

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

---

**1. INTRODUCTION**

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

- Revenue Budget Monitoring Report as at 31 October 2018
- Monitoring of Service Package Policy Options as at 31 October 2018
- Monitoring of Financial Risks as at 31 October 2018
- Capital Plan Monitoring Report as at 31 October 2018
- Treasury Monitoring Report as at 31 October 2018
- Reserves and Balances as at 31 October 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 (IJB) 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 £1.196m as at the end of October 2018. The overspend is in respect of the following:

- Overspend of £2.111m in Social Work due to unidentified IJB savings allocated to Social Work as well as the net impact of service demand.
- 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.
- Underspend on fleet retained budget of £0.668m due to a decision to

delay replacing vehicles. There is also an underspend in respect of fleet within Social Work £0.032m.

- Underspend on apprenticeship levy budget of £0.090m.
- Underspend on superannuation auto enrolment budget no longer required of £0.281m.
- Underspend within Customer Services directorate of £0.200m.
- Underspend within Education in relation to vacancies £0.100m.
- Underspend of £0.021m in relation to the Valuation Joint Board payment being less than budget.

2.1.4 The forecast overspend has significantly reduced since the September monitoring period. However, we should be mindful that we are entering the period of winter maintenance and depending on the severity of the winter this could put pressure on the outturn.

2.1.5 There is a year to date underspend of £2.903m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances are mainly relate to the timing of income and expenditure, within Customer Services there is an underspend of £2.456m in NPDO and Hub Schools due to invoicing delays and there is an underspend in Social Work due to timing differences.

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

2.1.6 I provided an update to the Committee in October on the Health and Social Care Partnership's Financial position and the paragraphs that follow provide a further update.

2.1.7 The forecast outturn for the Partnership as at the end of August was a forecast £4.2m overspend. This has been revised, as at the end of October to a £4.0m overspend, which shows a marginal improvement. The IJB, agreed at the meeting on 26 September 2018 that discretionary spend would be minimised and a report should come back to the IJB to report progress. It was disappointing to note that there was no agenda item at the IJB on 28 November 2018, however, I do understand that there have been as yet unquantified savings achieved through minimising discretionary spend.

2.1.8 The Board, at their meeting on 28 November 2018, noted that it will be extremely challenging for the HSCP to achieve a year-end break even position within 2018-19 and therefore it is likely that the Council, as a partner organisation, will be required to provide an additional loan payment at the end of the financial year, which will have to be met from the Council's Unallocated General Fund balance.

2.1.9 Also at the meeting, the Board instructed the continued restriction of all non-essential spend, asked for further detail on current and projected progress with savings proposals and instructed officers to bring back a report to the January meeting providing an overview of the budget outlook over the next three years as well as potential savings options to close the

gap.

- 2.1.10 Finally, the Board instructed the Chief Officer and the Chief Financial Officer to write to the Council and NHS to seek approval for the recovery plan to extend beyond the current financial year as required by the Scheme of Integration.

## **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, 6 are on track to be delivered as per their timescale, 4 have still to be implemented, 3 have a potential shortfall and 3 are delayed until 2019-20.

<b>Category</b>	<b>No of Options</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
Delivered	12	452.5	663.2	738.2
On Track to be Delivered	6	475.5	807.5	1,228.5
Still to be Implemented	4	71.0	247.1	466.1
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	3	349.0	513.0	658.0
Delayed	3	-60.0	208.0	634.0
<b>Total</b>	<b>28</b>	<b>1,288.0</b>	<b>2,438.8</b>	<b>3,724.8</b>

- 2.2.3 There are three savings categorised as having a potential shortfall and 3 saving options that are currently delayed as summarised below.

Potential Shortfall – TB09 Public Conveniences – Delay with installation of reliable turnstiles as no provider tendered for this work. This is an issue that has been challenging other public bodies. A reliable and robust turnstile option is being progressed which will provide income levels required. Opportunities still exist to take forward franchising options. Committee paper being prepared for EDI Committee in relation to progress.

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. Despite the slight slippage, positive progress has been made with the MCA now having signed off documents for the existing internal operated ferries and discussions are underway regarding TUPE for the single ferry currently operated by ASP.

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 – TB12a Provision of enhanced funeral and burial services – Work has been carried out regarding debt recovery and a new process established with Funeral Undertakers which helps in this regard. Other initiatives are being progressed and the potential to generate additional income is considered to be on track for 2019/20. However, some of the initiatives such as progressing a pet cemetery have so far not been progressed to a full business case.

Delayed – TB14 Waste Services Initiatives that were set out for future years in TB14 are at different stages of completeness and align with the developing Waste Strategy. As part of this ongoing project there will be a focus for officers to undertake an exercise focussing on B&Bs/holiday lets who may currently be operating with just domestic bin provision.

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 £4.172m. 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. In respect of the pay award both the Scottish Joint Council and the Teachers Trade Unions have rejected the Employers revised pay offer and advised that preparations are now in hand to conduct strike ballots. In respect of the Social Work overspend it was noted at the Integrated Joint Board meeting on 28 November that it will be extremely challenging for the HSCP to achieve a year-end break even position within 2018-19.
- 2.3.3 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. 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 have been no changes to the departmental risks since the financial risks report as at the end of August 2018 reported to Policy and Resources Committee on 18 October 2018.

## 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 £15.459m compared to a budget for the year to date of £15.035m giving rise to an overspend for the year to date of £0.424m (2.8%). The most significant items contributing to this overspend are in respect of the TIF Project and CHORD Dunoon project which Development and Infrastructure have submitted a report to this committee on.

2.4.3 The forecast outturn for 2018-19 is a forecast net expenditure of £38.650m compared to an annual budget of £44.460m giving rise to a forecast underspend for the year of £5.810m (13.1%). There is one project that significantly contributes to this variance which is CHORD – Rothesay where the original cash flows have been revised and it is proposed to slip budget to future years to reflect the position accurately. Environmental Projects and Kintyre Renewables Hub also contribute to the underspends.

2.4.4 The forecast total net projects costs on the capital plan are £297.475m compared to a total budget for all projects of £296.173m giving rise to a forecast overspend for the overall capital plan of £1.302m (0.44%). The two significant variances are in respect of the Queens Hall, Dunoon and the Waterfront Project, Helensburgh and these overspends need to be considered as part of the 2019-20 budget setting process.

2.4.5 In respect of total project performance, there are 194 projects within the capital plan, 176 are on track and 14 are off target and recoverable and 4 projects off track.

## **2.5 Treasury Monitoring Report**

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 The external borrowing of the Council decreased by £0.040m during the period, due to the repayment of temporary borrowing.
- 2.5.3 Borrowing is below the Capital Financing Requirement for the period to 31 October 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 £90.1m at 31 August 2018. The rate of return achieved was 0.890% which compares favourably with the target of 7 day LIBID which was 0.582%.

## **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:
- £30.236 is invested or committed for major initiatives/capital projects
  - £3.895m has already been drawn down as at the end of October
  - £3.715m is still to be drawn down in 2018-19
  - £5.871m 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 unallocated General Fund balance will drop to £0.703m.

	<b>£000</b>
Unallocated balance as at 31 March 2018	1,899
Current Forecast Outturn for 2018-19 as at 31 October 2018	(1,196)
<b>Estimated Unallocated balance as at 31 March 2019</b>	<b>703</b>

- 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 October 2018.
- b) Note the comments in respect of the Health and Social Care Partnership position.
- c) Note the progress of the service package policy saving options as at 31 October 2018.
- d) Note the current assessment of the Council's financial risks.
- e) Consider the capital plan monitoring report as at 31 October 2018 and approve the proposed changes to the capital plan as detailed in Appendix 7 to the report.
- f) Note the treasury monitoring report as at 31 October 2018.
- g) Consider the reserves and balances report as at 31 October 2018.

### **4. IMPLICATIONS**

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

**Kirsty Flanagan, Head of Strategic Finance**  
**30 November 2018**

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

**Overall Position:**

- There is a forecast overspend for 2018-19 of £1.196m as at the end of October 2018. The main overspend is in relation to Social Work, where there is an overspend of £2.111m 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, and an overspend of £0.083m in relation to a shortfall in savings for the Catering and Cleaning project. These overspends are offset by an underspend across the Council within fleet due to a delay in replacing the vehicles (£668k), an underspend within superannuation as the budget provision for auto enrolment is no longer required (£281k), an underspend in the apprenticeship levy (£90k), vacancy savings within Education £100k and an underspend within Customer Services Directorate.
- There is a year to date underspend of £2.903m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances are mainly related to the timing of income and expenditure, within Customer Services there is an underspend of £2.456m in NPDO and Hub Schools due to invoicing delays and there is an underspend in Social Work due to timing differences.

**Key Highlights as at October 2018:**

The forecast overspend has significantly improved since the September monitoring period, the forecast at the end of September was £3.053m and it has reduced by £1.857m.

- There has been an improvement of £0.158m within Social Work due to a combination of reduced spending, including on care packages, an increase in the vacancy savings projection, increased income from resource transfer (this will be balanced out by an increase in cost on the NHS accounts) and a review of the use of funds set aside to fund auto-enrolment in the pension scheme.
- There is an underspend within fleet in respect of the retained budget that is used to purchase vehicles. This budget will be used in future years to fund prudential borrowing to replace ageing fleet but there is a one-off saving in 2018-19 (and there will be in 2019-20 also) as a decision has been taken to delay replacing the fleet.
- Customer Services have identified £0.200m of savings to help with reducing the overspend.
- Savings have been identified on auto enrolment and apprenticeship levy that are also recurring in nature and will reduce the budget gap next year.

Although the variance has reduced, we should be mindful that we are entering the period of winter maintenance and the expenditure will be monitored closely over the coming months.

**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:**

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

**Proposed Actions to address Financial Challenges:**

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

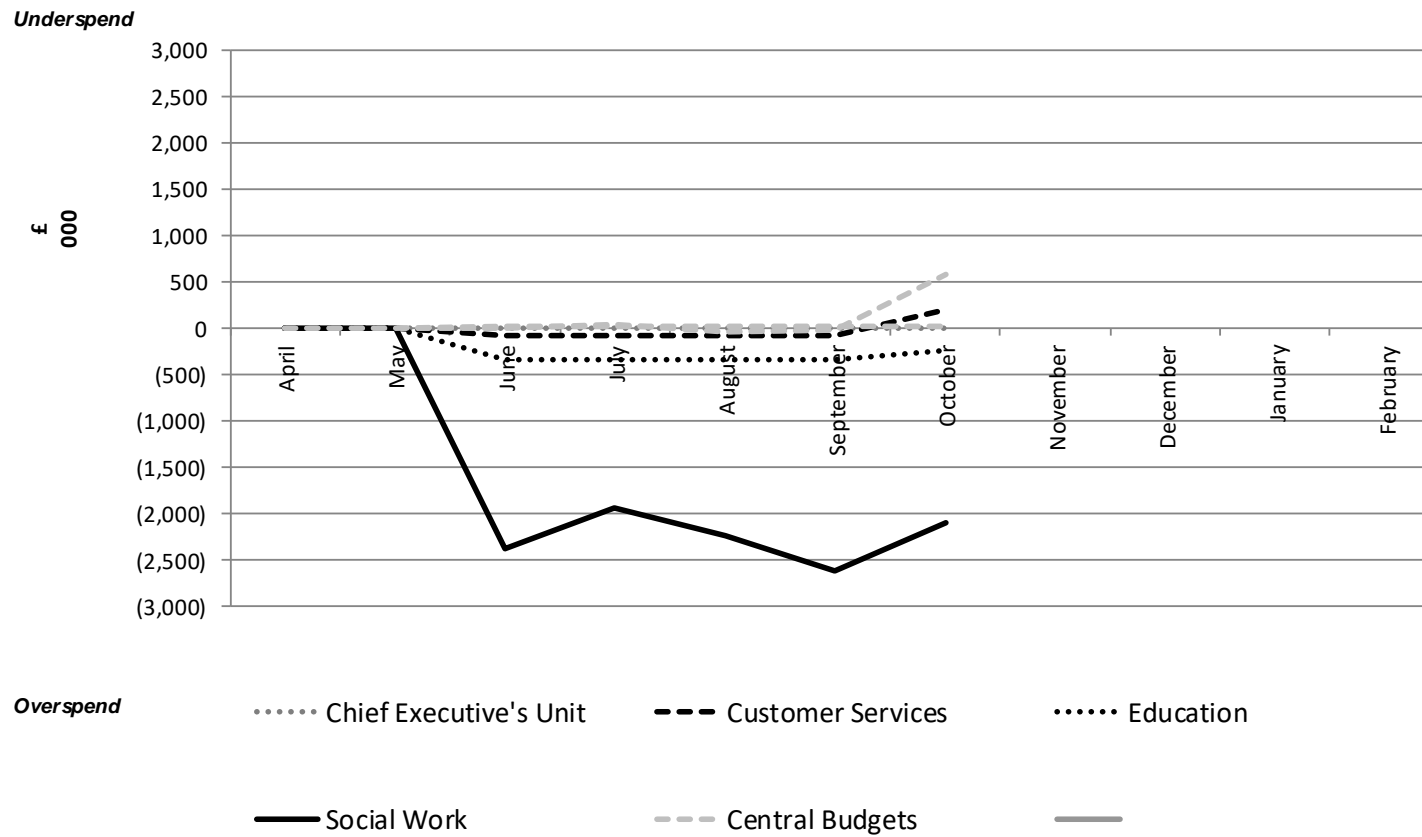
Monitoring the expenditure within Social Work and more widely the IJB position as any overspend will transfer back to partner bodies, in the first instance.	Work more closely with the CFO of the IJB to ensure that early indication of financial outturn is known and corrective action is agreed as appropriate 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 £1.196m as at the end of October 2018 and the main variances are noted below.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,494	2,494	0	0	0	-
Customer Services	45,414	45,220	194	(83)	277	Forecast underspends are due to £0.077m underspend in fleet retained budget due to a delay by the central fleet team in replacing fleet, £0.200m in directorate offset by 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.
Development and Infrastructure Services	33,963	33,393	570	(12)	582	The forecast variance mainly relates to an underspend in the fleet budget due to a delay in replacing vehicles, partially offset by an overspend in PSO contract for Air Services and Flood Prevention.
Education	77,253	77,494	(241)	(350)	109	The overspend relates to a significant increase in demand within ASN support, offset by an underspend in pupil support vacancies and also vacancies within the Directorate. The ASN pressure will continue to be monitored closely going forward with every effort being made to mitigate this spend.
Social Work	56,231	58,342	(2,111)	(2,629)	518	The overspend 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	25,544	25,152	392	21	371	The underspend relates budget provision for Superannuation Auto Enrolment that is no longer required (£281k), an forecast underspend on the apprenticeship levy (£90k) and the requisition for the Valuation Joint Board less than anticipated
<b>Total</b>	<b>240,899</b>	<b>242,095</b>	<b>(1,196)</b>	<b>(3,053)</b>	<b>1,857</b>	

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



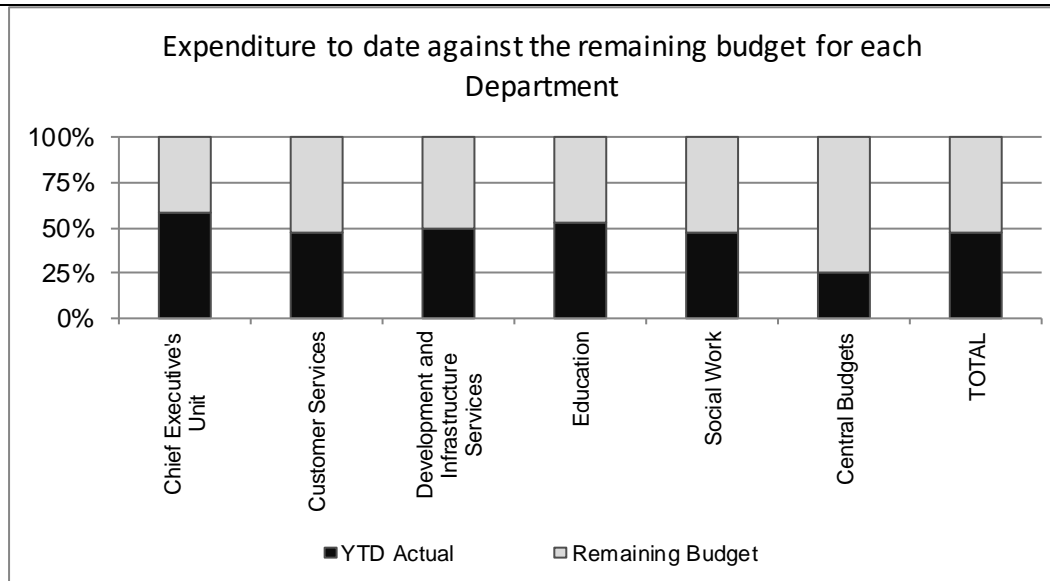
Further information on the departmental forecast variances is included later on in the report.

