

**EXECUTIVE SUMMARY****FINANCIAL REPORT MONITORING PACK – 30 JUNE 2019**

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**1. INTRODUCTION**

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

- Revenue Budget Monitoring Report as at 30 June 2019
- Monitoring of Policy Savings Options as at 30 June 2019
- Monitoring of Financial Risks as at 30 June 2019
- Capital Plan Monitoring Report as at 30 June 2019
- Treasury Monitoring Report as at 30 June 2019
- Reserves and Balances as at 30 June 2019.

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

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

2.1.2 There is a forecast overspend of £2.384m as at the end of June 2019. The overspend is in respect of the following and will continue to be monitored closely over the remainder of the financial year:

- Overspend of £2.307m in Social Work due to forecast slippage on the delivery of agreed efficiency savings and also a high demand for services.
- Overspend of £0.077m in relation to the support costs of Oracle e-Business Suite.

2.1.3 There is a year to date underspend of £0.414m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.

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

2.1.4 I have been providing a regular update at each Policy and Resources Committee since October 2018 in relation to the Health and Social Care Partnership and I intend to continue to include an update in each financial

monitoring pack.

- 2.1.5 The IJB approved a balanced budget for 2019-20 at its meeting held on 27 March 2019. Savings proposals of £6.794m were approved, £5.058m of management/operational savings and £1.736m of policy savings. This was a positive step forward for the Health and Social Care Partnership and the Senior Leadership Team were confident that all the proposals agreed were deliverable. The savings remove much of the contingencies and slippages out of the budget and whilst this is the right thing to do, does increase the risk of overspend in the future if budgets are not closely managed and monitored.
- 2.1.6 It is now disappointing to note that the total forecast outturn position at the end of the first quarter is an estimated overspend of £2.806m for 2019-20 (£2.306m Social Work and £0.500m Health).
- 2.1.7 In terms of the Social Work element of the overspend, the forecast is based on the current commitments and spending patterns to date in addition to adjustment to the estimated delivery of the savings targets. The shortfall in savings for Social Work is estimated to be £1.1m as very little of the remaining planned savings from 2018-19 have been delivered so far, nor are there detailed plans in progress for these. Therefore the forecast has been prepared based on an estimate of delivering only 50% of these planned savings throughout the remainder of the year. Of the new savings agreed for the 2019-20 budget, all have been delivered with the exception of the management re-structuring which is now targeted to complete in September.
- 2.1.8 If all of the Social Work savings were delivered as agreed, the overspend would reduce to around £1.2m. The overspend of £1.2m is in relation to demand within care home placement services for older people and supporting living services for people with physical and learning disabilities.
- 2.1.9 The most significant risk affecting the forecast outturn position for Health is the SLA for Greater Glasgow and Clyde. At the last IJB a decision was made to reject the increase and the forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by up to £2m.
- 2.1.10 I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months.
- 2.1.11 There remains a significant estimated budget gap in future years, however, it is positive to note that preparation for the 2020-21 budget is already underway and officers are currently developing savings options to be discussed with the Quality and Finance Board in August. I will continue to engage with the Head of Finance and Transformation and provide regular

updates to Committee.

## 2.2 Monitoring of Policy Savings Options

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

2.2.2 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed. The table below includes savings agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018/19 or have further increases in value in 2019-20.

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

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

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

Category	No of Options	2018-19 £000	2019-20 £000	2020-21 £000
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	4	234.0	582.0	971.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	2	20.0	44.0	54.0
Delayed	1	-130.0	13.0	286.0
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>

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

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.
- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including ‘non-turnstile’ gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b – Review charges for stadiums to enable improvement work – Possible shortfall in achieving 2019-20 target due to charging issues.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council’s Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

## **2.3 Monitoring of Financial Risks**

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

2.3.2 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £4.673m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.

2.3.3 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

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



below.

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

2.3.5 The have been four changes to the departmental risks since the financial risks report included within the budget pack was reported to Council on 21 February 2019.

- The risk of overspend within Education central repairs has increased in likelihood from possible to likely and the financial impact has increased by £0.050m. The Education Service are trying to mitigate this overspend by regular liaison with Property Services regarding the prioritisation and commitment of spend.
- The risk in relation to the Regional Collaborative within Education has now been removed with the intention to incorporate the additional work within the work pattern for schools and officers.
- A further Education risk in relation to ASN support has been downgraded from possible to unlikely with a financial impact reduction of £0.100m. This is due to a demand pressure being built into the 2019-20 budget and continuous monitoring and review of the ASN allocations.
- The risk in relation to winter maintenance has been reduced to £0.200m. Additional budget was added to winter maintenance in 2019-20, however, a risk remains as it's very dependent on the weather.

## 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 £3.014m compared to a budget for the year to date of £3.125m giving rise to an underspend for the year to date of £0.111m (3.6%). The most significant project contributing to this underspend is Early Learning and Childcare 1140 hours where spend has been re-profiled and therefore propose to slip the budget accordingly.

2.4.3 The forecast outturn for 2019-20 is a forecast net expenditure of £28.398m compared to an annual budget of £33.128m giving rise to a forecast underspend for the year of £4.730m (14.3%). The most significant project contributing to this is Early Learning and Childcare 1140 hours, where budget will be slipped to 2020-21 to reflect actual timing of cash flows when

1140 hours provision will be fully implemented. Environmental, TIF and CARS Projects also contributed smaller amounts to this underspend.

