	Customer Services	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	137,845			137,845	130,953	6,892	The parking capacity at Kilmory is proving to be insufficient, pa	130,953	6,892	0
034	Customer Services	Improvement and HR	Living Wage Consolidation Team	94,108			94,108	62,739	31,369	This proposal relates to the first of a two stage project to review	62,739	31,369	0
035	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	49,774	36,525		13,249	-3,342	16,591	This proposal seeks earmarked funding for temporary addition	33,183	16,591	0
036	Customer Services	Improvement and HR	Business Development Training	77,250			77,250	38,625	38,625	This proposal is to invest in leadership development in support	38,625	38,625	0
037	Development & Infrastructure Services	Roads and Amenity Services	Continuation of Transformation Project Managers	60,000	56,275		3,725	3,725	0	It is proposed to extend two existing transformation manager posts in roads to allow the rate of transformation that has been delivered through Roads and Amenity Services to be maintained. The work will focus on activities to improve service delivery by improving customer service and through a proactive approach to reducing complaints and service requests.	60,000	0	0
038	Development & Infrastructure Services	Planning, Housing and Regulatory Services	Housing Case Management System	24,000	24,000		0	0	0	It is proposed to earmark funds to meet the cost of the procurement of two additional modules for the CIVICA Housing Case Management System. Adding the Empty Homes and Home Energy Efficiency Programme modules will provide consistency of data collection across the Housing Service, an evidence base of actions taken, improve reporting on outcomes and provide performance monitoring functionality.	24,000	0	0
039	Development & Infrastructure Services	Roads and Amenity Services	Cardross Crematorium Essential DDA Works	103,000			103,000	103,000	0	There is currently an existing earmarked reserve of £94K to assist with the cost of upgrading the crematorium to meet health and safety and DDA requirements. These works were originally planned to be completed in conjunction with the installation of the new cremator. Unfortunately it was not possible to complete the design and procurement of these works in conjunction with the closures planned for the replacement of the cremator. In order to manage within the existing budget it would now be necessary to close the crematorium for a number of weeks causing significant disruption and a loss of income. This proposal requests an additional £103K earmarking of funds to cover the completion of the works largely out of opening hours.	103,000	0	0
040	Development & Infrastructure Services	Roads and Amenity Services	Dalninglangart Forestry Plan	11,000			11,000	0	11,000	In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. It is proposed that the remaining income received for timber income from Tihill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council fulfills its obligation to restock the site.	0	0	11,000
041	Development & Infrastructure Services	Economic Development	Oban Strategic Development Framework	75,000			75,000	75,000	0	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network usage and parking arrangements in Oban town centre.	75,000	0	0
				5,499,920	362,843	0	5,137,077	3,579,591	1,557,486		3,942,434	1,429,230	128,256