## Year to Date Position

The year to date position as at the end of October 2018 is an underspend of £2.903m 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	1,459	1,389	(70)	Small variances, mainly profile related.
Customer Services	21,720	24,563	2,843	The main variance is in relation to NPDO - £1.784m and Hub Schools – 0.672m due to invoicing delays.
Development and Infrastructure Services	16,848	16,531	(317)	There are a number of profiling variances that contribute to this overall year to date position. Any year to date position that gives rise to a forecast outturn position has been reported.
Education	40,654	40,390	(264)	The year to date overspend is mainly profiled related, in addition to an overspend for a number of Education Licences required and costs on school repairs and maintenance.
Social Work	26,440	27,098	658	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	6,476	6,529	53	Small variance, mainly profile related.
<b>Total Net Expenditure</b>	<b>113,597</b>	<b>116,500</b>	<b>2,903</b>	





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

# OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 OCTOBER 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	%
<b><u>Departmental Budgets</u></b>								
Chief Executive's Unit	1,459	1,389	(70)	(5.0%)	2,494	2,494	0	0.0%
Customer Services	21,720	24,563	2,843	11.6%	45,414	45,220	194	0.4%
Development and Infrastructure Services	16,848	16,531	(317)	(1.9%)	33,963	33,393	570	1.7%
Education	40,654	40,390	(264)	(0.7%)	77,253	77,494	(241)	(0.3%)
Social Work	26,440	27,098	658	2.4%	56,231	58,342	(2,111)	(3.8%)
<b>Total Departmental Budgets</b>	<b>107,121</b>	<b>109,971</b>	<b>2,850</b>	<b>2.6%</b>	<b>215,355</b>	<b>216,943</b>	<b>(1,588)</b>	<b>(0.7%)</b>
<b><u>Central Budgets</u></b>								
Other Operating Income and Expenditure	1,262	1,455	193	13.3%	3,827	3,456	371	9.7%
Joint Boards	644	801	157	19.6%	1,374	1,353	21	1.5%
Non-Controllable Costs	4,570	4,273	(297)	(7.0%)	20,343	20,343	0	0.0%
<b>Total Central Budgets</b>	<b>6,476</b>	<b>6,529</b>	<b>53</b>	<b>0.8%</b>	<b>25,544</b>	<b>25,152</b>	<b>392</b>	<b>1.5%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>113,597</b>	<b>116,500</b>	<b>2,903</b>	<b>2.5%</b>	<b>240,899</b>	<b>242,095</b>	<b>(1,196)</b>	<b>(0.5%)</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(84,662)	(84,662)	0	0.0%	(191,737)	(191,737)	0	0.0%
Local Tax Requirement	(37,335)	(37,335)	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%	(3,896)	(3,896)	0	0.0%
<b>Total Funding</b>	<b>(121,997)</b>	<b>(121,997)</b>	<b>0</b>	<b>0.0%</b>	<b>(240,899)</b>	<b>(240,899)</b>	<b>0</b>	<b>0.0%</b>
<b>Deficit/(Surplus) for Period</b>	<b>(8,400)</b>	<b>(5,497)</b>	<b>2,903</b>		<b>0</b>	<b>1,196</b>	<b>(1,196)</b>	

## SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 OCTOBER 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 %
<b>Subjective Category</b>								
Employee Expenses	74,162	74,662	501	0.7%	140,649	139,959	690	0.5%
Premises Related Expenditure	8,848	8,743	(105)	(1.2%)	14,817	14,873	(56)	(0.4%)
Supplies and Services	12,195	10,815	(1,380)	(12.8%)	17,716	20,654	(2,938)	(16.6%)
Transport Related Expenditure	7,340	6,362	(978)	(15.4%)	17,566	16,853	713	4.1%
Third Party Payments	81,656	82,582	926	1.1%	144,509	145,202	(693)	(0.5%)
Capital Financing	(160)	0	160	#DIV/0!	15,770	15,770	0	0.0%
<b>TOTAL EXPENDITURE</b>	<b>184,041</b>	<b>183,164</b>	<b>(876)</b>	<b>(0.5%)</b>	<b>351,027</b>	<b>353,311</b>	<b>(2,284)</b>	<b>(0.7%)</b>
Income	(192,441)	(188,661)	3,780	(2.0%)	(351,027)	(352,114)	1,087	(0.3%)
<b>Deficit/(Surplus) for Period</b>	<b>(8,400)</b>	<b>(5,497)</b>	<b>2,904</b>		<b>0</b>	<b>1,197</b>	<b>(1,197)</b>	

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

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

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

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

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

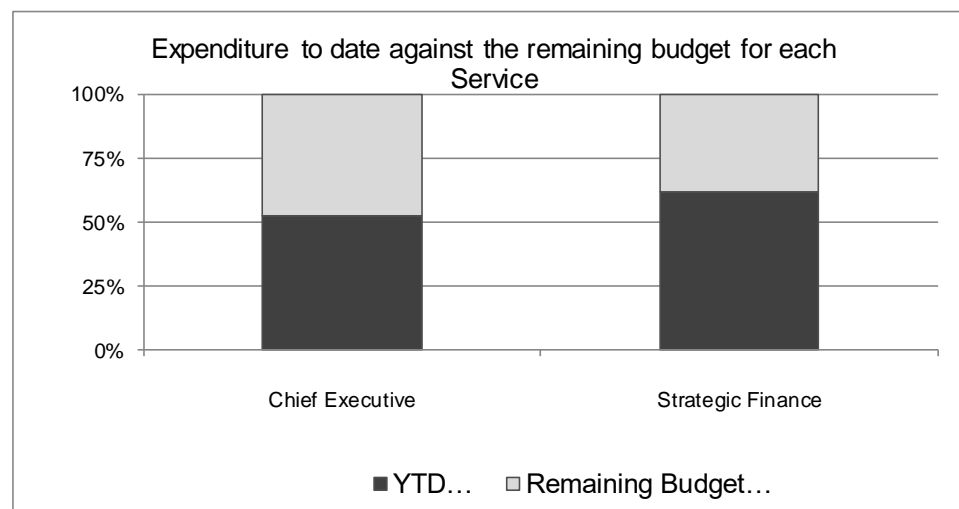
## CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 31 OCTOBER 2018

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.070m (5.0%) 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	848	848	0	0	0
Strategic Finance	1,646	1,646	0	0	0
<b>Totals</b>	<b>2,494</b>	<b>2,494</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 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 OCTOBER 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	158	158	1	0.6%	296	296	0	0.0%	Outwith reporting criteria.
BO15 - Argyll and Bute is open for business	Community Planning	50	54	4	7.4%	135	135	0	0.0%	Outwith reporting criteria.
BO33 - Information and support are available for our communities	Community Development and Grants to Third Sector	236	255	19	7.5%	417	417	0	0.0%	Outwith reporting criteria.
<b>Chief Executive Total</b>		<b>444</b>	<b>467</b>	<b>24</b>	<b>5.1%</b>	<b>848</b>	<b>848</b>	<b>0</b>	<b>0.0%</b>	
BO05 - Information and Support are available for everyone	Money Skills Argyll	55	0	(54)	#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	960	921	(38)	(4.1%)	1,646	1,646	0	0.0%	Outwith reporting criteria.
<b>Strategic Finance Total</b>		<b>1,015</b>	<b>921</b>	<b>(92)</b>	<b>#DIV/0!</b>	<b>1,646</b>	<b>1,646</b>	<b>0</b>	<b>0</b>	

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

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 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	1,257	1,219	(37)	(3.0%)	2,337	2,337	0	0.0%	Outwith reporting criteria.
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria.
Supplies and Services	55	33	(21)	(63.6%)	56	56	0	0.0%	A small variance that is profile related.
Transport	15	16	1	6.3%	31	31	0	0.0%	Outwith reporting criteria.
Third Party	221	163	(58)	(35.6%)	238	238	0	0.0%	Due to Money Skills Argyll expenditure which is offset by income variance below, in addition to a timing difference between expenditure and income.
Income	(89)	(43)	44	(102.3%)	(169)	(169)	0	0.0%	Due to Money Skills Argyll income which is offset by expenditure variance above, in addition to a timing difference between expenditure and income.
<b>Totals</b>	<b>1,459</b>	<b>1,388</b>	<b>(71)</b>	<b>(5.1%)</b>	<b>2,493</b>	<b>2,493</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 OCTOBER 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%	
			0	0.0%	

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

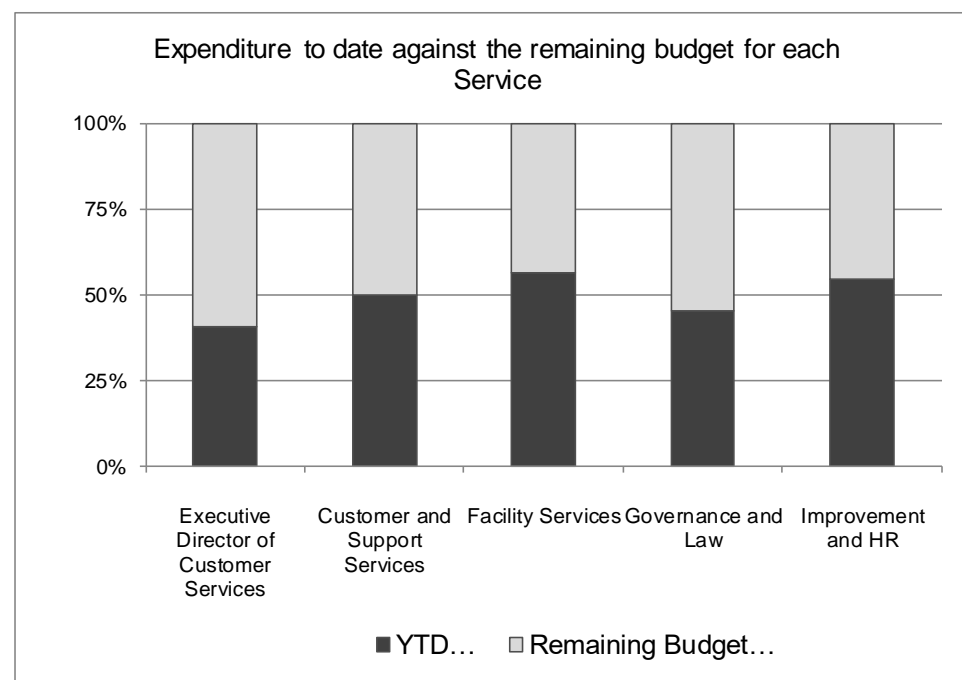
## CUSTOMER SERVICES – AS AT 31 OCTOBER 2018

- The department is currently forecasting an underspend of £0.194m (0.4%). Forecast underspends are due to £0.077m underspend in fleet retained budget due to a delay by the central fleet team in replacing fleet, £0.200m in directorate offset by 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 £2.843m (11.6%). The main variance is in relation to NPDO - £1.784m and Hub Schools – 0.672m due to invoicing delays.

### 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	19,408	19,208	200	0	200
Customer and Support Services	8,712	8,712	0	0	0
Facility Services	12,523	12,534	(11)	(83)	72
Governance and Law	1,923	1,918	5	0	5
Improvement and HR	2,849	2,849	0	0	0
<b>Totals</b>	<b>45,415</b>	<b>45,221</b>	<b>194</b>	<b>(83)</b>	<b>277</b>

### 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.

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
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 OCTOBER 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	7,897	10,480	2,583	24.7%	19,408	19,208	200	1.0%	Year to date variance within NPDO and HUB School due to invoices behind profile. Profile will be updated accordingly. There is a forecast underspend of £200k within the Directorate.
<b>Executive Director of Customer Services Total</b>		<b>7,897</b>	<b>10,480</b>	<b>2,583</b>	<b>24.7%</b>	<b>19,408</b>	<b>19,208</b>	<b>200</b>	<b>1.0%</b>	
Central/Management Costs	Central/Management Costs	122	116	(6)	(5.2%)	207	207	0	0.0%	Outwith reporting criteria
BO04 - Benefits are paid promptly and accurately	Benefits, SWF & Welfare Reform	1,480	1,602	121	7.6%	1,618	1,618	0	0.0%	Underspend in Benefits Administration. £98k of which is additional grant money received and there has also been a delay in support invoices.
BO05 - Information and Support are available for everyone	Customer Service Centres & Registrars	648	660	11	1.7%	1,380	1,380	0	0.0%	Outwith reporting criteria
BO23 - Economic Growth is supported	NDR Disc Relief, Creditors & Procurement	532	536	4	0.8%	1,289	1,289	0	0.0%	Outwith reporting criteria
BO27 - Infrastructure and assets are fit for purpose	ICT Applications & Infrastructure	1,137	1,450	314	21.7%	3,661	3,661	0	0.0%	The underspend relates to a £202k annual recharge to Libraries and Education but the actual invoice has not been paid yet, ICT Applications 17k underspend in staff costs to be used to fund handover to new employee, £53k underspend in Print and Mail Room due to removal 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	440	389	(51)	(13.1%)	557	557	0	0.0%	A number of small YTD overspends make up the 51k YTD variance. Debtors - 10k will be reduced by drawdown from earmarking of 7.5K for Web upgrade. Council Tax - £15k overspend due to sheriff officer fees, 12K of this is Walker Love incentive payment 17-18. Overspends in both NDR and Cash will be reduced when invoices issued.
<b>Customer and Support Services Total</b>		<b>4,359</b>	<b>4,753</b>	<b>393</b>	<b>8.3%</b>	<b>8,712</b>	<b>8,712</b>	<b>0</b>	<b>0.0%</b>	
BO09 - Our assets are safe, efficient and fit for purpose	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	6,853	6,969	115	1.7%	12,030	11,958	72	0.6%	Property design £128k underspend Ytd - employee costs and spend/income budget profile. Public Transport £80k underspend YTD - mainly school operator payments. Shared office accommodation £13k - central repairs timing. Offset by an over spend of £89K in internal transport hire charges due to change in accounting treatment, variance should be rectified in November. The forecast underspend relates to the retained fleet budget due to a delay in replacing fleet within the central fleet management team.
BO18 - Improved lifestyle choices are available	School Meals	65	(89)	(154)	173.0%	210	293	(83)	(39.5%)	£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. Catering Purchases 132k overspend due to profiling/timing of spend.
Central/Management Costs	Central/Management Costs	124	145	21	14.5%	283	283	0	0.0%	Property services admin support employee costs ytd underspend £21k
<b>Facility Services Total</b>		<b>7,042</b>	<b>7,025</b>	<b>(18)</b>	<b>(0.3%)</b>	<b>12,523</b>	<b>12,534</b>	<b>(11)</b>	<b>(0.1%)</b>	
BO10 - Quality of life is improved by managing risk	Civil Contingencies & Anti Social Behaviour	59	55	(5)	(9.1%)	119	119	0	0.0%	Outwith reporting criteria
BO17 - The support needs of children and their families are met	Childrens Panel	14	9	(5)	(55.6%)	34	34	0	0.0%	Small overspend due to budget profiling within children's panel expenses.
BO23 - Economic Growth is supported	Licensing	(171)	(158)	13	(8.2%)	(120)	(120)	0	0.0%	Outwith reporting criteria
BO28 - Our processes and business procedures are efficient, cost effective and compliant	Democratic Services, Governance & Legal Services	862	843	(19)	(2.3%)	1,690	1,690	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	104	100	(4)	(4.0%)	200	195	5	2.5%	Outwith reporting criteria
<b>Governance and Law Total</b>		<b>868</b>	<b>849</b>	<b>(20)</b>	<b>(2.4%)</b>	<b>1,923</b>	<b>1,918</b>	<b>5</b>	<b>0.3%</b>	

BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Gaelic Language Plan	(6)	(6)	0	0.0%	12	12	0	0.0%	Outwith reporting criteria
BO28 - Our processes and business procedures are efficient, cost effective and compliant	HR Services	371	364	(8)	(2.2%)	693	693	0	0.0%	Outwith reporting criteria
BO29 - Health and safety is managed effectively	Health & Safety	155	151	(4)	(2.7%)	295	295	0	0.0%	Outwith reporting criteria
BO30 - We engage with our customers, staff and partners	Communications	119	115	(5)	(4.4%)	261	261	0	0.0%	Outwith reporting criteria
BO31 - We have a culture of continuous improvement	Service Improvements	454	413	(41)	(9.9%)	758	758	0	0.0%	Outwith reporting criteria
BO32 - Our workforce is supported to realise its potential	Learning & Development	306	273	(33)	(12.1%)	560	560	0	0.0%	15k Earmarking requires drawing re whitegates training centre improvements 15k Staff variance re First Aid Trainer and Investigating officers - Awaiting figures from HR regarding the split of budget contributions for departments
Central/Management Costs	Central/Management Costs	152	147	(4)	(2.7%)	270	270	0	0.0%	Outwith reporting criteria
<b>Improvement and HR Total</b>		<b>1,551</b>	<b>1,457</b>	<b>(95)</b>	<b>(6.5%)</b>	<b>2,849</b>	<b>2,849</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>21,717</b>	<b>24,564</b>	<b>2,843</b>	<b>11.6%</b>	<b>45,415</b>	<b>45,221</b>	<b>194</b>	<b>0.4%</b>	

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

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

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

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

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

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

## CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 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	10,686	10,615	(72)	<b>(0.7%)</b>	20,173	20,173	0	<b>0.0%</b>	The main cause of the YTD variance is £41k of earmarking that requires to be drawn down for training.
Premises	930	1,031	101	<b>9.8%</b>	2,343	2,343	0	<b>0.0%</b>	Timing of central repairs £54k underspend and Other property costs £47k underspend
Supplies and Services	1,520	1,715	195	<b>11.4%</b>	4,780	4,663	117	<b>2.5%</b>	Forecast outturn due to shortfall in savings re Catering and Cleaning Innovation project, offset by a forecast underspend in Directorate. Year to date position due to profiling of invoices and recharges for IT.
Transport	547	479	(68)	<b>(14.2%)</b>	6,098	6,020	77	<b>1.3%</b>	YTD variance due to change in accounting treatment of internal transport hire charges the journal to rectify will be processed in November. The forecast underspend relates to the retained fleet budget due to a delay in replacing fleet within the central fleet management team.
Third Party	31,390	33,867	2,477	<b>7.3%</b>	56,761	56,761	0	<b>0.0%</b>	Underspend in payment to other bodies mainly NPDO and Hubs Schools due to invoicing delay.
Capital Financing	0	0	0	<b>0.0%</b>	0	0	0	<b>0.0%</b>	Outwith reporting criteria
Income	(23,353)	(23,144)	209	<b>(0.9%)</b>	(44,740)	(44,740)	0	<b>0.0%</b>	YTD variance mainly due to profiling of investment income from properties - £46k. Benefits Administration - £98k additional grant income. Housing Benefits - subsidies and overpayments £47k due to budget profile which will be updated accordingly.
<b>Totals</b>	<b>21,720</b>	<b>24,563</b>	<b>2,842</b>	<b>11.6%</b>	<b>45,415</b>	<b>45,220</b>	<b>194</b>	<b>0.4%</b>	

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

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

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

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

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

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

## CUSTOMER SERVICES – RED VARIANCES AS AT 31 OCTOBER 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.
Fleet Retained Budget	77	0	77	100.0%	Underspend due to a delay in replacing vehicles by the central fleet team.
Directorate			200		Forecast saving within Direcorate.
			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.