- 2.4.4 The forecast total net projects costs on the capital plan are £226.246m compared to a total budget for all projects of £226.202m giving rise to a forecast overspend for the overall capital plan of £0.044m (0.02%). This overspend is due to numerous small overspends across the capital programme where Project Managers will monitor the position closely and if ongoing will consider how they will be funded.
- 2.4.5 In respect of total project performance, there are 179 projects within the capital plan, 158 are on track, 20 are off target and recoverable and 1 projects is off track.

## **2.5 Treasury Monitoring Report**

- 2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.5.2 The external borrowing of the Council decreased by £10.4m during the period.
- 2.5.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2019 and at this stage in the financial year capital expenditure is on target.
- 2.5.4 The levels of investments were £81.5m at 30 June 2019. The rate of return achieved was 0.959% which compares favourably with the target of 7 day LIBID which was 0.570%.

## **2.6 Reserves and Balances**

- 2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.6.2 The Council has a total of £194.654m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 2.6.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £6.947m is still to be drawn down in 2019-20
  - £2.697m is planned to be spent in future years.

2.6.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.

	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 <sup>th</sup> June 2019	(94)
Current Forecast Outturn for 2019-20 as at 30 June 2019	(2,384)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(772)</b>

2.6.6 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and be using £0.772m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months. At this stage, I am not recommending that the Council need a recovery plan as the IJB recovery plan has actions to bring the Social Work spending back in line with budget and this would take the Council out of a forecast contingency position. The delivery of the recovery plan will be closely monitored.

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

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

2.7.2 For the period April to June 2019, there were no revenue virements of over £0.200m requiring authorisation.

## **3. RECOMMENDATIONS**

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 30 June 2019 and note the comments in respect of the Health and Social Care Partnership.
- b) Note the progress with the policy savings options as at 30 June 2019.
- c) Note the financial risks for 2019-20.

- d) Consider the capital plan monitoring report as at 30 June 2019 and approve the proposed changes to the capital plan as detailed in Appendix 7 to the report.
- e) Note the treasury monitoring report as at 30 June 2019.
- f) Consider the reserves and balances report as at 30 June 2019.
- g) Note that there are no revenue virements over £0.200m for approval.

#### **4. IMPLICATIONS**

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2019-20 as at 30 June 2019.
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.6	Risk -	Risks are included in financial risks report.
4.7	Customer Service -	None.

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

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

**Overall Position:**

- There is a forecast overspend for 2019-20 of £2.384m as at the end of June 2019. The main overspend is in relation to Social Work, where there is an overspend of £2.307m due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services. There is also an overspend of £0.077m in relation to the support costs for Oracle e-Business Suite.
- There is a year to date underspend of £0.414m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances within the departments mainly relate to the timing of income and expenditure and recharging of costs to capital.

**Key Highlights as at June 2019:**

- This is the first quarterly report and the forecast outturn is an overspend of £2.384m. Steps will be taken to mitigate against this level of overspend continuing throughout the year.

**Key Financial Successes:**

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

**Key Financial Challenges:**

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

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.

Identifying further savings and delivering services more efficiently with less resources.

Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.

Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.

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

**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.

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.

Continually refine/develop systems to accurately calculate forecast outturns and the future budget outlook.

Actively monitor income recovery and ensure Council fees and charges policies are reviewed.

Use risk based approach to budget monitoring to focus additional attention to these areas.

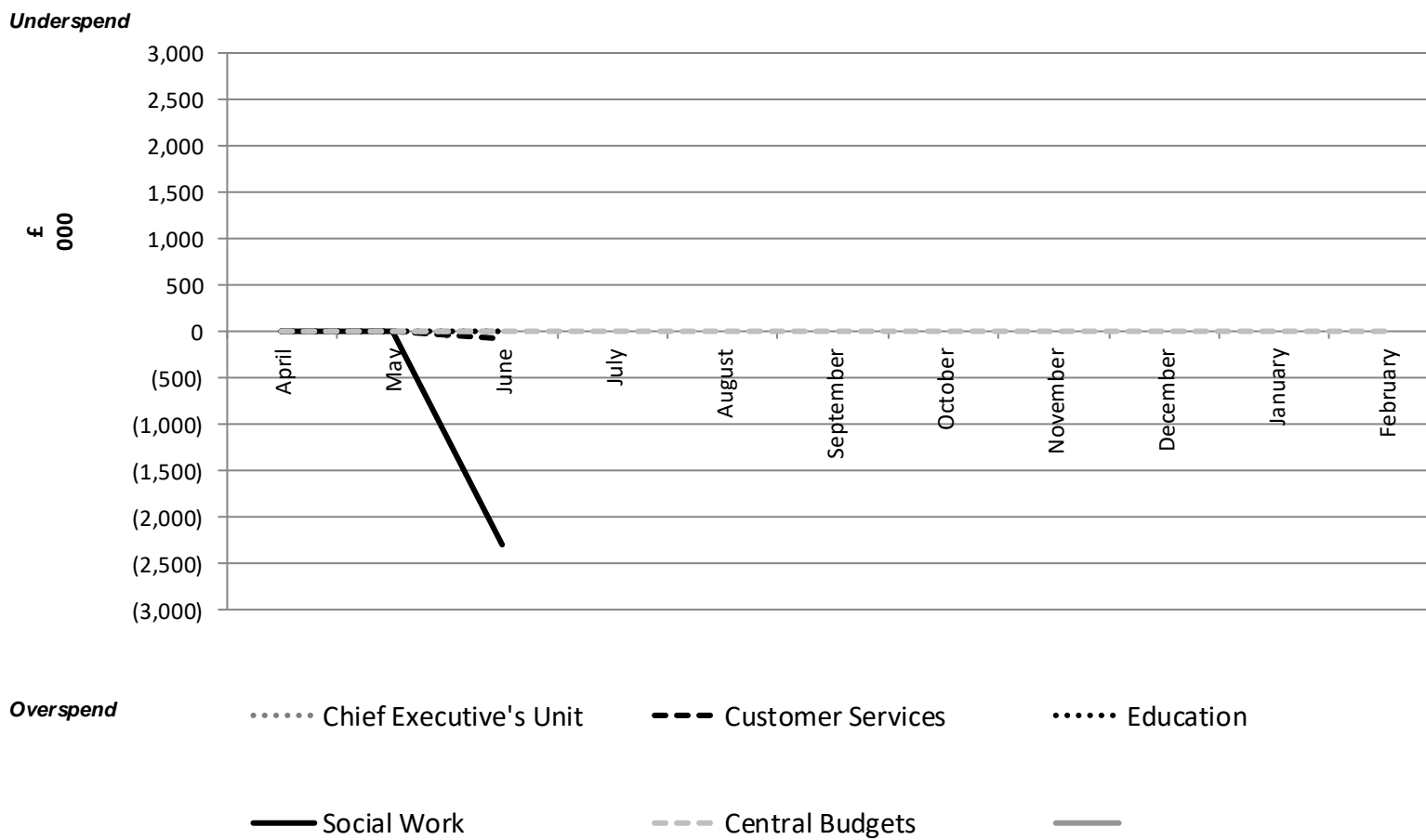
Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