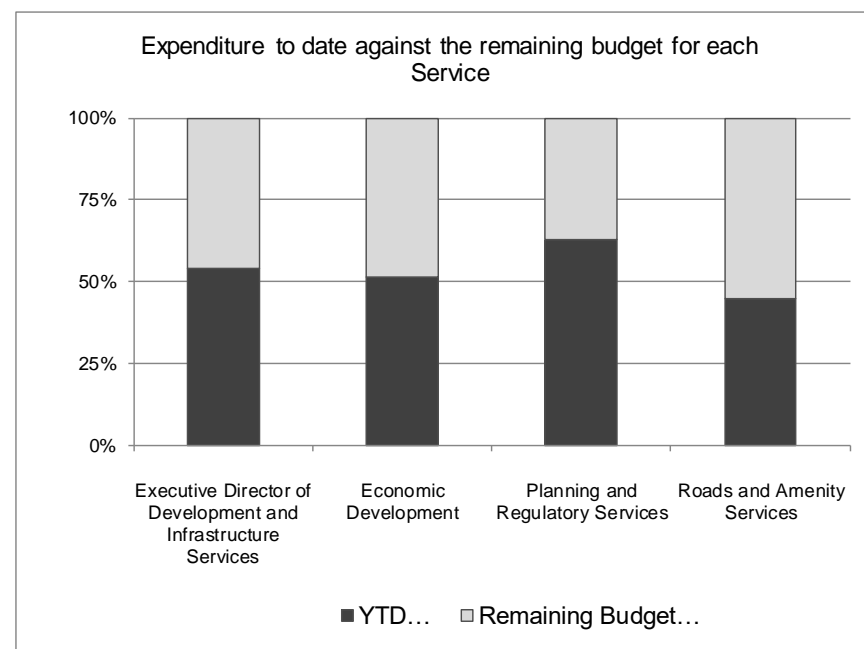
## DEVELOPMENT AND INFRASTRUCTURE HIGHLIGHTS – AS AT 31 OCTOBER 2018

- The department is currently forecasting an underspend of £0.570m (1.7%). The forecast variance mainly relates to an underspend in the fleet budget due to a delay in replacing vehicles, partially offset by an overspend in PSO contract for Air Services and in Flood Prevention.
- The department has a year to date overspend of £0.317m (1.9%) 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	343	343	0	0	0
Economic Development	4,560	4,601	(42)	(12)	(30)
Planning and Regulatory Services	7,055	7,020	35	0	35
Roads and Amenity Services	22,004	21,427	577	0	577
<b>Totals</b>	<b>33,962</b>	<b>33,391</b>	<b>570</b>	<b>(12)</b>	<b>582</b>

### Year to Date Position



### Key Financial Successes:

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:

Department / Service ongoing ability to meet future savings / efficiency requirements.

### Proposed Actions to address Financial Challenges:

Monitoring of trend / expenditure levels / service configuration and the Service Packages Policy Options savings process.



Potential shortfall in income within Car Parking 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"> <li>• Island haulage costs</li> <li>• Uncertainty with recycling income/ gate fee costs due to the volatility of the market</li> <li>• Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste</li> </ul>	To closely monitor all service components of Waste Management and review Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather. It should be noted that winter treatments have started earlier than usual in the financial year and if this trend continues an adverse forecast variance is likely.	<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 OCTOBER 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	186	204	19	9.3%	343	343	0	0.0%	Outwith reporting criteria
<b>Executive Director of Development and Infrastructure Total</b>		<b>186</b>	<b>204</b>	<b>19</b>	<b>9.3%</b>	<b>343</b>	<b>343</b>	<b>0</b>	<b>0.0%</b>	
BO06 - Quality culture, archives, libraries and museums are provided to promote wellbeing	Events and Festivals	170	164	(6)	(3.7%)	226	226	0	0.0%	Outwith reporting criteria
BO15 - Argyll and Bute is open for business	Airports & Strategic Transportation	1,003	1,086	83	7.6%	2,325	2,366	(42)	(1.8%)	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. There will also be an underspend within the CHORD cost centres as the salaries are recharged to the capital projects each month. This will be calculated and processed in November.
BO22 - Adults are supported to realise their potential	Business Gateway	221	193	(28)	(14.5%)	326	326	0	0.0%	External trainer costs are higher than budget but this will be offset by income still to be received..
BO23 - Economic growth is supported	Projects, TIF & European Team	755	704	(51)	(7.2%)	1,233	1,233	0	0.0%	Salaries related to CHORD projects have been transferred to capital thereby creating an underspend which will be entered as a forecast variance in November.
BO27 - Infrastructure and assets are fit for purpose	Economic Development Intelligence	81	79	(3)	(3.8%)	155	155	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	117	120	4	3.3%	295	295	0	0.0%	Outwith reporting criteria
<b>Economic Development Total</b>		<b>2,347</b>	<b>2,346</b>	<b>(1)</b>	<b>(0.0%)</b>	<b>4,560</b>	<b>4,601</b>	<b>(42)</b>	<b>(0.9%)</b>	

BO01 - The health of our people is protected through effective partnership working	Private Water Supplies	15	15	(1)	(6.7%)	3	3	0	0.0%	Outwith reporting criteria
BO03 - Prevention and support reduces homelessness	Homelessness and Housing Support Services	1,133	1,130	(3)	(0.3%)	2,209	2,209	0	0.0%	Outwith reporting criteria
BO05 - Information and support are available for everyone	Trading Standards	270	271	1	0.4%	504	504	0	0.0%	Outwith reporting criteria
BO12 - High standards of Public health and health protection are promoted	Environmental Health	397	445	48	10.8%	1,033	1,018	15	1.5%	Additional income from Water Supply Appraisals and fish export certificates..
BO13 - Our built environment is safe and improved	Building Standards & Environmental Safety	(119)	(26)	93	(357.7%)	50	30	20	40.0%	Building Standards and Private Landlord Registration income both ahead of profile but it is unclear if this will be sustained over the whole year. Forecast variance for additional Private Landlord Registration income.
BO15 - Argyll and Bute is open for business	Development Policy	270	313	43	13.7%	607	607	0	0.0%	Employee underspends to be used for Apprentice/Trainee later in year.
BO23 - Economic growth is supported	Development Management	(49)	56	106	189.3%	240	240	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	1,093	1,108	15	1.4%	737	737	0	0.0%	Outwith reporting criteria
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	1,200	1,200	0	0.0%	1,200	1,200	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	227	229	2	0.9%	472	472	0	0.0%	Outwith reporting criteria
<b>Planning and Regulatory Total</b>		<b>4,437</b>	<b>4,741</b>	<b>304</b>	<b>6.4%</b>	<b>7,055</b>	<b>7,020</b>	<b>35</b>	<b>0.5%</b>	

BO14 - Our transport infrastructure is safe and fit for purpose	Road & Lighting, Roads Design, Network & Environment & Marine Services	2,067	1,609	(458)	(28.5%)	6,072	5,728	344	5.7%	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. It is also worth noting that Winter treatments have started earlier than normal and that this may lead to an overspend in winter maintenance later in the year. The forecast variance relates to the underspend on the fleet retained budget as a result of a delay in replacing vehicles.
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	5,783	5,679	(104)	(1.8%)	11,884	11,737	147	1.2%	The YTD variance relates to the fleet hire charge still including depreciation but this is to be moved to an uncontrollable code. The forecast variance relates to the underspend on the fleet retained budget.
BO25 - Access to and enjoyment of the natural and built environments is improved	Amenity Services	2,196	1,850	(346)	(18.7%)	3,642	3,581	61	1.7%	Income due back from insurance as a result of fire at Millpark Oban. Central repairs and supplies and services ahead of profile. The forecast variance relates to the underspend on the fleet retained budget.
BO27 - Infrastructure and assets are fit for purpose	Fleet	(490)	(135)	355	(263.0%)	(131)	(156)	25	(19.1%)	Fleet income has still to be adjusted to reflect the fact that depreciation for fleet vehicles will be charged direct to services at year end. This will be done via TRANMAN. The forecast variance relates to the underspend on the fleet retained budget.
Central/Management Costs	Central/Management Costs	322	237	(85)	(35.9%)	537	537	0	0.0%	The variance in Central Management costs is caused partly by the recharge from depots covering some uncontrollable costs which are excluded from the departmental budget monitoring. No variance is anticipated at year end.
<b>Roads and Amenity Total</b>		<b>9,878</b>	<b>9,240</b>	<b>(638)</b>	<b>(6.9%)</b>	<b>22,004</b>	<b>21,427</b>	<b>577</b>	<b>2.6%</b>	
<b>GRAND TOTAL</b>		<b>16,848</b>	<b>16,531</b>	<b>(316)</b>	<b>(1.9%)</b>	<b>33,962</b>	<b>33,391</b>	<b>570</b>	<b>1.7%</b>	

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

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

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

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

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

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

## DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 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	12,632	12,975	343	2.6%	24,615	24,583	31	0.1%	YTD variance within Roads due to vacancies that will be used to cover savings targets plus the use of Consultants; There is an accrual in relation to standby payments which has still to be settled. The remainder is a number of smaller variances which are largely offset by a reduction in income. 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	1,360	1,325	(35)	(2.6%)	3,065	3,065	0	0.0%	Central repairs costs ahead of profile.
Supplies and Services	5,296	4,145	(1,151)	(27.8%)	6,381	6,381	0	0.0%	Supplies and services are ahead of profile due to quarry and materials purchases within the Roads and 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	6,022	5,418	(605)	(11.2%)	10,345	9,762	583	5.6%	Internal transport hire charges require to be adjusted as a result of depreciation being charged direct to the department at year end instead of being part of the internal fleet hire cost. Vehicle repairs are ahead of profile. There is a forecast variance of £583k in relation to underspends on the fleet retained budget.
Third Party	18,750	16,633	(2,117)	(12.7%)	30,473	30,606	(133)	(0.4%)	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. Additional expenditure with Lighting on Consultants which is offset with vacancies within Roads. The Forecast variance relates to Argyll Air Services PSO contract (£93k over) has been extended for 1 year but policy options savings have been removed from budget and overspend in Flood Prevention of £40k.

Capital Financing	(82)	0	82	#DIV/0!	670	670	0	0.0%	Outwith reporting criteria
Income	(27,130)	(23,965)	3,163	(13.2%)	(41,586)	(41,675)	90	(0.2%)	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 Forecast variances processed for additional Road Permit Income, Private Landlord Registration, Appraisal of Water Supplies and Income from PSO Contract.
<b>Totals</b>	<b>16,848</b>	<b>16,531</b>	<b>(320)</b>	<b>(1.9%)</b>	<b>33,963</b>	<b>33,392</b>	<b>571</b>	<b>1.7%</b>	

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

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

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

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

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

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

## DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 31 OCTOBER 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.
Fleet retained Budget	613	30	583	95.1%	Delay in replacing vehicles will result in an underspend in the fleet retained budget.

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

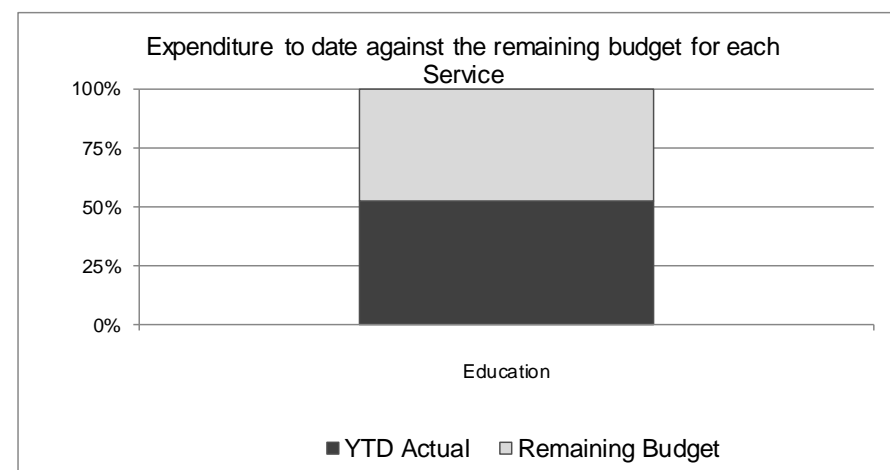
## EDUCATION HIGHLIGHTS – AS AT 31 OCTOBER 2018

- The department is currently forecasting an overspend of £0.241m (0.3%) in relation to a significant increase in demand within ASN support, offset by an underspend in pupil support vacancies and also vacancies within the Directorate. The ASN pressure will continue to be monitored closely going forward with every effort being made to mitigate this spend.
- The department has a year to date overspend of £0.264m (0.7%) against budget. The year to date overspend is mainly profiled related, in addition to an overspend for a number of Education Licences required and costs on school repairs and maintenance.

### 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	77,251	77,493	(241)	(350)	109
<b>Totals</b>	<b>77,251</b>	<b>77,493</b>	<b>(241)</b>	<b>(350)</b>	<b>109</b>

### 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.



<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
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 OCTOBER 2018

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	188	212	24	11.3%	404	354	50	12.4%	Year to date underspend and forecast variance as a result of vacant posts inherited from Community Services Directorate.
Additional Support Needs (ASN)	4,947	4,829	(118)	(2.4%)	8,876	9,176	(300)	(3.4%)	Forecast overspend of £350k for ASN assistants due to significant increase in demand. This is being monitored closely, with every effort being made to mitigate the overspend. The overspend is offset slightly by a forecast underspend of £50k in respect of Pupil Support Teacher vacancies.
Early Years	2,731	2,814	83	3.0%	6,884	6,884	0	0.0%	Year to date underspend relates mainly to profiling and will be refined within the November period.
Primary & Secondary Education	30,082	30,079	(3)	(0.0%)	54,935	54,935	0	0.0%	Outwith Reporting Criteria.
Youth Services	286	281	(5)	(1.8%)	654	654	0	0.0%	Outwith Reporting Criteria.
Adult Learning	267	274	8	2.9%	605	605	0	0.0%	Outwith Reporting Criteria.
Support for Parents	8	7	0	0.0%	55	55	0	0.0%	Outwith Reporting Criteria.
Education Initiatives (GIRFEC, SEEMIS, Languages 1+2, Music) Education Support Team, Quality Improvement Team, Schools Development Team	2,122	1,870	(252)	(13.5%)	4,821	4,813	9	0.2%	Year to date overspend relates mainly to a number of Education Licences required (i.e. PPL, PRS, Copyright) as well as costs relating to school repairs and maintenance. Budget requires to be identified to fund this expenditure and this will be monitored closely throughout the year. Also contributing this month is a delay in the processing of the Teacher Cover reallocation. This will be processed within the November period. The forecast underspend reported is due to delays in replacing fleet vehicles which will now
Leadership & Professional Learning	23	23	(1)	(4.4%)	17	17	0	0.0%	Outwith Reporting Criteria.
	40,654	40,389	(264)	(0.7%)	77,251	77,493	(241)	(0.3%)	
	40,654	40,389	(264)	(0.7%)	77,251	77,493	(241)	(0.3%)	

## EDUCATION – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 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	34,258	34,390	131	0.4%	62,907	63,157	(250)	(0.4%)	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 partially offset by a projected underspend for Pupil Support Teacher vacancies and inherited vacant posts from Community Services Directorate.
Premises	1,536	1,495	(40)	(2.7%)	3,069	3,069	0	0.0%	Outwith Reporting Criteria.
Supplies and Services	4,136	3,752	(384)	(10.2%)	8,299	8,299	0	0.0%	Year to date overspend relates mainly to School cost centres and is largely budget profile related. This overspend is not a true reflection of the expected year end position and profiling should be refined during the November monitoring period.
Transport	178	137	(41)	(29.9%)	300	292	9	3.0%	Year to date overspend relates mainly to profiling and will be refined within the November monitoring period. The forecast underspend reported is due to delays in replacing fleet vehicles which will now be done in line with the fleet management strategy.
Third Party	5,146	5,098	(48)	(0.9%)	8,302	8,302	0	0.0%	Outwith Reporting Criteria.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Income	(4,600)	(4,482)	118	(2.6%)	(5,624)	(5,624)	0	0.0%	Year to date underspend relates mainly to profiling and will be refined within the November monitoring period.
<b>Totals</b>	<b>40,654</b>	<b>40,390</b>	<b>(264)</b>	<b>(0.7%)</b>	<b>77,253</b>	<b>77,495</b>	<b>(241)</b>	<b>(0.3%)</b>	

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

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

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

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

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

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

## EDUCATION – RED VARIANCES AS AT 31 OCTOBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	404	354	50	12.4%	Forecast underspend as a result of vacant posts inherited from Community Services Directorate.
Additional Support Needs (ASN)	8,876	9,176	(300)	(3.4%)	Forecast overspend of £350k for ASN assistants due to significant increase in demand. This is being monitored closely, with every effort being made to mitigate the overspend. The overspend is offset slightly by a forecast underspend of £50k in respect of Pupil Support Teacher vacancies.