### Forecast Outturn Position

There is a forecast overspend for 2019-20 of £2.384m as at the end of June 2019 and the main variances are noted below.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,563	2,563	0	0	0	
Customer Services	46,015	46,092	(77)	0	(77)	Anticipated overspend in relation to the support costs of Oracle e-Business Suite.
Development and Infrastructure Services	31,508	31,508	0	0	0	
Education	79,643	79,643	0	0	0	
Social Work	58,721	61,028	(2,307)	0	(2,307)	Projected overspend due to a combination of forecast slippage on the delivery of agreed savings and also a high demand for services.
Central Budgets	24,878	24,878	0	0	0	
<b>Total</b>	<b>243,328</b>	<b>245,712</b>	<b>(2,384)</b>	<b>0</b>	<b>(2,384)</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.

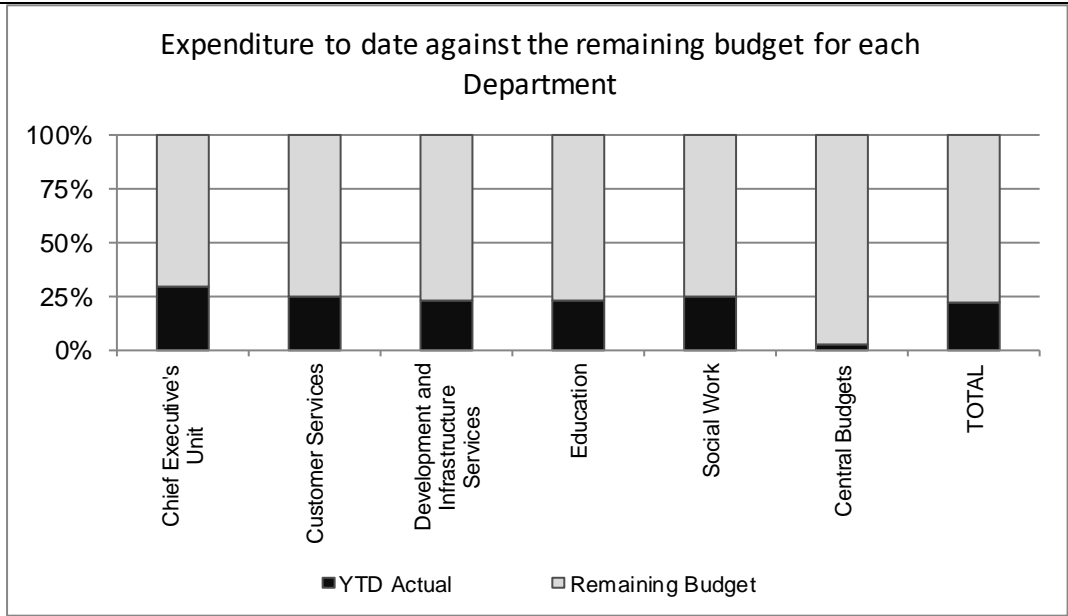
## Year to Date Position

The year to date position as at the end of June 2019 is an estimated underspend of £0.414m 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	754	612	(142)	Small variances, mainly due to timing of cash flows between expenditure and income.
Customer Services	11,500	11,678	178	The main variance is within Hub Schools and NPDO which are showing a year to date overspend of £0.352m due to the timing of government grant instalments and the payment of invoices. This overspend is offset by smaller underspends elsewhere within the services such as additional benefits administration grant income, catering purchases lagging behind the recovery of income, and 3 year licensing income not reprofiled until July. The above are all timing related and are not anticipated to affect the final outturn position.
Development and Infrastructure Services	7,322	5,880	(1,442)	This variance is largely due to a delay in recharging capital for Roads Reconstruction work. The department is currently forecasting spend to be in line with budget.
Education	18,721	20,543	1,822	The year to date underspend is mainly budget profiled related which will be refined during the July monitoring period.
Social Work	14,443	14,141	(302)	The YTD variance is largely due to slippage on the delivery of agreed savings and an overspend on third party payments arising due to service demand.
Central Budgets	692	992	300	Variance largely due to profiling of the government grant for the refugees resettlement scheme and redundancy related expenditure.
<b>Total Net Expenditure</b>	<b>53,432</b>	<b>53,846</b>	<b>414</b>	