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

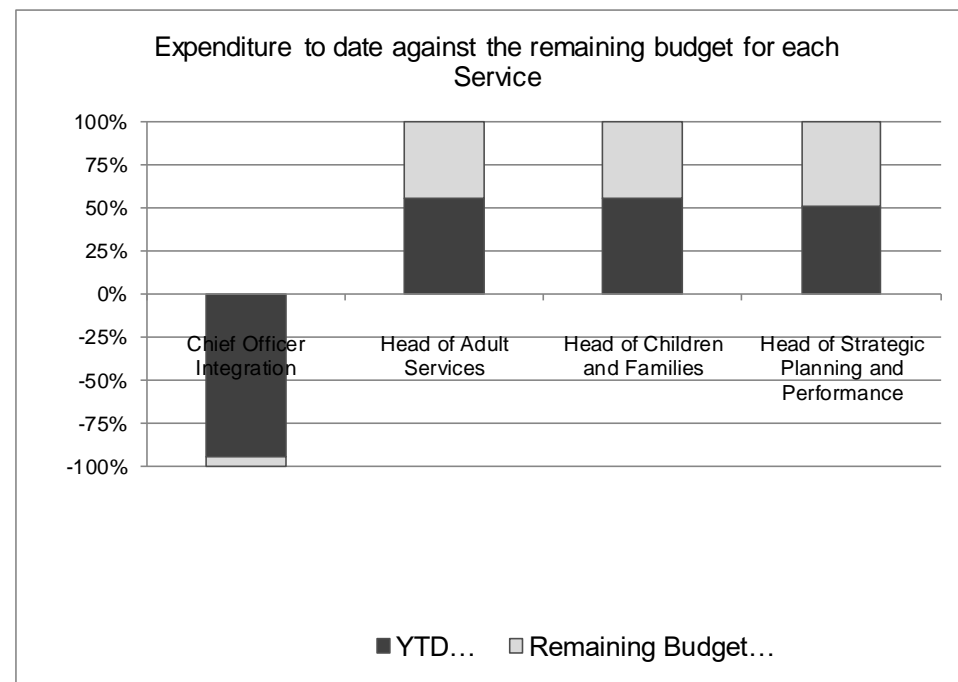
## SOCIAL WORK – AS AT 31 OCTOBER 2018

- The department is currently forecasting an overspend of £2.111m (3.8%) 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 £0.658m (2.4%) 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	(11,857)	(11,209)	(648)	(902)	254
Head of Adult Services	54,349	55,415	(1,066)	(1,257)	191
Head of Children and Families	13,356	13,756	(401)	(475)	74
Head of Strategic Planning and Performance	384	380	4	5	(1)
<b>Totals</b>	<b>56,232</b>	<b>58,342</b>	<b>(2,111)</b>	<b>(2,629)</b>	<b>518</b>

### 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 £3.659m 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 OCTOBER 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	(11,226)	(11,243)	(16)	0.1%	(11,857)	(11,209)	(648)	5.5%	The YTD variance reflects a YTD overspend on central repairs partially offset by lower than expected audit fee charges. 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, slippage on the Community Services Investment Fund expenditure and the recognition that additional funding provided for superannuation costs related to auto-enrolment are unlikely to be required.
Head of Adult Services	30,080	30,664	585	1.9%	54,349	55,415	(1,066)	(2.0%)	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 and respite for older people offset by overspends in residential care for people with learning disabilities and supported living related to a combination of service demand and slippage on the delivery of savings.

Head of Children and Families	7,390	7,476	86	1.2%	13,356	13,756	(401)	(3.0%)	The YTD variance is a combination of a number of over and underspends across the service. The main underspends relate to Fostering, Criminal Justice, Contact and Welfare and Service Strategy and Regulation partially offset by overspends in External Residential Placements and the Family Placement Team. 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 Fostering, Supporting Young People Leaving Care and Criminal Justice which arise due to vacant posts and lower than expected service activity.
Head of Strategic Planning and Performance	197	201	4	2.0%	384	380	4	1.0%	Outwith reporting criteria.
<b>GRAND TOTAL</b>	<b>26,441</b>	<b>27,098</b>	<b>659</b>	<b>2.4%</b>	<b>56,232</b>	<b>58,342</b>	<b>(2,111)</b>	<b>(3.8%)</b>	

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

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

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

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

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

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



## SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 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	14,001	14,260	259	1.8%	27,433	26,893	540	2.0%	The YTD underspend arises due to a number of underspends across the service. The most significant relate to older people assessment and care management, Criminal Justice, central provision for increased superannuation costs arising from auto-enrolment and in the education hostels. The forecast underspend relates mainly to the latest estimated outturn for vacancy savings and in the education hostels.
Premises	472	461	(12)	(2.6%)	1,014	1,071	(56)	(5.5%)	The YTD variance is outwith the reporting criteria. The forecast overspend relates mainly to central repairs and utility costs at the education hostels.
Supplies & Services	910	901	(9)	(1.0%)	(2,549)	507	(3,056)	119.9%	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	526	423	(102)	(24.1%)	820	774	45	5.5%	The YTD variance relates mainly due to changes to the accounting approach for internal hire charges and higher than budgeted casual mileage costs. The forecast variance is outwith reporting criteria.

Third Party	25,393	25,646	253	1.0%	46,770	47,351	(581)	(1.2%)	The YTD underspend arises due to a number of over and underspends across the service. The main variances are underspends in older people homecare and learning disability supported living arising mainly due to slippage/delays in the receipt/processing of invoices partially offset by overspends on physical disability supported living and adoption due to service demand. 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	(14,863)	(14,592)	272	(1.9%)	(17,256)	(18,253)	997	(5.8%)	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 and charges for community based services in adult services. 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.
<b>Totals</b>	<b>26,439</b>	<b>27,099</b>	<b>661</b>	<b>2.4%</b>	<b>56,232</b>	<b>58,343</b>	<b>(2,111)</b>	<b>(3.8%)</b>	

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

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

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

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

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

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

## SOCIAL WORK – RED VARIANCES AS AT 31 OCTOBER 2018

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	(11,857,282)	(11,208,783)	(648,499)	5.5%	Unidentified savings figure partially offset by estimated slippage on the Community Services Investment Fund, an underspend on additional funding for pension costs linked to auto-enrolment 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	6,759,234	7,228,274	(469,040)	(6.9%)	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.
Criminal Justice	86,262	(17,065)	103,327	119.8%	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.
Older People	34,923,492	34,410,689	512,803	1.5%	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.
Physical Disability	1,943,463	2,733,961	(790,498)	(40.7%)	Overspend arises mainly due to higher than budgeted demand as well as slippage on the delivery of efficiency savings for supported living services, higher demand for residential care placements and the purchase of equipment by the Integrated Equipment Store.
Learning Disability	14,261,856	15,195,670	(933,814)	(6.6%)	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	2,725,071	2,542,194	182,877	6.7%	Underspend reflects current known demand for supported living services, care home placements and staffing underspends on the addiction and area community support teams.

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

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – OCTOBER 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, 6 are on track to be delivered as per their timescale, 4 have still to be implemented, 3 have a potential shortfall and 3 are delayed until 2019-20.

---

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – OCTOBER 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:

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

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

3.4 The table below outlines the progress as at 31 October 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	6	475.5	807.5	1,228.5
Still to be Implemented	4	71.0	247.1	466.1
Being Developed	0	0.0	0.0	0.0
Potential Shortfall	3	349.0	513.0	658.0
Delayed	3	-60.0	208.0	634.0
<b>Total</b>	<b>28</b>	<b>1,288.0</b>	<b>2,438.8</b>	<b>3,724.8</b>

3.5 There are three savings categorised as having a potential shortfall and 3 saving options that are currently delayed as summarised below. Further information is contained within Appendices 2a to 2f.

- Potential Shortfall – TB09 Public Conveniences – Delay with installation of reliable turnstiles. This is an issue that has been challenging other public bodies. A reliable and robust turnstile option is being progressed which will provide income levels required. Opportunities still exist to take forward franchising options. Committee paper being prepared for EDI Committee in relation to progress.
- 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. Despite the slight slippage, positive progress has been made with the MCA now having signed off documents for the existing internal operated ferries and discussions are underway regarding TUPE for the single ferry currently operated by ASP.
- 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 – TB12a Provision of enhanced funeral and burial services –

Progressing a funeral directors business was put on hold as part of last year's budget process. Developments within the industry are being monitored and should opportunities arise due to changes in how other local authorities operate within Scotland, a funeral directors business could be considered further.

- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – The Council's environment wardens and waste staff have carried out an exercise focussing on increasing commercial income. This helped to secure a number of new commercial agreements and also adjust some commercial agreements to the benefit of the council. Other initiatives that were set out for future years in TB14 are still to be considered. As part of this ongoing project there will be a focus for the environment wardens to undertake an exercise focussing on B&Bs/holiday lets who may currently be operating with just domestic bin provision.
- 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 October 2018.
- 4.2 Of the 28 savings options, 12 have already been delivered, 6 are on track to be delivered as per their timescale, 4 have still to be implemented, 3 have a potential shortfall and 3 are 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**  
**15 November 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 – TB09 Public Conveniences

Appendix 2b – Potential Shortfall – TB10 Ferries

Appendix 2c – Potential Shortfall – TB11 Piers and Harbours

Appendix 2d – Delay – TB12a Funeral and Burial Services

Appendix 2e – Delay – TB14 Waste Services

Appendix 2f – Delay – TB15 Airports



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

Appendix 1

POSITION AS AT 31 OCTOBER 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	6	475.5	3.0	807.5	1.0	1,228.5	3.0
Still to be Implemented	4	71.0	1.0	247.1	4.0	466.1	8.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	3	349.0	-1.0	513.0	-1.0	658.0	-1.0
Delayed	3	-60.0	-2.0	208.0	-2.0	634.0	-1.0
<b>TOTAL</b>	<b>28</b>	<b>1,288.0</b>	<b>7.6</b>	<b>2,438.8</b>	<b>10.6</b>	<b>3,724.8</b>	<b>17.6</b>

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

Appendix 1

POSITION AS AT 31 OCTOBER 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 Resouces 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 affecting savings in future years.
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	Potential Shortfall	Delay with installation of turnstiles and franchise options still to be taken forward. Committee paper being prepared in relation to progress.

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

**Appendix 1**

**POSITION AS AT 31 OCTOBER 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		
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	Delayed	Progressing a funeral directors business was put on hold as part of last year's budget process. Developments within the industry are being monitored and should opportunities arise due to changes in how other local authorities operate within Scotland, a funeral directors business could be considered further.
TB12b	Amenity Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Delivered	There is still a shortfall in delivering the additional £10K target, however income has risen and there is a need to market our venues.
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	Delayed	The ongoing Waste Strategy will be a delivery mechanism for a number of these savings which were forecast for 2019/20, 2020/21 and beyond.
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	

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

Appendix 1

POSITION AS AT 31 OCTOBER 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		
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	
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	
<b>TOTAL</b>			<b>1,288.0</b>	<b>7.6</b>	<b>2,438.8</b>	<b>10.6</b>	<b>3,724.8</b>	<b>17.6</b>		

## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure			
Service:	Roads and Amenity Services			
Service Package:	Public Conveniences			
Savings Reference:	TB09			
Description of Option:	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process			
Saving:	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	10	24	24
	Saving Achievable	0	24	24
	<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>
Reason Why there is a Potential Shortfall in the Saving:	Delay with installation of reliable turnstiles as no provider tendered for this work. This is an issue that has been challenging other public bodies. A reliable and robust turnstile option is being progressed which will provide income levels required. Opportunities still exist to take forward franchising options.			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	Committee paper being prepared for EDI Committee in relation to progress. Additional locations will be looked at for installing turnstiles and also where it will be appropriate to install honesty boxes.			

## SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure			
Service:	Roads and Amenity Services			
Service Package:	Funeral & Burials Service			
Savings Reference:	TB12a			
Description of Option:	Provision of enhanced funeral and burial services			
Saving:	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	-10	35	50
	Saving Achievable	0	35	50
	<b>Shortfall</b>	<b>-10</b>	<b>0</b>	<b>0</b>
Reason Why there is a Potential Shortfall in the Saving:	Provision of enhanced funeral and burial services – Work has been carried out regarding debt recovery and a new process established with Funeral Undertakers which helps in this regard. Other initiatives are being progressed and the potential to generate additional income is considered to be on track for 2019/20. However, some of the initiatives such as progressing a pet cemetery have so far not been progressed to a full business case.			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	Other initiatives are still open for further consideration and recent increases, particularly in the number of cremations, coming from out with Argyll and Bute will help to secure the budget income from 2019-20 onwards. This will be monitored any projected variances reported further.			

## 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:	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	284	404	524
	Saving Achievable	284	404	524
	<b>Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>
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:	Funeral & Burials Service			
Savings Reference:	TB12a			
Description of Option:	Provision of enhanced funeral and burial services			
Saving:	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	-10	35	50
	Saving Achievable	0	35	50
	<b>Shortfall</b>	<b>-10</b>	<b>0</b>	<b>0</b>
Reason Why there is a Potential Shortfall in the Saving:	Provision of enhanced funeral and burial services – Work has been carried out regarding debt recovery and a new process established with Funeral Undertakers which helps in this regard. Other initiatives are being progressed and the potential to generate additional income is considered to be on track for 2019/20. However, some of the initiatives such as progressing a pet cemetery have so far not been progressed to a full business case.			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	Other initiatives are still open for further consideration and recent increases, particularly in the number of cremations, coming from out with Argyll and Bute will help to secure the budget income from 2019-20 onwards. This will be monitored any projected variances reported further.			



## SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Development and Infrastructure			
Service:	Roads and Amenity Services			
Service Package:	Waste			
Savings Reference:	TB14			
Description of Option:	Waste Services - increase commercial income; reduce costs of collection and disposal			
Saving:				
	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	-130	13	286
	Saving Achievable	0	13	286
	<b>Shortfall</b>	<b>-130</b>	<b>0</b>	<b>0</b>
Reason Why there is a Potential Shortfall in the Saving:	Initiatives that were set out for future years in TB14 are at different stages of completeness and align with the developing Waste Strategy. As part of this ongoing project there will be a focus for officers to undertake an exercise focussing on B&Bs/holiday lets who may currently be operating with just domestic bin provision.			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The ongoing Waste Strategy will be a delivery mechanism for a number of these savings which were forecast for 2019/20, 2020/21 and beyond.			

## 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:	<b>Saving</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
	Saving approved	80	160	298
	Saving Achievable	45	160	298
	<b>Shortfall</b>	<b>35</b>	<b>0</b>	<b>0</b>
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 £4.172m. 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 October 2018 is £4m and £2.111m relates to Social Work services. A copy of the monitoring report is attached as Appendix 2. It was noted at the Integrated Joint Board meeting on 28 November 2018 that it will be extremely challenging for the HSCP to achieve a year-end break even position within 2018-19.
- 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 Employers revised pay offer, and the funding the Scottish Government have committed towards the Teachers pay award, it is estimated that this would cost an additional £0.094m over and above budget. Both the Scottish Joint Council and the Teachers Trade Unions have rejected the Employers revised pay offer and advised that preparations are now in hand to conduct strike ballots.
- 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.

<b>Description</b>	<b>Likelihood</b>	<b>Assessed Financial Impact</b> <b>£000</b>
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	2,111
Pay award over and above budget	4	94
Energy costs increase by 10% greater than anticipated	2	412
Repairs and Maintenance costs increase, due to unforeseen	2	200

emergencies, by 10%		
1% variation of General Inflation Risk	2	750
<b>Total</b>		<b>4,172</b>

## 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. £1.829m has been expended to date which is offset by £0.717m 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
<b>Total</b>	<b>4</b>	<b>140</b>	<b>9</b>	<b>680</b>	<b>28</b>	<b>3,356</b>	<b>1</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>4,526</b>

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

SERVICE	TITLE OF RISK	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 31 August 2018

3.4.1 There have been no changes to the departmental risks since the financial risks report as at the end of August 2018 reported to Policy and Resources Committee on 18 October 2018.

### 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  
30 November 2018**

## **APPENDICES**

Appendix 1 – Detail of Department/Service financial risks.

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



APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 31 August 2018		As at 31 October 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 - ELC 1,140 hours	The Council has a requirement to deliver 1,140 hours of early learning and childcare by 2020. Scottish Government have committed to funding this, however, the profile of funding is different to what was returned in our finance 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 estimated.	2	100	2	100
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.	3	10	3	10
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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 31 August 2018		As at 31 October 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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
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 OCTOBER 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 31 August 2018		As at 31 October 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
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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 31 August 2018		As at 31 October 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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
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

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2018

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 31 August 2018		As at 31 October 2018	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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
<b>Total</b>					<b>42</b>	<b>4,526</b>	<b>42</b>	<b>4,526</b>



**Integration Joint Board**

**Agenda item:**

**Date of Meeting: 28 November 2018**

**Title of Report: Month 7 Budget Monitoring Report**

**Presented by: Lesley Macleod, Interim Chief Finance Officer**

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

**Consider the contents of the report and accept the recommendations included as section 10 of this report:**

- Funding offers from NHS Highland and Argyll & Bute Council have yet to be formally accepted for 2018/19
- Budgets have been set based on the funding offers made
- Planned expenditure exceeded the funding available by £12.2m
- A savings plan of £10.6m has been in place to close the funding gap and a Financial Recovery Plan exists for the balance
- Slow progress has been recorded with regard to delivery of recurring savings
- The year-end forecast outturn is currently for a £4.0m overspend. This is an improvement from the month 6 position of a forecast overspend of £4.6m

## **1. EXECUTIVE SUMMARY**

The Argyll & Bute HSCP budget for 2018/19 is currently £266.6m. 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 only informal plans 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. This is in the sharp focus of the Partnership's Senior Leadership Team and key stakeholders.

## 2. INTRODUCTION

This report provides information on financial performance up to October (Month 7) 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 HSCP as at 31<sup>st</sup> October 2018.

<b><u>Table 1: Argyll &amp; Bute HSCP Funding 2018/19</u></b>		
	<u>£ '000</u>	<u>£ '000</u>
<b>Funding offer from Argyll &amp; Bute Council</b>		<b>56,389</b>
<b>Funding offer from NHS Highland</b>		<b>206,689</b>
		<b>263,078</b>
<b><u>SGHD In-year allocations passed through by NHS Highland</u></b>		
Waiting Times	930	
Primary Medical Services (GP services)	899	
New Medicines	821	
Additional Pay Award funding	787	
18/19 Primary Care Improvement Fund (70% : 30% c/f)	494	
Additional Alcohol and Drug Partnership (ADP) funding	315	
PFI funding	296	
Winter Pressures	175	
18/19 Mental Health Strategy (70% : 30% c/f)	143	
CAMHS & Psychological Therapies (pending)	128	
GP Out Of Hours	93	
Other miscellaneous allocations/adjustments (net)	(3)	
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 adjustments (retained central charges)	(867)	<b>3,548</b>

<b>Total Funding as at 31 October 2018</b>	<b>266,626</b>
--	----------------

As at 31<sup>st</sup> October 2018, operating budgets for Argyll & Bute HSCP total £266.626m.

### 3.2 Year to Date Position

For the seven months ended 31<sup>st</sup> October 2018, Argyll & Bute HSCP recorded an overspend of £570k. This is summarised in table 2 below.

<b>Table 2: Argyll &amp; Bute HSCP Year to Date Position</b>				
	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	132,254	75,958	77,222	(1,264)
Childrens Services	19,971	11,347	11,005	342
Primary Care Services	28,925	17,051	16,886	166
NHS commissioned services	64,845	37,747	39,175	(1,428)
All other budgets	20,631	7,958	6,344	1,614
	266,626	150,061	150,631	(570)

The main pressure on budgets is from savings not being achieved. There are also ongoing cost pressures which 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. Work is being carried out to better understand and align these forecasts including consistency of assumption and trend analysis.

### 3.3 Forecast Outturn Projection

The year-end forecast outturn position for 2018/19 is a **projected overspend of £4.0m**.

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 £4.0m 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 needs to continue to take



## Appendix 2

account of the in-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 formal 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 around discretionary spend, contractual arrangements and renewed focus on savings programmes. 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 £3.364m 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.

**Table 3: Argyll & Bute HSCP Savings Requirement 2018/19**

Savings targets identified	<u>£ 10.60m</u>
Savings declared to date	<u>£ 3.364m</u>
Savings still to be achieved	<u>£ 7.236m</u>

In addition, it must be remembered that there is a £1.6m budget gap in addition to this with currently few formal plans in place to address it.

To assist IJB's understanding of the current savings programme, the most significant initiatives are shown below ;

		<b>Target</b>	<b>Achieved</b>	<b>Full Year</b>
		<b>to 31/10/18</b>	<b>to 31/10/18</b>	<b>Forecast</b>
<b>Ref.</b>	<b>Savings Description</b>	<b>£' 000</b>	<b>£' 000</b>	<b>£' 000</b>
1	NHS GG&C contract / services	1,266	174	174
2	Prescribing	700	424	700
3	Bed Reduction Schemes	1,751	-	-
4	Learning Disabilities	810	376	636
5	Unidentified gap	2,345	1,015	1,015
	<b>Total</b>	<b>6,872</b>	<b>1,989</b>	<b>2,525</b>

## Appendix 2

In terms of governance, progress on delivering savings will be monitored by both the Quality and Finance Plan Programme Board and the Service Transformation Board. There are certainly 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. Robust project management and governance is required to highlight progress, potential blockages and poor delivery of programmes.

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 £4.0m 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 has been carried out which identified a possible budget challenge opportunity of some £1.6m. This is an iterative process which will continue on a monthly basis by the finance teams in conjunction with budget managers
- 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. This movement in charging is being challenged by the Partnership to understand the rationale and the associated timing of the change.
- Ongoing reliance on locum psychiatrists. Currently 4 posts are being covered by locums. This has caused a £446,000 overspend on the psychiatry medical staffing budget at month 7.
- 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.
- 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. RELEVANT DATA AND INDICATORS

## 5. CONTRIBUTION TO STRATEGIC PRIORITIES

## Appendix 2

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.

### **6. GOVERNANCE IMPLICATIONS**

#### **6.1 Financial Impact**

The year-end forecast outturn position for 2018/19 is a **projected overspend of £4.0m**. 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.

#### **6.2 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.

#### **6.3 Clinical Governance**

None

### **7. EQUALITY & DIVERSITY IMPLICATIONS**

### **8. RISK ASSESSMENT**

Risks are highlighted within the body of the report

### **9. 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.

### **10. 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 overspend by NHS Highland and Argyll and Bute Council.

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.

## Appendix 2

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.

To minimise the level of in-year overspend and to give rigour to the financial control environment, the following recommendations are made for IJB consideration and approval –

- **Current budget offers to be accepted such that there is stability in budgetary control and clarity of funding for 2018/19**
- **Continued restriction of all non-essential discretionary spend , particularly around new investment and staff recruitment**
- **Meaningful engagement with Greater Glasgow and Clyde to be sought by senior management to ensure a fit for purpose service level agreement for services provided to the population of Argyll and Bute. This is the subject of supplementary IJB papers.**
- **The ongoing focus on service transformation which drives down costs to continue as the priority for the Partnership's Senior Leadership Team and enhanced clarity of the supporting governance**

---

CAPITAL BUDGET MONITORING REPORT – 31 October 2018

---

**1 EXECUTIVE SUMMARY**

1.1 This provides an update on the position of the capital budget as at 31 October 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 £15,459k compared to a budget for the year to date of £15,035k giving rise to an overspend for the year to date of £424k (2.8%).
- **Forecast Outturn for 2018-19** – forecast net expenditure for the full financial year is £38,650k compared to an annual budget of £44,460k giving rise to a forecast underspend for the year of £5,810k (13.1%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £297,475k compared to a total budget for all projects of £296,173k giving rise to a forecast overspend for the overall capital plan of £1,302k (0.44%).

**1.3 Project Delivery:**

- **Asset Sustainability** – Out of 132 projects there are 125 projects (95%) on track and 7 projects (5%) off track but recoverable.
- **Service Development** - Out of 27 projects there are 23 projects (85%) on track and 4 projects (15%) off track but recoverable.
- **Strategic Change** – Out of 35 projects there are 28 projects (80%) on track, 3 projects (9%) off track but recoverable, and 4 projects (11%) off track.

1.4 The Council has received £366k of capital receipts up to 30 September 2018 against a budget of £3,100k (11.8%).

---

CAPITAL BUDGET MONITORING REPORT – 31 October 2018

---

**2 INTRODUCTION**

2.1 This provides an update on the position of the capital budget as at 31 October 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 £15,459k compared to a budget for the year to date of £15,035k giving rise to an overspend for the year to date of £424k (2.8%).
- **Forecast Outturn for 2018-19** – forecast net expenditure for the full financial year is £38,650k compared to an annual budget of £44,460k giving rise to a forecast underspend for the year of £5,810k (13.1%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £297,475k compared to a total budget for all projects of £296,173k giving rise to a forecast overspend for the overall capital plan of £1,302k (0.44%).

**2.3 Project Delivery:**

- **Asset Sustainability** – Out of 132 projects there are 125 projects (95%) on track and 7 projects (5%) off track but recoverable.
- **Service Development** - Out of 27 projects there are 23 projects (85%) on track and 4 projects (15%) off track but recoverable.
- **Strategic Change** – Out of 35 projects there are 28 projects (80%) on track, 3 projects (9%) off track but recoverable, and 4 projects (11%) off track.

2.4 The Council has received £366k of capital receipts up to 30 September 2018 against a budget of £3,100k (11.8%).

**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 £15,459k compared to a budget for the year to date of £15,035k giving rise to an overspend for the year to date of £424k (2.8%).

### 4.2 Project/Department Position

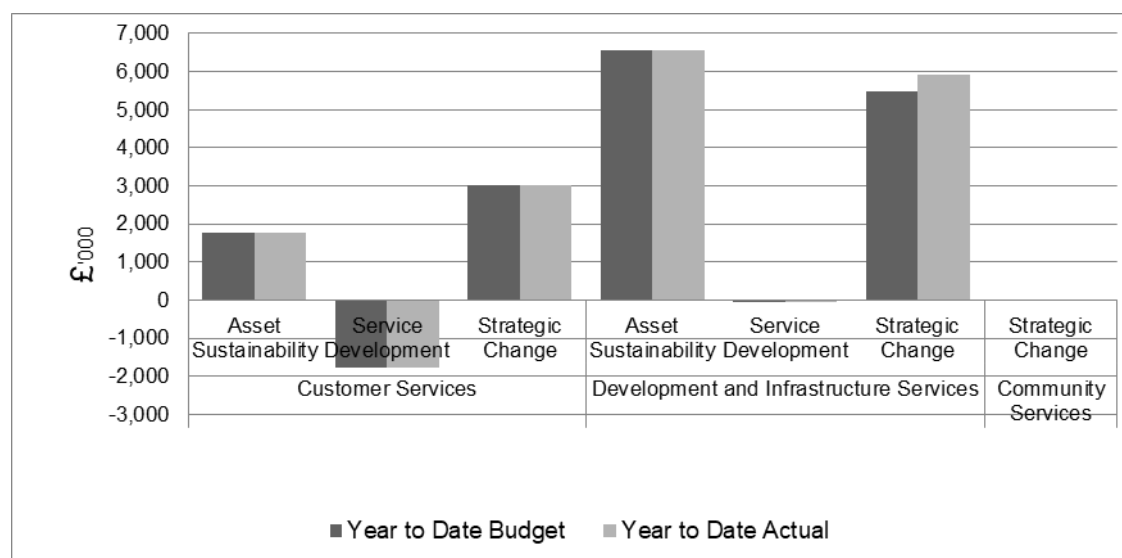
The table below shows the year to date net expenditure against the year to date budget by project type and department:

	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
<b>Project Type:</b>			
Asset Sustainability	8,344	8,312	32
Service Development	(1,805)	(1,784)	(21)
Strategic Change	8,496	8,931	(435)
<b>Total</b>	<b>15,035</b>	<b>15,459</b>	<b>(424)</b>
<b>Department:</b>			
Customer Services	3,032	3,023	9
Development and Infrastructure Services	12,003	12,436	(433)
Community Services	0	0	0
<b>Total</b>	<b>15,035</b>	<b>15,459</b>	<b>(424)</b>

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 £38,650k compared to an annual budget of £44,460k giving rise to a forecast underspend for the year of £5,810k (13.1%).

### 5.2 Project/Department Position

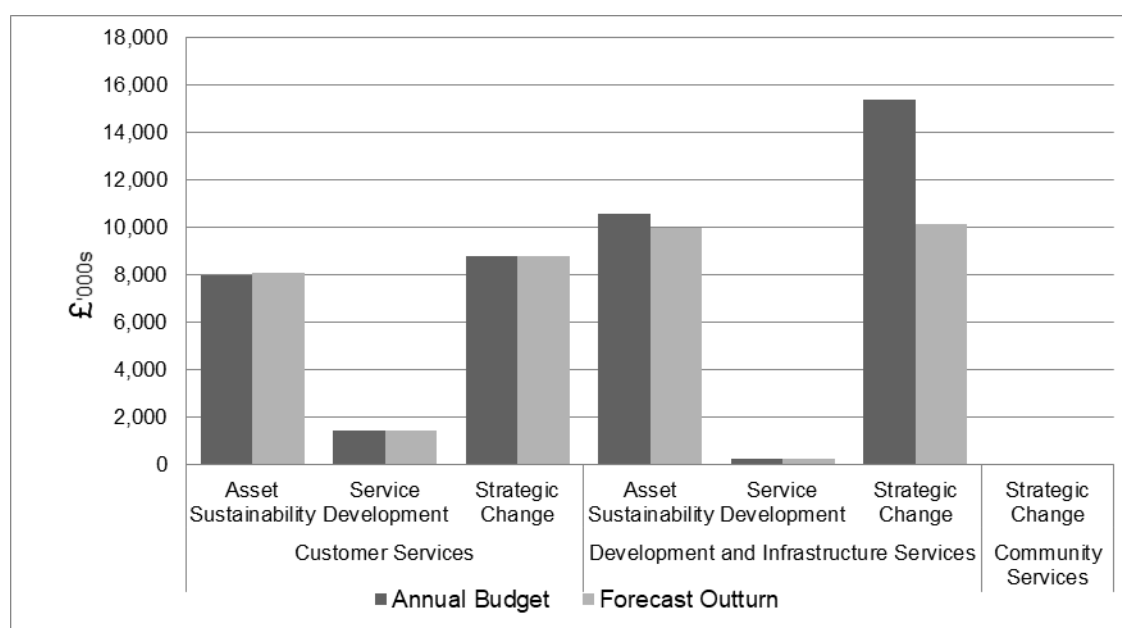
The table shows the forecast expenditure and budget for the year by project type and department:

	<b>Annual Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
<b>Project Type:</b>			
Asset Sustainability	18,543	18,067	476
Service Development	1,712	1,699	13
Strategic Change	24,205	18,884	5,321
<b>Total</b>	<b>44,460</b>	<b>38,650</b>	<b>5,810</b>
<b>Department:</b>			
Customer Services	18,211	18,271	(60)
Development and Infrastructure Services	26,249	20,379	5,870
Community Services	0	0	0
<b>Total</b>	<b>44,460</b>	<b>38,650</b>	<b>5,810</b>

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 £297,475k compared to a total budget for all projects of £296,173k giving rise to a forecast overspend for the overall capital plan of £1,302k (0.44%).

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

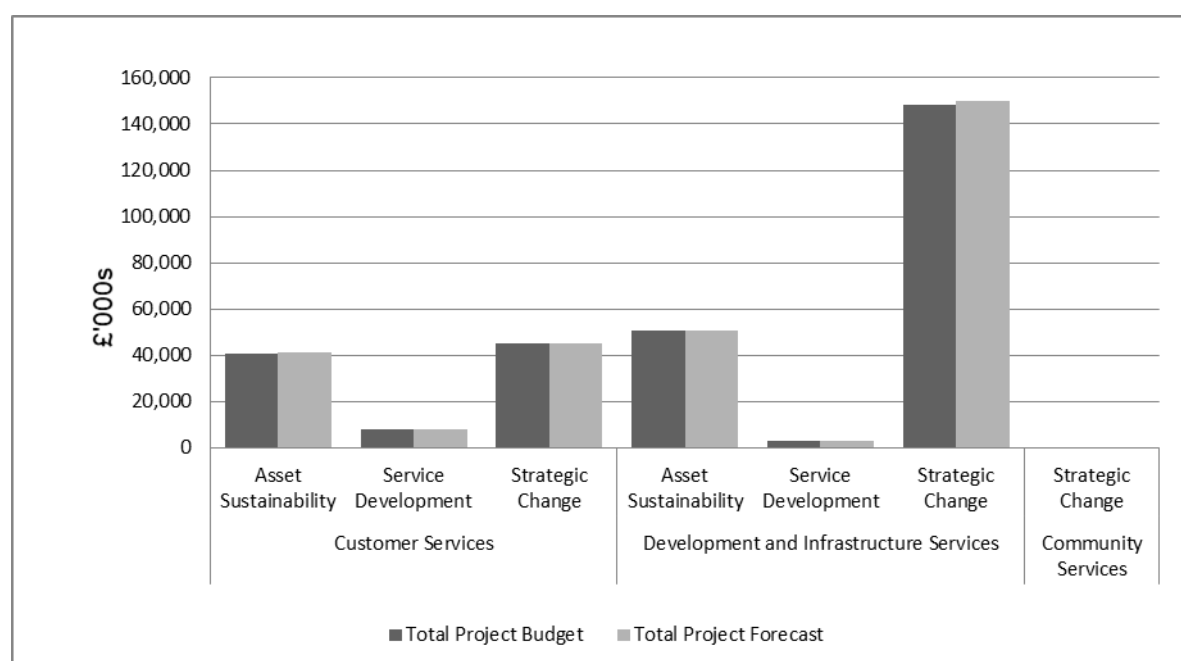
This table shows the net forecast total project cost and the budget for total project costs by project type and department:

<b>Project Type:</b>	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Capital Plan Variance £'000</b>
Asset Sustainability	91,771	91,796	(25)
Service Development	10,626	10,613	13
Strategic Change	193,776	195,066	(1,290)
<b>Total</b>	<b>296,173</b>	<b>297,475</b>	<b>(1,302)</b>
<b>Department:</b>			
Customer Services	94,052	94,119	(67)
Development and Infrastructure Services	202,121	203,356	(1,235)
Community Services	0	0	0
<b>Total</b>	<b>296,173</b>	<b>297,475</b>	<b>(1,302)</b>

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 194 projects within the Capital Plan, 176 are Complete or On Target, 14 are Off Target and Recoverable, and 4 are Off Track.