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

## OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b><u>Departmental Budgets</u></b>								
Chief Executive's Unit	754	612	(142)	(23.2%)	2,563	2,563	0	0.0%
Customer Services	11,500	11,678	178	1.5%	46,015	46,092	(77)	(0.2%)
Development and Infrastructure Services	7,322	5,880	(1,442)	(24.5%)	31,508	31,508	0	0.0%
Education	18,721	20,543	1,822	8.9%	79,643	79,643	0	0.0%
Social Work	14,443	14,141	(302)	(2.1%)	58,721	61,028	(2,307)	(3.9%)
<b>Total Departmental Budgets</b>	<b>52,740</b>	<b>52,854</b>	<b>114</b>	<b>0.2%</b>	<b>218,450</b>	<b>220,834</b>	<b>(2,384)</b>	<b>(1.1%)</b>
<b><u>Central Budgets</u></b>								
Other Operating Income and Expenditure	(215)	327	542	165.8%	2,050	2,050	0	0.0%
Joint Boards	344	359	15	4.2%	1,436	1,436	0	0.0%
Non-Controllable Costs	563	306	(257)	(84.0%)	21,392	21,392	0	0.0%
<b>Total Central Budgets</b>	<b>692</b>	<b>992</b>	<b>300</b>	<b>30.2%</b>	<b>24,878</b>	<b>24,878</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>53,432</b>	<b>53,846</b>	<b>414</b>	<b>0.8%</b>	<b>243,328</b>	<b>245,712</b>	<b>(2,384)</b>	<b>(1.0%)</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(47,668)	(47,668)	0	0.0%	(192,863)	(192,863)	0	0.0%
Local Tax Requirement	(16,085)	(16,085)	0	0.0%	(50,457)	(50,457)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	312	312	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(320)	(320)	0	0.0%
<b>Total Funding</b>	<b>(63,753)</b>	<b>(63,753)</b>	<b>0</b>	<b>0.0%</b>	<b>(243,328)</b>	<b>(243,328)</b>	<b>0</b>	<b>0.0%</b>
<b>Deficit/(Surplus) for Period</b>	<b>(10,321)</b>	<b>(9,907)</b>	<b>414</b>		<b>0</b>	<b>2,384</b>	<b>(2,384)</b>	

## SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2019

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b>Subjective Category</b>								
Employee Expenses	32,054	32,966	911	2.8%	146,768	146,608	160	0.1%
Premises Related Expenditure	1,686	2,746	1,061	38.6%	15,245	15,297	(52)	(0.3%)
Supplies and Services	4,703	4,240	(463)	(10.9%)	18,944	20,021	(1,077)	(5.7%)
Transport Related Expenditure	2,936	2,564	(372)	(14.5%)	16,630	16,579	51	0.3%
Third Party Payments	28,897	30,539	1,642	5.4%	144,921	146,528	(1,607)	(1.1%)
Capital Financing	(74)	260	334	128.5%	15,499	15,499	0	0.0%
<b>TOTAL EXPENDITURE</b>	<b>70,202</b>	<b>73,315</b>	<b>3,113</b>	<b>4.3%</b>	<b>358,007</b>	<b>360,532</b>	<b>(2,525)</b>	<b>(0.7%)</b>
Income	(80,524)	(83,223)	(2,699)	3.2%	(358,007)	(358,148)	141	(0.0%)
<b>Deficit/(Surplus) for Period</b>	<b>(10,322)</b>	<b>(9,908)</b>	<b>414</b>		<b>0</b>	<b>2,384</b>	<b>(2,384)</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.

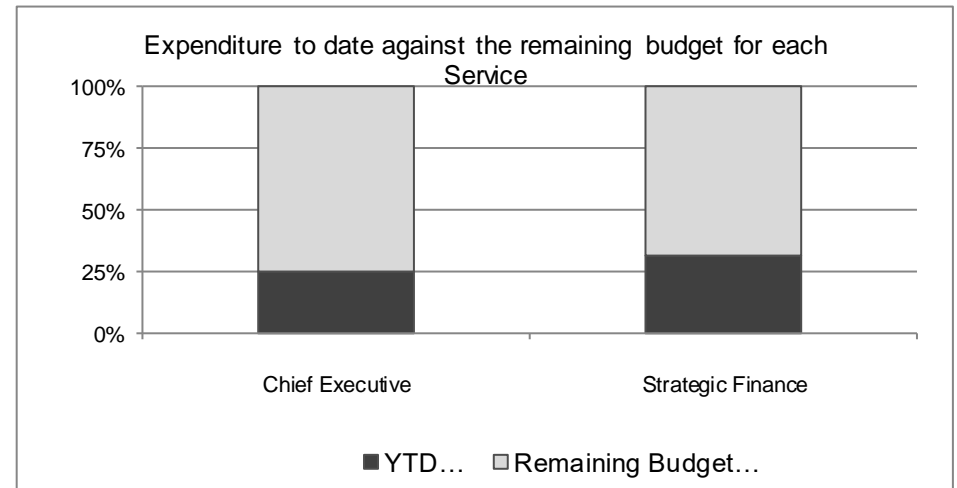
## CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date overspend of £0.143m (23.4%) which mainly relates to a timing difference of cash flows within the Money Skills Argyll project as no budget is profiled against this Big Lottery Funded project.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	863	863	0	0	0
Strategic Finance	1,700	1,700	0	0	0
<b>Totals</b>	<b>2,563</b>	<b>2,563</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2019-20.