### 7.2 Project Position

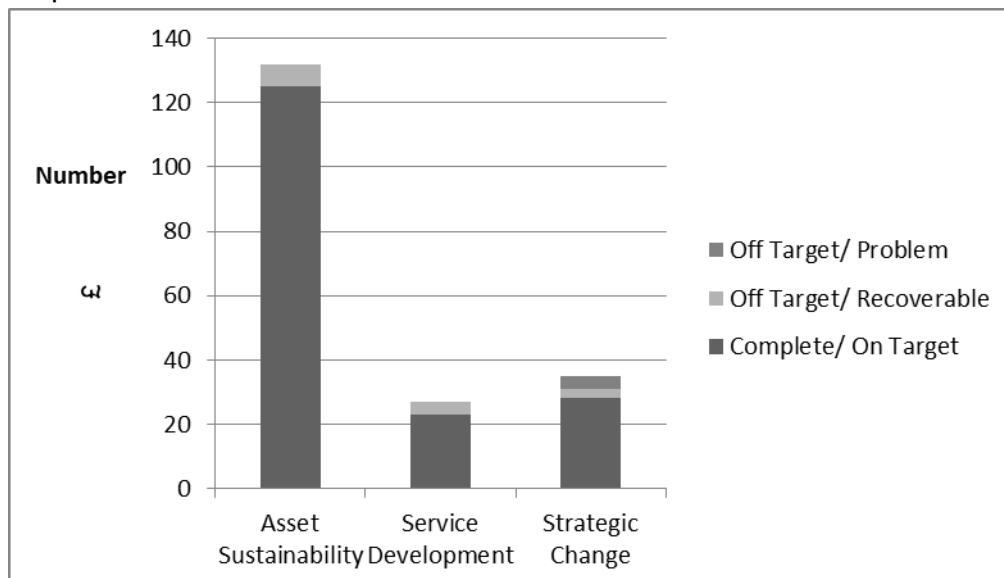
The table below shows the Performance Status of the Projects in the Capital Plan:

<b>Project Type:</b>	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	125	7	0	132
Service Development	23	4	0	27
Strategic Change	28	3	4	35
<b>Total</b>	<b>176</b>	<b>14</b>	<b>4</b>	<b>194</b>
<b>Department:</b>				
Customer Services	145	4	0	149
Development and Infrastructure Services	31	10	4	45
<b>Total</b>	<b>176</b>	<b>14</b>	<b>4</b>	<b>194</b>

Appendices 4, 5 and 6 show the Performance Status of the projects in further detail. Appendix 10 provides further information in relation to Strategic Change Projects.

### 7.3 Chart of Performance Status

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



## 8 OFF TRACK PROJECTS

- 8.1 The Off Track projects are noted in the table below and variance reports are included in Appendix 9.

Project Type	Project	What is Off Track?	Explanation
Strategic Change	Kintyre Renewables Hub	Current Year Expenditure & Project Total Expenditure	Project physically complete but costs were lower than anticipated.
Strategic Change	CHORD – Dunoon	Current Year Expenditure & Project Total Expenditure	Anticipated overspend of project. Report to be presented to December Policy and Resources Committee by the Service.
Strategic Change	CHORD Rothesay	Current Year Expenditure	Original cash flow forecasts unrepresentative of Works Programme and have now been updated by new project manager. Propose to slip to future years.
Strategic Change	Helensburgh Waterfront Development	Current Year Expenditure & Project Total Expenditure	Spend out with the original forecast anticipated costs and unable to secure additional funding from SportScotland.

## 9 STRATEGIC CHANGE PROJECTS

- 9.1 Appendix 10 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of the project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and if these are not green gives an explanation of the problem.

## 10 CHANGES TO CAPITAL PLAN

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

The updated capital plan incorporating these proposed changes can be found in Appendix 11.

Department	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability					0	
Service Development					0	
<b>Customer &amp; Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	110				110	Cost Change
Service Development					0	
Strategic Change					0	
<b>Facility - Education</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(38)				(38)	Cost Changes
Service Development	(72)				(72)	Cost Change
Strategic Change					0	
<b>Facility - Non Education</b>	<b>(110)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability					0	
Service Development					0	
Strategic Change					0	
<b>Facility - Dunoon</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(489)	489			0	Slippages
Service Development					0	
Strategic Change					0	
<b>Roads and Amenity Services</b>	<b>(489)</b>	<b>489</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Service Development					0	
Strategic Change	(5,412)	5,087	325		0	Slippage
<b>Economic Development</b>	<b>(5,412)</b>	<b>5,087</b>	<b>325</b>	<b>0</b>	<b>0</b>	
<b>TOTAL</b>	<b>(5,901)</b>	<b>5,576</b>	<b>325</b>	<b>0</b>	<b>0</b>	

## 11 CAPITAL RECEIPTS

- 11.1 The Council has received £366k of capital receipts up to 30 September 2018 against a budget of £3,100k (11.8%).

- **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** - Off track project variance reports
- **Appendix 10** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 11** - 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.

<b>Project</b>	<b>YTD Budget £'000</b>	<b>YTD Actual £'000</b>	<b>(Over)/ Under Variance £'000</b>	<b>Explanation</b>
Archives – Wee Manse Brae	72	0	72	This was historically to be spent on IT works that did not go ahead. Propose to vire to Rothesay Swimming Pool where an over spend is projected.
CHORD – Dunoon	2,508	2,664	(156)	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	190	434	(244)	The variance relates to the housing element of the project. The housing grant is paid in arrears therefore the timing between actual expenditure and the receipt of the grant has resulted in this temporary variance which should be rectified once the grant is received.
Variances Less than £50k			(96)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(424)</b>	

## 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
Legionella Control Works - Education	(110)	0	(110)	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k from Legionella budget sitting within Shared Offices.
Legionella Control Works – Shared Offices	500	390	110	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k to Legionella works within Education.
Rothsay Swimming Pool	557	629	(72)	Roofing works – additional works requested. Propose to vire £72k from Archives Wee Manse Brae where this budget is no longer required.
Archives – Wee Manse Brae	72	0	72	Historically to be spent on IT works that did not go ahead. Propose to vire to Rothsay Swimming Pool where an over spend is projected.
Bridge Strengthening	284	209	75	Anticipated that some of the works on Coll will run into 2019/20. The anticipated delay is due to extra staff time being required on other priorities such as bridge maintenance. Propose to slip to 2019/20.
Environmental Projects	514	100	414	Cemetery extension works to be undertaken over 2018/19 and 2019/20. Propose to slip £414k to 2019/20 to cover proportion of costs occurring in that year.
Kintyre Renewables Hub	433	10	423	Project is physically complete and in use. £10k required for minor contractual matters to be closed out with contractor. Underspend will reduce level of borrowing required for this project.
CHORD – Dunoon	2,508	2,741	(233)	Anticipated overspend of project reflected in current year. Report to be presented to December Policy and Resources Committee by the Service.
CHORD – Rothsay	10,753	5,373	5,380	Original cash flow forecasts unrepresentative of Works Programme and have now been updated by new project manager. Propose to slip to future years.
TIF – Lorn/Kirk Road	190	434	(244)	The variance relates to the housing element of the project. The housing grant is paid in arrears therefore the timing between actual expenditure and the receipt of the grant has resulted in this temporary variance which should be rectified once the grant is received.
Other Variances			(5)	Total value of non-material variances less than +/-£50k
Total			<b>5,810</b>	

### APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Legionella Control Works - Education	110	220	(110)	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k from Legionella budget sitting within Shared Offices.
Legionella Control Works – Shared Offices	1,000	890	110	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k to Legionella works within Education.
Rothsay Swimming Pool	702	774	(72)	Roofing works – additional works requested. Propose to vire £72k from Archives Wee Manse Brae where this budget is no longer required.
Archives – Wee Manse Brae	128	56	72	This was historically to be spent on IT works that did not go ahead. Propose to vire to Rothsay Swimming Pool where an over spend is projected.
Kintyre Renewables Hub	11,816	11,393	423	Project is physically complete and in use. £10k required for minor contractual matters to be closed out with contractor.
CHORD – Dunoon	12,012	12,522	(510)	Anticipated overspend of project. Report to be presented to December Policy and Resources Committee by the Service.
Helensburgh Waterfront Development	18,997	19,934	(937)	Contract sum increase and inability to secure additional funding support from SportScotland. Variance report included in Appendix 9.
TIF – Lorn/Kirk Road	926	1,170	(244)	The variance relates to the housing element of the project. The housing grant is paid in arrears therefore the timing between actual expenditure and the receipt of the grant has resulted in this temporary variance which should be rectified once the grant is received.
Other Variances			(34)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(1,302)</b>	



## APPENDIX 4 – Asset Sustainability Project Performance

There are 132 Projects recognised as Asset Sustainability Projects, 125 are Complete or On Target and 7 are Off Target and Recoverable.

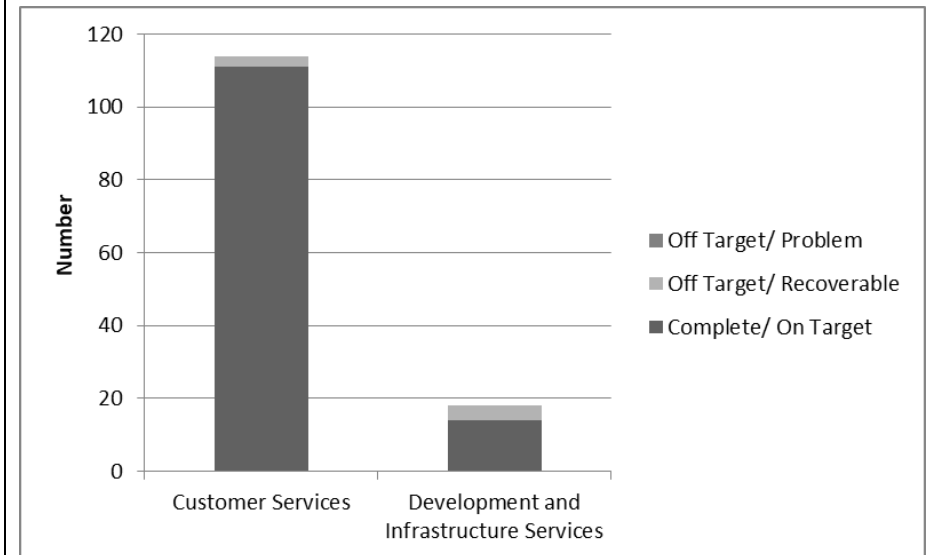
### Department Position:

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	111	3	0	114
Development and Infrastructure Services	14	4	0	18
<b>Total</b>	<b>125</b>	<b>7</b>	<b>0</b>	<b>132</b>

### 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, 23 are Complete or On Target and 4 are Off Target and Recoverable.

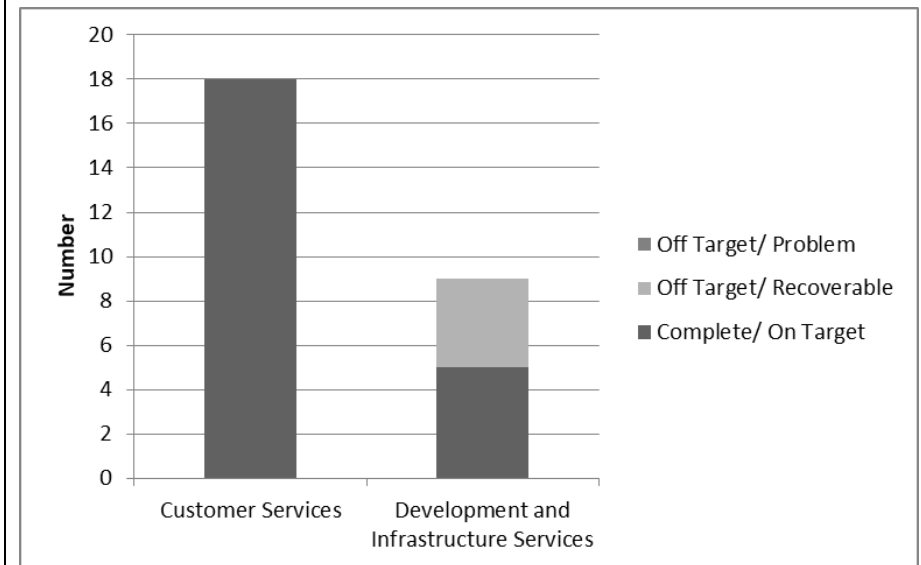
### Department Position:

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	5	4	0	9
<b>Total</b>	<b>23</b>	<b>4</b>	<b>0</b>	<b>27</b>

### 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 35 Projects recognised as Strategic Change Projects. 28 are Complete or On Target, 3 are Off Target and Recoverable and 4 are Off Track.

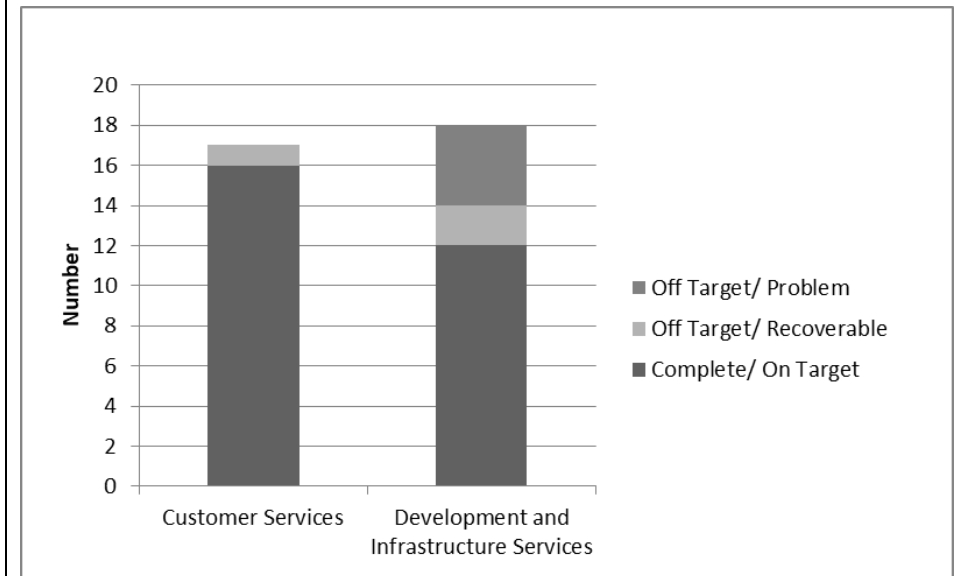
### Department Position:

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	16	1	0	17
Development and Infrastructure Services	12	2	4	18
<b>Total</b>	<b>28</b>	<b>3</b>	<b>4</b>	<b>35</b>

### 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
Archives – Wee Manse Brae	(72)				(72)	Vire £72k from Archives – Wee Manse Brae to Rothesay Swimming Pool.	This was historically to be spent on IT works that did not go ahead. Propose to vire to Rothesay Swimming Pool where an over spend is projected.
Rothesay Swimming Pool	72				72	Vire £72k from Archives – Wee Manse Brae to Rothesay Swimming Pool.	Roofing works – additional works requested. Propose to vire £72k from Archives Wee Manse Brae where this budget is no longer required.
Legionella Control Works – Shared Offices	(110)				(110)	Vire £110k from Legionella Shared Offices to Legionella Education.	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k to Legionella works within Education.
Legionella Control Works – Education	110				110	Vire £110k from Legionella Shared Offices to Legionella Education.	All of Facility Services budget for Legionella currently sitting within Shared Office Accommodation. Propose to vire £110k to Legionella works within Education.
<b>Total Cost Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

SLIPPAGES AND ACCELERATIONS							
Project	2018-19 £'000	2019-20 £'000	2020-21 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Bridge Strengthening	(75)	75				Slip £75k from 2018/19 to 2019/20.	Works in Coll will run into start of 2019/20 due to extra staff time being required on other priorities.
Environmental Projects	(414)	414				Slip £414k from 2018/19 to 2019/20.	Cemetery extension works to be split across 18/19 and 19/20.
Rothesay CHORD	(5,412)	5,087	325			Slip £5,412k from 2018/19 to future years.	Original cash flow forecasts unrepresentative of Works Programme and have now been updated by new project manager.
<b>Total Slippages and Accelerations</b>	<b>(5,901)</b>	<b>5,576</b>	<b>325</b>	<b>0</b>	<b>0</b>		
<b>Net Impact of Changes</b>	<b>(5,901)</b>	<b>5,576</b>	<b>325</b>	<b>0</b>	<b>0</b>		

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL									Appendix 8
FINANCIAL SUMMARY - NET EXPENDITURE									31 October 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
<b>EXPENDITURE</b>									
<b>Area Committee Expenditure - Asset Sustainability</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>69</b>	<b>25</b>	<b>44</b>
<b>Asset Sustainability Projects</b>									
Customer Services	1,744	1,758	(14)	7,911	8,066	(155)	41,023	41,185	(162)
Development & Infrastructure Services	7,562	7,562	0	13,228	12,720	508	58,826	58,807	19
<b>Asset Sustainability Total</b>	<b>9,306</b>	<b>9,320</b>	<b>(14)</b>	<b>21,139</b>	<b>20,786</b>	<b>353</b>	<b>99,849</b>	<b>99,992</b>	<b>(143)</b>
<b>Service Development Projects</b>									
Customer Services	323	344	(21)	3,553	3,540	13	10,859	10,846	13
Development & Infrastructure Services	341	341	0	1,060	1,060	0	7,516	7,516	0
<b>Service Development Total</b>	<b>664</b>	<b>685</b>	<b>(21)</b>	<b>4,613</b>	<b>4,600</b>	<b>13</b>	<b>18,375</b>	<b>18,362</b>	<b>13</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	10	10	0	327	327	0	1,970	1,970	0
Dunoon Primary	2,827	2,827	0	4,582	4,582	0	10,699	10,699	0
Replacement of Oban High	163	163	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	3	3	0	400	400	0	11,838	11,838	0
Rothasay 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	48	48	0	150	150	0	603	603	0
Street Lighting LED Replacement	148	148	0	650	650	0	3,900	3,900	0
Harbour Investment Programme	598	598	0	2,770	2,770	0	78,164	78,164	0
CHORD - Helensburgh	13	16	(3)	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	2,508	2,664	(156)	2,508	2,741	(233)	12,012	12,522	(510)
CHORD - Oban	220	220	0	975	1,010	(35)	7,957	7,992	(35)
CHORD - Rothasay	2,258	2,290	(32)	10,753	5,373	5,380	13,770	13,802	(32)
Helensburgh Waterfront Development	383	383	0	676	676	0	18,387	19,934	(1,547)
TIF - Lorn/Kirk Road	10	434	(424)	10	434	(424)	746	1,170	(424)
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
Rothasay 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
<b>Strategic Change Total</b>	<b>9,207</b>	<b>9,822</b>	<b>(615)</b>	<b>31,323</b>	<b>25,883</b>	<b>5,440</b>	<b>210,791</b>	<b>212,586</b>	<b>(1,795)</b>
<b>Total Expenditure</b>	<b>19,221</b>	<b>19,827</b>	<b>(606)</b>	<b>57,119</b>	<b>51,269</b>	<b>5,850</b>	<b>329,084</b>	<b>330,965</b>	<b>(1,881)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Customer Services	0	0	0	0	0	0	(118)	(118)	0
Development & Infrastructure Services	(1,006)	(1,008)	2	(2,640)	(2,719)	79	(8,029)	(8,103)	74
<b>Asset Sustainability Total</b>	<b>(1,006)</b>	<b>(1,008)</b>	<b>2</b>	<b>(2,640)</b>	<b>(2,719)</b>	<b>79</b>	<b>(8,147)</b>	<b>(8,221)</b>	<b>74</b>
<b>Service Development Projects</b>									
Customer Services	(2,100)	(2,100)	0	(2,100)	(2,100)	0	(3,088)	(3,088)	0
Development & Infrastructure Services	(369)	(369)	0	(801)	(801)	0	(4,661)	(4,661)	0
<b>Service Development Total</b>	<b>-2,469</b>	<b>-2,469</b>	<b>0</b>	<b>-2,901</b>	<b>-2,901</b>	<b>0</b>	<b>-7,749</b>	<b>-7,749</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
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)	(1,305)	610
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothasay	(682)	(682)	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	(29)	(209)	180	(29)	(209)	180	(537)	(717)	180
<b>Strategic Change Total</b>	<b>(711)</b>	<b>(891)</b>	<b>180</b>	<b>(7,118)</b>	<b>(6,999)</b>	<b>(119)</b>	<b>(17,015)</b>	<b>(17,520)</b>	<b>505</b>
<b>Total Income</b>	<b>(4,186)</b>	<b>(4,368)</b>	<b>182</b>	<b>(12,659)</b>	<b>(12,619)</b>	<b>(40)</b>	<b>(32,911)</b>	<b>(33,490)</b>	<b>579</b>
<b>Net Total</b>	<b>15,035</b>	<b>15,459</b>	<b>(424)</b>	<b>44,460</b>	<b>38,650</b>	<b>5,810</b>	<b>296,173</b>	<b>297,475</b>	<b>(1,302)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT									
FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES									
									Appendix 8 31 October 2018
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Asset Sustainability Projects</b>									
Flood Prevention	6	6	0	171	171	0	533	533	0
Bridge Strengthening	46	46	0	284	209	75	3,088	3,088	0
Traffic Management	0	0	0	0	0	0	366	366	0
Roads Reconstruction	6,708	6,708	0	10,194	10,194	0	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	657	657	0	908	908	0	4,818	4,818	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	21	21	0	580	166	414	985	985	0
Waste	0	0	0	106	106	0	200	200	0
Recreation and Sport	4	4	0	65	65	0	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
<b>Asset Sustainability Total</b>	<b>7,562</b>	<b>7,562</b>	<b>0</b>	<b>13,228</b>	<b>12,720</b>	<b>508</b>	<b>58,826</b>	<b>58,807</b>	<b>19</b>
<b>Service Development Projects</b>									
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	23	23	0	329	329	0	2,622	2,622	0
Safe Streets, Walking and Cycling	298	298	0	298	298	0	977	977	0
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
<b>Service Development Total</b>	<b>341</b>	<b>341</b>	<b>0</b>	<b>1,060</b>	<b>1,060</b>	<b>0</b>	<b>7,516</b>	<b>7,516</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Kintyre Renewables Hub	0	0	0	732	10	722	12,115	11,393	722
Campbeltown Flood Scheme	48	48	0	150	150	0	603	603	0
Street Lighting LED Replacement	148	148	0	650	650	0	3,900	3,900	0
Harbour Investment Programme	598	598	0	2,770	2,770	0	78,164	78,164	0
CHORD - Helensburgh	13	16	(3)	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	2,508	2,664	(156)	2,508	2,741	(233)	12,012	12,522	(510)
CHORD - Oban	220	220	0	975	1,010	(35)	7,957	7,992	(35)
CHORD - Rothesay	2,258	2,290	(32)	10,753	5,373	5,380	13,770	13,802	(32)
Helensburgh Waterfront Development	383	383	0	676	676	0	18,387	19,934	(1,547)
TIF - Lorn/Kirk Road	10	434	(424)	10	434	(424)	746	1,170	(424)
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
<b>Strategic Change Total</b>	<b>6,186</b>	<b>6,801</b>	<b>(615)</b>	<b>22,520</b>	<b>17,118</b>	<b>5,402</b>	<b>164,998</b>	<b>166,831</b>	<b>(1,833)</b>
<b>Total Expenditure</b>	<b>14,089</b>	<b>14,704</b>	<b>(615)</b>	<b>36,808</b>	<b>30,898</b>	<b>5,910</b>	<b>231,340</b>	<b>233,154</b>	<b>(1,814)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Roads Reconstruction	-272	-271	(1)	-1,732	-1,731	(1)	(2,223)	(2,222)	(1)
Furnace Coastal Protection	0	0	0	0	0	0	(122)	(122)	0
Fleet Management - Prudential Borrowing	(657)	(657)	0	(908)	(908)	0	(4,818)	(4,818)	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
<b>Asset Sustainability Total</b>	<b>(1,006)</b>	<b>(1,008)</b>	<b>2</b>	<b>(2,640)</b>	<b>(2,719)</b>	<b>79</b>	<b>(8,029)</b>	<b>(8,103)</b>	<b>74</b>
<b>Service Development Projects</b>									
Helensburgh Cycleways	0	0	0	(350)	(350)	0	(2,774)	(2,774)	0
Safe Streets, Walking and Cycling	(369)	(369)	0	(369)	(369)	0	(474)	(474)	0
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
<b>Service Development Total</b>	<b>(369)</b>	<b>(369)</b>	<b>0</b>	<b>(801)</b>	<b>(801)</b>	<b>0</b>	<b>(4,661)</b>	<b>(4,661)</b>	<b>0</b>
<b>Strategic Change Projects</b>									
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)	(1,305)	610
CHORD - Campbeltown	0	0	0	0	0	0	(120)	(135)	15
CHORD - Rothesay	(682)	(682)	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	(29)	(209)	180	(29)	(209)	180	(537)	(717)	180
<b>Strategic Change Total</b>	<b>(711)</b>	<b>(891)</b>	<b>180</b>	<b>(7,118)</b>	<b>(6,999)</b>	<b>(119)</b>	<b>(16,529)</b>	<b>(17,034)</b>	<b>505</b>
<b>Total Income</b>	<b>(2,086)</b>	<b>(2,268)</b>	<b>182</b>	<b>(10,559)</b>	<b>(10,519)</b>	<b>(40)</b>	<b>(29,219)</b>	<b>(29,798)</b>	<b>579</b>
<b>Net Departmental Total</b>	<b>12,003</b>	<b>12,436</b>	<b>(433)</b>	<b>26,249</b>	<b>20,379</b>	<b>5,870</b>	<b>202,121</b>	<b>203,356</b>	<b>(1,235)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING							Appendix 8		
FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES							31 October 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
<b>EXPENDITURE</b>									
<b>Area Committees - Asset Sustainability</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>69</b>	<b>25</b>	<b>44</b>
<b>Asset Sustainability</b>									
Education	735	742	(7)	2,700	2,874	(174)	21,663	21,841	(178)
Community and Culture	268	268	0	1,430	1,503	(73)	3,627	3,700	(73)
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	144	151	(7)	1,692	1,600	92	4,270	4,178	92
Customer and Support Services	576	576	0	1,298	1,298	0	8,756	8,756	0
<b>Asset Sustainability Total</b>	<b>1,744</b>	<b>1,758</b>	<b>(14)</b>	<b>7,911</b>	<b>8,066</b>	<b>(155)</b>	<b>41,023</b>	<b>41,185</b>	<b>(162)</b>
<b>Service Development Projects</b>									
Property Management System	0	0	0	0	0	0	89	89	0
Applications Projects	(7)	(7)	0	33	33	0	1,263	1,263	0
Bowmore Primary School - Pre 5 Unit	0	0	0	(2)	4	(6)	28	34	(6)
Clyde Cottage - 600 hour provision	0	0	0	40	40	0	505	505	0
Craignish Primary School - Pre 5 Extension	0	0	0	35	35	0	417	417	0
Iona Primary School - Pre 5 Unit	0	0	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	0	0	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	289	289	0	329	329	0	1,386	1,386	0
Early Years 1140 Hours	25	25	0	2,100	2,100	0	2,100	2,100	0
Archives - Wee Manse Brae	0	0	0	72	0	72	128	56	72
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
<b>Service Development Total</b>	<b>323</b>	<b>344</b>	<b>(21)</b>	<b>3,553</b>	<b>3,540</b>	<b>13</b>	<b>10,859</b>	<b>10,846</b>	<b>13</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	10	10	0	327	327	0	1,970	1,970	0
Dunoon Primary	2,827	2,827	0	4,582	4,582	0	10,699	10,699	0
Replacement of Oban High	163	163	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	3	3	0	400	400	0	11,838	11,838	0
Rothesay 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
<b>Strategic Change Total</b>	<b>3,021</b>	<b>3,021</b>	<b>0</b>	<b>8,803</b>	<b>8,765</b>	<b>38</b>	<b>45,793</b>	<b>45,755</b>	<b>38</b>
<b>Total Expenditure</b>	<b>5,132</b>	<b>5,123</b>	<b>9</b>	<b>20,311</b>	<b>20,371</b>	<b>(60)</b>	<b>97,744</b>	<b>97,811</b>	<b>(67)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Facility Services	0	0	0	0	0	0	(60)	(60)	0
Community and Culture	0	0	0	0	0	0	(58)	(58)	0
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118)</b>	<b>(118)</b>	<b>0</b>
<b>Service Development Projects</b>									
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
<b>Service Development Total</b>	<b>(2,100)</b>	<b>(2,100)</b>	<b>0</b>	<b>(2,100)</b>	<b>(2,100)</b>	<b>0</b>	<b>(3,088)</b>	<b>(3,088)</b>	<b>0</b>
<b>Strategic Change</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
<b>Strategic Change Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(486)</b>	<b>(486)</b>	<b>0</b>
<b>Total Income</b>	<b>(2,100)</b>	<b>(2,100)</b>	<b>0</b>	<b>(2,100)</b>	<b>(2,100)</b>	<b>0</b>	<b>(3,692)</b>	<b>(3,692)</b>	<b>0</b>
<b>Net Departmental Total</b>	<b>3,032</b>	<b>3,023</b>	<b>9</b>	<b>18,211</b>	<b>18,271</b>	<b>(60)</b>	<b>94,052</b>	<b>94,119</b>	<b>(67)</b>

OFF TRACK PROJECT		Appendix 9a
Department:	Development and Infrastructure	
Project Name:	Kintyre Renewables Hub	
First Added to Capital Plan:	2010	
Project Manager:	Arthur McCulloch	
How is this project funded?	Capital/ERDF/Piers & Harbours Revenue	
<b>Why is the project classified as off target?</b>		
The forecast total and this year's project cost is lower than budget, together with the Income.		
<b>What has caused the issue outlined above?</b>		
As the construction elements came towards their conclusion, the estimated final costs have been refined. This has had the effect of lowering the final estimates which should have resulted in a reduced level of ERDF award. However the ERDF income has been at a higher percentage level than originally expected and this has had the effect of reducing the Council's overall contribution to the project.		
<b>What action will be taken to rectify this issue?</b>		
No action proposed.		
<b>What are the implications of the action proposed?</b>		
Both the overall expenditure and ERDF award will be less than originally planned, however the grant is at a higher percentage level than expected earlier in the year. Hence, there is a net financial benefit to the Council.		



OFF TRACK PROJECT		Appendix 9b
Department:	Development and Infrastructure Services, EDST, Capital Regeneration Team	
Project Name:	CHORD – Dunoon Waterfront	
First Added to Capital Plan:	2008	
Project Manager:	John Gordon	
How is this project funded?	Prudential Borrowing	
Why is the project classified as off target?		
The Project achieved Practical Completion on 4 July 2018 and the Queen’s Hall building was handed back to A&BC as of that date, with the 12 months Defects Rectification Period commencing forthwith. The Anticipated Final Account for the Project is £12,521,783 against and Approved Budget of £12,011,751, resulting in a variance of £510,032.		
What has caused the issue outlined above?		
The causes of the cost increases will be set out in detail in a Report to the Policy & Resources Committee on 13 December 2018, but can be summarised as follows: Costs of procuring Furniture, Fittings and Equipment (FF&E) which were not previously accounted for in the project costs/budget; Agreed Extensions of Time for the Principal Contractor; Additional Works; Costs of Works Package significantly higher than provisional sum allowances; and items previously missed from the Bill of Quantities issued at Tender Stage.		
What action will be taken to rectify this issue?		
Report to P&R Committee will recommend that the project is funded and that consideration will be given to this as part of the 2019-20 Budget Setting process.		
What are the implications of the action proposed?		
Additional capital funding required for the project.		

OFF TRACK PROJECT		Appendix 9c
Department:	Development and Infrastructure Services	
Project Name:	Rothesay Pavilion	
First Added to Capital Plan:	March 2015?	
Project Manager:	Jonathan M Miles	
How is this project funded?	1. A&BC: £5,310,074; 2. HLF: £4,187,500 3. HES: £750,000; 4. RCGF: £625,000; 5. HIE: £750,000. 6. CCF: £600,000 RPC: £400,000.	
Why is the project classified as off target?		
Following a review by the new project manager the original calendarised forecast expenditure does not accurately reflect the Main Contractors Cash Flow projections. Provisional Sums were divided evenly between the periods and not reflective of actuals.		
What has caused the issue outlined above?		
Incorrect annual spend forecast for 18/19.		
What action will be taken to rectify this issue?		
Review of Main Contractors Cash Flow and provisional sum expenditure against programme including a re-profiling of period forecasts within financial year 2018/19 and moving funds from the current financial year into 2019/20.		
What are the implications of the action proposed?		
Draw down of allocated funds re profiled into financial year 2019/20.		