All Service Choices savings options have been delivered. The department outturn position at the end of 2018-19 was an underspend of £0.125m due to effective management and monitoring of the budget.

#### Key Financial Challenges:

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

#### Proposed Actions to address Financial Challenges:

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

## CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	60	64	4	6.3%	307	307	0	0.0%	Outwith reporting criteria
BO104 - Our communities are protected and supported	Community Planning	143	115	(28)	(24.4%)	406	406	0	0.0%	Outwith reporting criteria
BO116 - We engage and work with our customers, staff and partners	Community Development and Grants to Third Sector	17	31	14	45.2%	150	150	0	0.0%	Outwith reporting criteria
<b>Chief Executive Total</b>		<b>220</b>	<b>210</b>	<b>(10)</b>	<b>(4.8%)</b>	<b>863</b>	<b>863</b>	<b>0</b>	<b>0.0%</b>	
BO101 - We ensure information and support is available for everyone	Money Skills Argyll	150	0	(150)	#DIV/0!	0	0	0	0.0%	Due to timing difference between expenditure and income
BO115 - We are efficient and cost effective	Departmental Support, Corporate Accounting, Treasury & Internal Audit	384	401	17	4.2%	1,700	1,700	0	0.0%	Outwith reporting criteria
<b>Strategic Finance Total</b>		<b>534</b>	<b>401</b>	<b>(133)</b>	<b>#DIV/0!</b>	<b>1,700</b>	<b>1,700</b>	<b>0</b>	<b>0</b>	
<b>GRAND TOTAL</b>		<b>754</b>	<b>611</b>	<b>(143)</b>	<b>(23.4%)</b>	<b>2,563</b>	<b>2,563</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	492	519	28	5.4%	2,399	2,399	0	0.0%	Outwith reporting criteria
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	36	22	(15)	(68.2%)	75	75	0	0.0%	Outwith reporting criteria
Transport	2	5	4	80.0%	28	28	0	0.0%	Outwith reporting criteria
Third Party	173	75	(97)	(129.3%)	203	203	0	0.0%	Due to the Money Skills Argyll expenditure which is offset by income variance below, in addition to a timing difference between expenditure and income.
Income	52	(10)	(62)	620.0%	(142)	(142)	0	0.0%	Due to the 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>755</b>	<b>611</b>	<b>(142)</b>	<b>(23.2%)</b>	<b>2,563</b>	<b>2,563</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 30 JUNE 2019**

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

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

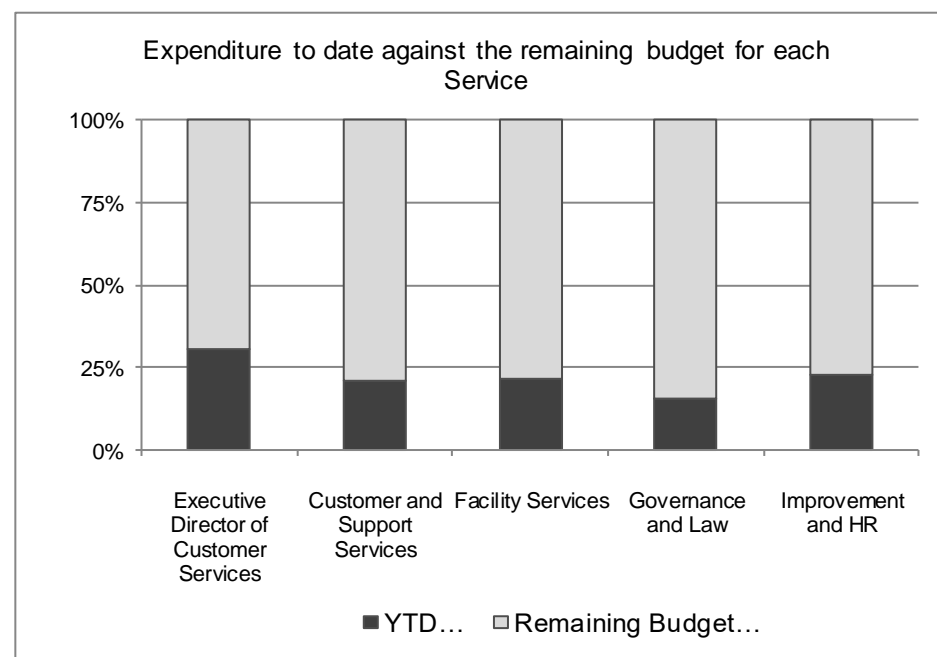
## CUSTOMER SERVICES – AS AT 30 JUNE 2019

- The department is currently forecasting an overspend of £0.077m (0.2%). The Forecast overspend is due to a £0.077m anticipated cost pressure in relation to the support costs of Oracle e-Business Suite.
- The department has a year to date underspend of £0.180m (1.5%). The main variance is in relation to an overspend within Hub Schools and NPDO of £0.352m which is offset by various smaller year to date underspends within Customer and Support Services (£0.225m), Facility Services (£0.196m) and Governance and Law (£0.108m). These are budget profile related and are not anticipated to affect the final outturn position.

### 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	19,140	19,140	0	0	0
Customer and Support Services	8,946	9,024	(77)	0	(77)
Facility Services	12,915	12,915	0	0	0
Governance and Law	2,074	2,074	0	0	0
Improvement and HR	2,940	2,940	0	0	0
<b>Totals</b>	<b>46,015</b>	<b>46,093</b>	<b>(77)</b>	<b>0</b>	<b>(77)</b>

### Year to Date Position



### Key Financial Successes:

The 2018-19 year-end outturn position was an underspend of £0.840m. This was mainly due to deductions and delays in the Hub Schools contract and as a result lower than expected insurance and utility cost savings arising as a result of the annual renegotiation of insurance costs which forms part of the contract management arrangements which are in place for the NPDO. Additional rental income was collected by the One Council Property Team as well as savings on the Surplus Property Account.