OFF TRACK PROJECT		Appendix 9d
Department:	Development and Infrastructure Services	
Project Name:	Helensburgh Waterfront Development	
First Added to Capital Plan:	March 2016?	
Project Manager:	Andrew Collins, Regeneration Project Manager	
How is this project funded?	1. A&BC £12,692,000; 2. MOD Libor Grant £5,000,000; 3. Waitrose S75 Funds £195,000; 4. Property Acquisition £110,000; 5. Potential return from Future Retail Development £1,000,000. Total £18,997,000. Future Live Argyll Contribution to Cost of Moveable Floor in Training Pool £256,200.	
Why is the project classified as off target?		
The project is classified as off target, as spend this year is out with the original annual spend forecast.		
What has caused the issue outlined above?		
Th programme of the key workstreams necessary to develop the project through Royal Incorporation of British Architects (RIBA) Stage 3 (Developed Design) Stage 4 (Technical Design) such that the project is in a position to go out to Tender for the Main Works Contract in March 2019 has been under constant review, and has been revised to take account of feedback received during the Pre-Application Consultation Process and the Planning Permission and Building Warrant Applications as well as the detailed development of the works required to develop the Full Business Case and Procurement Documentation. Our cashflow projections, as provided in the Capital Monitoring Report at the start of FY18/19, have therefore had to be revised as the impact of the design and programme revisions have been further developed and quantified. The project has developed a more detailed programme through to the potential award of the main works contract in June/July 2019 and the cashflow projections have been revised accordingly.		
What action will be taken to rectify this issue?		
Re-profiling of funds from future years forecasts to address the variance in FY18/19		
What are the implications of the action proposed?		
Early drawdown for allocated funds from future years		

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.
Rothsay 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	Red	See off track variance report in Appendix 9a.
Campbeltown Flood Scheme	84	150	369	603	603	01/08/2016	31/03/2023	Amber	Scottish Government funding now shown will allow project to move forward to more detailed investigation stage during 2019.
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	Green	
CHORD - Campbeltown	3,460	1,326	0	4,786	4,801	25/06/2014	10/11/2015	Green	
CHORD - Dunoon	9,504	2,741	277	12,522	12,012	03/02/2012	09/03/2018	Red	See off track variance report in Appendix 9b.
CHORD - Oban	6,982	1,010	0	7,992	8,282	27/10/2016	31/07/2017	Green	
CHORD - Rothsay	3,017	5,373	5,412	13,802	21,966	01/04/2015	01/12/2018	Red	See off track variance report in Appendix 9c.
Helensburgh Waterfront Development	738	676	18,520	19,934	18,387	01/04/2017	30/09/2020	Red	See off track variance report in Appendix 9d.
TIF - Lorn/Kirk Road	736	434	0	1,170	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	
Rothsay 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	
<b>Strategic Change Total</b>	<b>82,819</b>	<b>25,883</b>	<b>103,884</b>	<b>212,586</b>	<b>218,909</b>				

**CAPITAL PLAN 2018-19  
SUMMARY**

**APPENDIX 11**

Department	Head of Service	Previous Years £000s	2018-19 £000s	2019-20 £000's	2020-21 £000s	Future Years £000s	Total £000s
<b>Health and Social Care Partnership</b>	Adult Care	1,743	361	8	0	0	2,112
	Children and Families	1,404	491	0	0	0	1,895
<b>Health and Social Care Partnership Total</b>		<b>3,147</b>	<b>852</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>4,007</b>
<b>Community Services</b>	Community and Culture	0	121	0	0	0	121
	Education	37,636	11,861	4,892	440	0	54,829
<b>Community Services Total</b>		<b>37,636</b>	<b>11,982</b>	<b>4,892</b>	<b>440</b>	<b>0</b>	<b>54,950</b>
<b>Customer Services</b>	Customer and Support Services	7,815	1,331	962	0	0	10,108
	Facility Services	17,862	4,621	1,290	1	0	23,774
<b>Customer Services Total</b>		<b>25,677</b>	<b>5,952</b>	<b>2,252</b>	<b>1</b>	<b>0</b>	<b>33,882</b>
<b>Development and Infrastructure</b>	Economic Development	39,267	13,796	7,955	14,938	0	75,956
	Roads and Amenity Services	50,217	17,111	15,661	9,000	63,395	155,384
<b>Development and Infrastructure Total</b>		<b>89,484</b>	<b>30,907</b>	<b>23,616</b>	<b>23,938</b>	<b>63,395</b>	<b>231,340</b>
<b>Live Argyll</b>	Live Argyll	3,346	1,525	34	0	0	4,905
<b>Live Argyll Total</b>		<b>3,346</b>	<b>1,525</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>4,905</b>
<b>Grand Total</b>		<b>159,290</b>	<b>51,218</b>	<b>30,802</b>	<b>24,379</b>	<b>63,395</b>	<b>329,084</b>

			Previous					
Category	Head of Service	Project	Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	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
Asset Sustainability Total		1,743	361	8	0	0	2,112	
Overall Total		1,743	361	8	0	0	2,112	

			Previous Years	2018-19	2019-20	2020-21	Future Years	Total
Category	Head of Service	Project	£000's	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	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			165	430	0	0	0	595
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			1,404	491	0	0	0	1,895

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
<b>Asset Sustainability</b>	Community and Culture	Inveraray CARS	0	21	0	0	0	21
	Community and Culture Total		0	21	0	0	0	21
<b>Asset Sustainability Total</b>			<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>
<b>Service Development</b>	Community and Culture	Dunoon Boxing Club	0	100	0	0	0	100
	Community and Culture Total		0	100	0	0	0	100
<b>Service Development Total</b>			<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Overall Total</b>			<b>0</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>121</b>



Category	Head of Service	Project	Previous Years £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's	Future Years £000s	Total £000s
Asset Sustainability	Education	Achaleven Primary School	99	70	3	0	0	172
		Ardchattan Primary School	0	2	0	0	0	2
		Ardishaig 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
		Drumlemble 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	0	0	0	0	220
		Lismore Primary School	61	19	1	0	0	81
		Lochgoilhead 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

			Previous Years	2018-19	2019-20	2020-21	Future Years	Total
Category	Head of Service	Project	£000's	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	Education	Port Ellen Primary School	0	50	0	0	0	50
		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	2,810	1,826	0	0	21,773	
Asset Sustainability Total		17,137	2,810	1,826	0	0	21,773	
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
		Lochgailhead 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	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	11,861	4,892	440	0	54,829	

			Previous					
			Years	2018-19	2019-20	2020-21	Future Years	Total
Category	Head of Service	Project	£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	1,352
Service Development Total		1,285	33	34	0	0	1,352	
Overall Total			7,815	1,331	962	0	0	10,108

			Previous Years	2018-19	2019-20	2020-21	Future Years	Total
Category	Head of Service	Project	£000's	£000's	£000's	£000's	£000s	£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
		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
		Kilmory Castle	280	111	5	0	0	396
		Legionella Capital Works 16/17	8	-110	0	0	0	-102
		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
		Old Quay Head Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	96	73	0	0	0	169
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
		Facility Services Total		1,287	1,582	1,290	1	0
Asset Sustainability Total			1,287	1,582	1,290	1	0	4,160
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	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			17,862	4,621	1,290	1	0	23,774

			Previous					
Category	Head of Service	Project	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	298	108	0	0	977
		SPT	1,378	34	0	0	0	1,412
	Economic Development Total		4,242	990	308	200	0	5,740
Service Development Total		4,242	990	308	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	2,508	0	0	0	12,012
		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	5,341	5,087	325	0	13,770
		Dunoon CARS	0	500	0	0	0	500
		Glengorm Wind Turbine	408	29	0	0	0	437
		Helensburgh Waterfront Development	738	676	2,560	14,413	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	12,806	7,647	14,738	0	70,216	
Strategic Change Total		35,025	12,806	7,647	14,738	0	70,216	
Overall Total		39,267	13,796	7,955	14,938	0	75,956	

			Previous Years	2018-19	2019-20	2020-21	Future Years	Total	
Category	Head of Service	Project	£000's	£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	209	325	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	100	414	0	0	919	
		EV Quick Chargers	440	0	0	0	0	440	
		Fleet Management	0	908	2,310	1,600	0	4,818	
		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		34,224	12,739	9,993	1,870	0
	Asset Sustainability Total			34,224	12,739	9,993	1,870	0	58,826
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	150	369	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	4,302	5,668	7,130	63,395	94,782
Strategic Change Total			14,287	4,302	5,668	7,130	63,395	94,782	
Overall Total			50,217	17,111	15,661	9,000	63,395	155,384	

			Previous							
			Years	2018-19	2019-20	2020-21	Future Years	Total		
Category	Head of Service	Project	£000's	£000's	£000's	£000's	£000s	£000s		
Asset Sustainability	Live Argyll	Aqualibrium	179	180	6	0	0	365		
		Bute Community Education Centre (Moat Centre Roof)	43	0	0	0	0	43		
		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		
		Lochgilphead Community Ed Centre	33	0	0	0	0	33		
		Moat Centre (Electrical Upgrade)	13	196	14	0	0	223		
		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	629	7	0	0	774		
		Victoria Hall, Campbeltown	594	44	2	0	0	640		
		Victoria Halls, Helensburgh	231	99	2	0	0	332		
			Live Argyll Total		2,163	1,481	34	0	0	3,678
		Asset Sustainability Total			2,163	1,481	34	0	0	3,678
Service Development	Live Argyll	Archives - Wee Manse Brae	56	0	0	0	0	56		
		Riverside Leisure Centre Refurbishment	1,113	8	0	0	0	1,121		
	Live Argyll Total		1,169	8	0	0	0	1,177		
Service Development Total			1,169	8	0	0	0	1,177		
Strategic Change	Live Argyll	Carbon Management	14	36	0	0	0	50		
			14	36	0	0	0	50		
Strategic Change Total			14	36	0	0	0	50		
Overall Total			3,346	1,525	34	0	0	4,905		

**TREASURY MANAGEMENT MONITORING REPORT – OCTOBER 2018**

---

**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's treasury management position for the period 1 September 2018 to 31 October 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 October 2018, however, there are substantial internal balances, of which £90.1m is currently invested.
- 1.3 The net movement in external borrowing in the period was a decrease of £0.040m.
- 1.4 The levels of investments were £90.1m at 31 October 2018. The rate of return achieved was 0.890% which compares favourably with the target of 7 day LIBID which was 0.582%.
- 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 – OCTOBER 2018

**2. INTRODUCTION**

2.1 This report sets out the Council's treasury management position for the period 1 September 2018 to 31 October 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.

	<b>Forecast</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>2018/19</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
CFR at 1 April	306,433	306,433	298,806	294,766
Net Capital Expenditure	4,216	9,798	8,107	12,196
Less Loans Fund Principal Repayments	(7,436)	(7,956)	(7,740)	(8,058)
Less: NPDO Repayment	(4,407)	(4,407)	(4,407)	(4,407)
<b>Estimated CFR 31 March</b>	<b>298,806</b>	<b>303,868</b>	<b>294,766</b>	<b>294,497</b>
Less Funded by NPDO	(124,224)	(124,224)	(119,817)	(115,410)
<b>Estimated Net CFR 31 March</b>	<b>174,582</b>	<b>179,644</b>	<b>174,949</b>	<b>179,087</b>
Estimated External Borrowing at 31 March	173,109	173,109	166,817	163,045
<b>Gap</b>	<b>1,473</b>	<b>6,535</b>	<b>8,132</b>	<b>16,042</b>

3.2 Borrowing is below the CFR for the period to 31 March 2019. Additional borrowing was taken in March 2018 to take advantage of the low PWLB rates prevailing at that time. This has resulted in the under borrowed position being less than in previous years.

3.3 The Council's estimated net capital financing requirement at the 31st October 2018 is £174.582m. 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 £90.1m is currently invested.

	<b>Position at 30/08/18 £000's</b>	<b>Position at 31/10/18 £000's</b>
Loans	176,027	175,989
Internal Balances	82,615	88,773
Less Investments & Deposits	(78,998)	(90,180)
<b>Total</b>	<b>179,644</b>	<b>174,582</b>

### **Borrowing Activity**

	<b>Actual £000's</b>
External Loans Repaid 1st September 2018 to 31st October 2018	(53)
Borrowing undertaken 1st September 2018 to 31st October 2018	13
<b>Net Movement in External Borrowing</b>	<b>(40)</b>

3.5 The external borrowing of the Council decreased by £0.040m during the period, due to the repayment of temporary borrowing of £0.040m.

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

	<b>£000s</b>	<b>% Rate</b>
Temp borrowing at 31st August 2018	600	0.35%
Temp borrowing at 31st October 2018	561	0.35%

### **Investment Activity**

3.7 The average rate of return achieved on the Council's investments to 31 October 2018 was 0.890% compared to the average LIBID rate for the same period of 0.582% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 31 October 2018 the Council had £90.1m of short term investments at an average rate of 0.890%. 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	Rating Fitch
Clydesdale Bank Instant	Instant Access	3,680	0.75%	Short Term A-2, Long Term BBB+	
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	
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-	
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	
Santander	04/03/2019	5,000	1.00%	Short Term A-1, Long Term A	
Helaba Landesbank	12/03/2019	5,000	0.90%	Short Term A-1, long Term A	
Qatar National Bank	02/01/2019	5,000	1.13%	Short Term A-1, Long Term A	
Qatar National Bank	03/01/2019	2,500	1.10%	Short Term A-1, Long Term A	
Qatar National Bank	15/01/2019	2,500	1.14%	Short Term A-1, Long Term A	
Bank of Scotland	16/01/2019	2,500	0.90%	Short Term A-1, Long Term A+	
ANZ	17/01/2019	2,500	0.90%	Short Term A-1+, Long Term AA-	
First Abu Dhabi Bank	23/04/2019	5,000	0.94%	Short Term A-1+, Long Term AA-	
Bayerishche Landesbank	23/04/2019	5,000	0.89%	NR	Short Term F1, Long Term A-
MMF - BNP Paribas	Call	5,000	0.70%	AAA	
MMF - Federated	Call	4,000	0.00%	AAA	
MMF - Insight	Call	0	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	0	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	
<b>Total</b>		<b>90,180</b>			

- 3.8 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 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 £0.040m, it is below the Capital Financing Requirement for the period to 31 October 2018. There are substantial internal balances, of which £90.1m is currently invested. The investment returns were 0.890% which is above the target of 0.582%.

## **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**  
**15 November 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.*

**UK.** The first half of 2018/19 has seen UK **economic growth** post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2<sup>nd</sup> August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market**, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential

loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

**USA.** President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

**EUROZONE.** Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

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

## Appendix 2

### Interest Rate Forecast:

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

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

#### The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

### APPENDIX 3 : PRUDENTIAL INDICATORS

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

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

<b>Maturity structure of new fixed rate borrowing during 2017/18</b>	<b>upper limit</b>	<b>lower limit</b>
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 OCTOBER 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:
- £30.236 is invested or committed for major initiatives/capital projects
  - £3.895m has already been drawn down as at the end of October
  - £3.715m is still to be drawn down in 2018-19
  - £5.871m 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 unallocated General Fund balance will drop to £0.703m.

**RESERVES AND BALANCES - UPDATE AS AT 31 OCTOBER 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.

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

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

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

### 3.3 General Fund

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

	<b>Balance 31/03/18 £000</b>
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)
<b>Unallocated balance as at 31 March 2018</b>	<b>1,899</b>

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

years. The table below shows the balance at 31 March 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.

<b>Earmarking Category</b>	<b>Balance 31/03/18</b>	<b>Invested or committed for major initiatives /capital projects</b>	<b>Drawn-down to 2018-19 Budget as at 31/10/18</b>	<b>Still to be drawn-down in 2018-19</b>	<b>Planned Spend Future Years</b>	<b>Balance no Longer Required</b>
	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	5,898	4,632	1,266	0	0	0
Investment in Affordable Housing	5,000	5,000	0	0	0	0
Capital Projects	5,579	5,579	0	0	0	0
Lochgilphead and Tarbert Regeneration	2,995	2,988	7	0	0	0
Inward Investment Fund	960	960	0	0	0	0
Rural Resettlement Fund	328	223	105	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	201	140	225	0
Transformation	83	0	15	0	68	0
CHORD	333	0	0	237	96	0
DMR – Schools	752	0	687	0	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	884	93	318	0
Unspent Third Party Contributions	170	0	25	11	134	0
Other Previous Council Decisions	9,350	8,240	138	530	442	0
Unspent Budget	5,499	0	487	2,704	2,308	0
<b>Total</b>	<b>43,717</b>	<b>30,236</b>	<b>3,895</b>	<b>3,715</b>	<b>5,871</b>	<b>0</b>

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 unallocated General Fund balance will drop to £0.703m.

	<b>£000</b>
Unallocated balance as at 31 March 2018	1,899
Current Forecast Outturn for 2018-19 as at 31 October 2018	(1,196)
<b>Estimated Unallocated balance as at 31 March 2019</b>	<b>703</b>

#### **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 October 2018 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2018-19 is a surplus of £0.703m.

#### **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**  
**15 November 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 October 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	862		54,057	39,391	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	-4,298	22,270	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	8,000	22,270	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	67,682		7,318	7,318	0	To fund the provision of a soft play area required as part of the CHORD 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 level of funding for non-bedroom tax cases and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 24 May 2018 and recommended that the remaining balance be carried forward into 2018-19. Underspend of funding from the Scottish Government for Discretionary Housing Payments for 2017-18. This underspend should be carried forward to supplement monies available for DHPs in 2018-19 to offset the reduction in the level of funding for non-bedroom tax cases and this will allow for current priority levels to be maintained. This was reviewed by Policy and Resources Committee meeting on 24 May 2018 and recommended that the remaining balance be carried forward into 2018-19.	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	56,439		63,431	63,431	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

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawndown 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
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	32,700		204,261	114,261	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
013	Customer Services	Improvement and HR	Resourcelink Review	40,827	32,194		8,633	8,633	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	35,167	8,980	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.	35,167	8,980	0
016	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	157,867	28,717		129,150	19,899	109,251	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.	48,616	109,251	0
017	Customer Services	Improvement and HR	Leadership Development	32,282	1,119		31,163	31,163	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	19,102		13,522	13,522	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

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
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
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 (FQ4 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	Currently funding the LMS WDM Post within the WDM team at Manse Brae. Due to the imminent set up of the HUB as well as personnel moves this post will require to be retained for 2018/2019 and 2019/2020. The post is critical to ensuring continuity of service and is envisaged will support transformation within the HUB. This post will also support any move towards web hosted services and apps being introduced by WDM. The rest of the earmarked reserves will be utilised to introduce an apprentice electrician over a 4 year period.	32,018	53,159	58,979



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
027	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	81,017	36,065		44,952	-6,048	51,000	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. <b>ELM is currently live within the Helensburgh and Lomond area and Bute and Cowal areas. Currently being introduced in the mid argyll area.</b>	30,017	51,000	0
028	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194,361			194,361	0	194,361	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. <b>Currently in discussion with Inverclyde and West Dunbartonshire Council about a shared transfer station. Proposed location - West Dunbartonshire area. Meetings are continuing and an update will be provided during November.</b>	0	194,361	0
029	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	448,679			448,679	50,000	398,679	Maintenance of 3G Pitches across Argyll & Bute.	50,000	398,679	0
030	HQ Non Dept	n/a	Community Resilience Fund	82,256	205		82,051	0	82,051	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.	205	0	82,051
031	Integration Services	Adult Care	Autism Strategy	8,068	0	0	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, par	130,953	6,892	0
034	Customer Services	Improvement and HR	Living Wage Consolidation Team	94,108			94,108	42,905	51,203	This proposal relates to the first of a two stage project to review	42,905	51,203	0
035	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	49,774			49,774	17,920	31,854	This proposal seeks earmarked funding for temporary additions	17,920	31,854	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

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawndown 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
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 reduce the level of service at the crematorium for a number of weeks causing disruption to services and a loss of income. <b>Discussions are ongoing with property services to finalise the programme of works, thereafter roads and amenity services will discuss the Cremation Federation and Funeral Directors on a proposal to progress with cremations, however not permitting services.</b> 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	Dalninlongart 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 Tilhill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council 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	487,798	0	5,012,122	2,704,152	2,307,970		3,191,950	2,155,940	152,030