A number of the service choices savings have also been secured to date.	
<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
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 and unknown impact of new education arrangements on all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.

## CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs, NPDO, Special Projects & Estates	5,809	5,457	(352)	(6.5%)	19,140	19,140	0	0.0%	Hub Schools payments: YTD Underpend of £220k due to monthly service payment one off saving from delays £19k. Deductions offered to date £19k and withheld disputed sums £91k. Delays in invoicing est £90k. Hub Schools government grants received: YTD variance of £917k due to profiling, grants received in two installments (October and March). NPDO Schools: YTD Underspend of £347k. Received insurance saving (£291k) of which £100k already utilised to reduce budget. Utilities invoicing for water has not been received YTD (est £45k). Gas and Electricity 2 months behind (est £80k). Deductions offered to date £6k and withheld disputed sums £4k.
<b>Executive Director of Customer Services Total</b>		<b>5,809</b>	<b>5,457</b>	<b>(352)</b>	<b>(6.5%)</b>	<b>19,140</b>	<b>19,140</b>	<b>0</b>	<b>0.0%</b>	
Central/Management Costs	Central/Management Costs	39	41	2	4.9%	214	214	0	0.0%	Outwith Reporting Criteria
BO101 - We ensure information and support is available for everyone	Benefits, SWF & Welfare Reform	273	292	19	6.5%	1,440	1,440	0	0.0%	Outwith Reporting Criteria
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Customer Service Centres & Registrars	678	771	93	12.1%	1,508	1,508	0	0.0%	Benefits admin - £63k additional grant income received. Also £14k vacancy savings within benefits admin. £12k profiling in SWF between CCG and CG.
BO110 - We support businesses, employment and development opportunities	NDR Disc Relief, Creditors & Procurement	225	259	34	13.1%	1,368	1,368	0	0.0%	£10k vacancy savings across service area, remainder small profiling variances across the service.
BO113 - Our infrastructure is safe and fit for the future	ICT Applications & Infrastructure	545	604	60	9.9%	3,867	3,945	(77)	(2.0%)	£77k forecast variance put through for the support costs of Oracle e-Business Suite. The cost pressure for 19/20 is £60,319 but we have already paid the support and maintenance for this year of £16,756 and are unsure whether we will get this refunded or not hence the cost pressure being £77k
BO115 - We are efficient and cost effective	Local Tax, Debtors, Debt Recovery, Customer Service Centres & Registrars	142	159	17	10.7%	549	549	0	0.0%	Council Tax - £16k underspent. £10k relates to vacancy savings. £6k underspend in supplies and services due to profiling of 25330 - main/dev computer software.
<b>Customer and Support Services Total</b>		<b>1,902</b>	<b>2,126</b>	<b>225</b>	<b>10.6%</b>	<b>8,946</b>	<b>9,024</b>	<b>(77)</b>	<b>(0.9%)</b>	

BO104 - Our communities are protected and supported	Shared Offices, Property, Pool Cars, Public Transport and Cleaning.	1,836	1,886	50	2.7%	2,674	2,674	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	School Meals	(151)	(57)	94	(164.9%)	535	535	0	0.0%	YTD underspend of £94k is mainly due to catering purchases lagging behind the recovery of income. The profiling of catering purchases will be reviewed and the profiling adjusted.
BO113 - Our infrastructure is safe and fit for the future		1,053	1,090	37	3.4%	9,409	9,409	0	0.0%	Outwith Reporting Criteria
BO114 - Our communities are cleaner and greener		4	7	4	57.1%	30	30	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	51	62	11	17.7%	267	267	0	0.0%	Outwith Reporting Criteria
<b>Facility Services Total</b>		<b>2,793</b>	<b>2,988</b>	<b>196</b>	<b>6.6%</b>	<b>12,915</b>	<b>12,915</b>	<b>0</b>	<b>0.0%</b>	
BO104 - Our communities are protected and supported	Civil Contingencies & Anti Social Behaviour	31	27	(4)	(14.8%)	133	133	0	0.0%	Outwith Reporting Criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Childrens Panel	(1)	8	9	112.5%	34	34	0	0.0%	Profiling
BO110 - We support businesses, employment and development opportunities	Licensing	(95)	(33)	62	(187.9%)	(104)	(104)	0	0.0%	Licensing income is received for a three year period and the entry to remove the income received for years's 2 and 3 was not processed until July. Income also requires to be reprofiled.
BO115 - We are efficient and cost effective	Democratic Serives, Governance & Legal Services	312	343	31	9.0%	1,607	1,607	0	0.0%	Outwith Reporting Criteria
BO116 - We engage and work with our customers, staff and partners		37	43	6	14.0%	196	196	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	41	45	4	8.9%	208	208	0	0.0%	Outwith Reporting Criteria
<b>Governance and Law Total</b>		<b>325</b>	<b>433</b>	<b>108</b>	<b>24.9%</b>	<b>2,074</b>	<b>2,074</b>	<b>0</b>	<b>0.0%</b>	

BO101 - We ensure information and support is available for everyone	Gaelic Language Plan	58	65	7	0.0%	276	276	0	0.0%	Outwith Reporting Criteria
BO112 - Argyll and Bute is promoted to everyone	HR Services	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
BO115 - We are efficient and cost effective	Health & Safety	208	209	1	0.5%	906	906	0	0.0%	Outwith Reporting Criteria
BO116 - We engage and work with our customers, staff and partners	Communications	126	136	10	7.4%	643	643	0	0.0%	Outwith Reporting Criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	Service Improvements	218	207	(11)	(5.3%)	844	844	0	0.0%	Outwith Reporting Criteria
Central/Management Costs	Central/Management Costs	62	58	(4)	(6.9%)	271	271	0	0.0%	Outwith Reporting Criteria
<b>Improvement and HR Total</b>		<b>672</b>	<b>675</b>	<b>3</b>	<b>0.4%</b>	<b>2,940</b>	<b>2,940</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>11,501</b>	<b>11,679</b>	<b>180</b>	<b>1.5%</b>	<b>46,015</b>	<b>46,093</b>	<b>(77)</b>	<b>(0.2%)</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 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	4,353	4,473	120	2.7%	20,785	20,785	0	0.0%	Underspend in employee costs due to YTD vacancy savings of which £98k relates to Head of Customer and Support Services,
Premises	441	427	(15)	(3.5%)	2,335	2,335	0	0.0%	Outwith Reporting Criteria
Supplies and Services	529	695	166	23.9%	4,913	4,991	(77)	(1.6%)	Underspend in supplies and services mainly due to catering purchases profiling YTD underspend of £89K. Other underspends across the services due to profiling.
Transport	156	188	31	16.5%	5,930	5,930	0	0.0%	YTD underspend in Pupil Transport £8k, Property Services £6k, Governance and Law £9k and Customer and Support Services £6k.
Third Party	12,738	13,353	614	4.6%	57,282	57,282	0	0.0%	Hub Schools payments: YTD Underpend of £220k due to monthly service payment one off saving from delays £19k. Deductions offered to date £19k and withheld disputed sums £91k. Delays in invoicing est £90k. Hub Schools government grants received: YTD variance of £917k due to profiling, grants received in two installments (October and March). YTD Underspend of in the NPDO schools of £347k. Received insurance saving (£291k) of which £100k already utilised to reduce budget. Utilities invoicing for water has not been received YTD (est £45k). Gas and Electricity 2 months behind (est £80k). Deductions offered to date £6k and withheld disputed sums £4k.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
Income	(6,717)	(7,456)	(739)	9.9%	(45,231)	(45,231)	0	0.0%	Hub Schools government grants : YTD variance of £917k due to profiling, grants received in two installments (October and March). Offset by licensing income received in advance for three years and future years income not adjusted for (£56K). £63k additional income received for benefits administration. Balance due to fluctuating catering income.
<b>Totals</b>	<b>11,500</b>	<b>11,680</b>	<b>177</b>	<b>1.5%</b>	<b>46,014</b>	<b>46,092</b>	<b>(77)</b>	<b>(0.2%)</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 30 JUNE 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
ICT Applications & Infrastructure	3,867	3,945	(78)	(2.0%)	£77k forecast variance put through for the support costs of Oracle e-Business Suite. The cost pressure for 19/20 is £60,319 but we have already paid the support and maintenance for this year of £16,756 and are unsure whether we will get this refunded or not hence the cost pressure being £77k

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

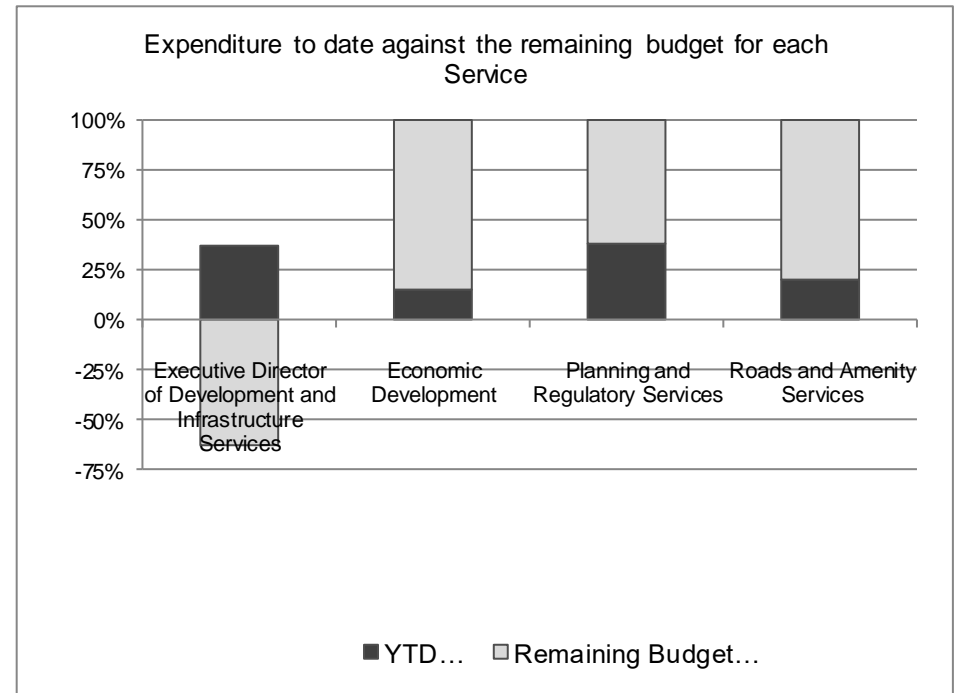
## DEVELOPMENT AND INFRASTRUCTURE – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget in 2019-20.
- The department has a year to date overspend of £1.442m (24.5%) against budget but this is due largely to a delay in recharging capital for Roads Reconstruction work.

### 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	(46)	(46)	0	0	0
Economic Development	3,917	3,917	0	0	0
Planning and Regulatory Services	6,139	6,139	0	0	0
Roads and Amenity Services	21,498	21,498	0	0	0
<b>Totals</b>	<b>31,508</b>	<b>31,508</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

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

CHORD project manager salaries being funded by capital, underspends in Piers & Harbours maintenance and additional Building Warrant Income and Road Permit Income also contributed to the overall underspend position.

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trend / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Potential shortfall in income within Car Parking.	Closely monitoring of income levels, regular performance management reviews and reporting of the financial implications through budget monitoring process.
Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.	Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
<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.	<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 30 JUNE 2019

Business Outcome	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Central/Management Costs	Central/Management Costs	68	76	7	9.2%	(46)	(46)	0	0.0%	Outwith reporting criteria
<b>Executive Director of Development and Infrastructure Total</b>		<b>68</b>	<b>76</b>	<b>7</b>	<b>9.2%</b>	<b>(46)</b>	<b>(46)</b>	<b>0</b>	<b>0.0%</b>	
BO110 - We support businesses, employment and development opportunities	Business Gateway	283	258	(25)	(9.7%)	1,144	1,144	0	0.0%	Outwith reporting criteria
BO111 - We influence and engage with businesses and policy makers	European Team & Economic Development Intelligence	50	66	17	25.8%	305	305	0	0.0%	Third party payments behind profile
BO112 - Argyll and Bute is promoted to everyone	Events & Festivals, T&L regeneration, Town centre fund, CWSS, Timber Transport	(142)	100	242	242.0%	444	444	0	0.0%	£310k received for Town Centre Fund pending decision on projects taken forward this is likely to be transferred to capital. £83k to be drawn down from earmarking re Tarbert & Lochgilphead regeneration fund.
BO113 - Our infrastructure is safe and fit for the future	Projects, TIF & Airports	368	390	21	5.4%	1,723	1,723	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	46	67	21	31.3%	301	301	0	0.0%	Vacancy savings plus a lag in payments to 3rd parties.
<b>Economic Development Total</b>		<b>605</b>	<b>881</b>	<b>276</b>	<b>31.3%</b>	<b>3,917</b>	<b>3,917</b>	<b>0</b>	<b>0.0%</b>	

BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Private Water Supplies, Advices Services and Welfare Rights	132	66	(65)	(98.5%)	340	340	0	0.0%	Grant income recieved quarterly
BO103 - We enable a choice of suitable housing options	Homelessness and Housing Support Services	1,450	805	(644)	(80.0%)	2,577	2,577	0	0.0%	HEEPS Grant income not received yet plus Public Sector Housing Grant to be transferred from capital
BO104 - Our communities are protected and supported	Environmental Health	113	226	113	50.0%	1,117	1,117	0	0.0%	Private Landlord registration ahead of profile due to drawdown of annual funding held in control account.
BO105 - Our natural and built environment is protected and respected	Building Standards	0	20	20	100.0%	49	49	0	0.0%	Income ahead of profile. Will be closely monitored to see if this pattern continues.
BO110 - We support businesses, employment and development opportunities	Development Policy	185	171	(15)	(8.8%)	916	916	0	0.0%	Outwith reporting criteria
BO111 - We influence and engage with businesses and policy makers	Trading Standards	56	60	5	8.3%	290	290	0	0.0%	Outwith reporting criteria
BO113 - Our infrastructure is safe and fit for the future	Development Management	320	353	33	9.4%	322	322	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	98	108	10	9.3%	528	528	0	0.0%	Outwith reporting criteria
<b>Planning and Regulatory Total</b>		<b>2,354</b>	<b>1,809</b>	<b>(543)</b>	<b>(30.0%)</b>	<b>6,139</b>	<b>6,139</b>	<b>0</b>	<b>0.0%</b>	
BO113 - Our infrastructure is safe and fit for the future	Road & Lighting, Roads Design, Network & Environment & Marine Services	1,320	63	(1,258)	(1996.8%)	2,852	2,852	0	0.0%	Capital Measures and Repairs to MV Belnhua
BO114 - Our communities are cleaner and greener	Amenity Services & Waste Disposal	3,010	3,085	76	2.5%	15,661	15,661	0	0.0%	Street Lighting electricity costs behind profile due to invoices not yet processed.
BO115 - We are efficient and cost effective	Fleet & Waste Collection	(513)	(501)	12	(2.4%)	667	667	0	0.0%	Outwith reporting criteria
Central/Management Costs	Central/Management Costs	479	466	(12)	(2.6%)	2,318	2,318	0	0.0%	Outwith reporting criteria
<b>Roads and Amenity Total</b>		<b>4,296</b>	<b>3,113</b>	<b>(1,182)</b>	<b>(38.0%)</b>	<b>21,498</b>	<b>21,498</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>7,323</b>	<b>5,879</b>	<b>(1,442)</b>	<b>(24.5%)</b>	<b>31,508</b>	<b>31,508</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%.

## DEVELOPMENT AND INFRASTRUCTURE – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	5,033	5,332	299	5.6%	24,867	24,867	0	0.0%	Vacancy Savings
Premises	352	700	348	49.7%	3,070	3,070	0	0.0%	Street lighting electricity as not been paid this financial year due to delay in invoices being received. Depot costs will only be recharged at the year end and the budget profile will be amended to reflect this.
Supplies and Services	1,908	1,604	(304)	(19.0%)	6,256	6,256	0	0.0%	Purchase of Quarry materials will be offset by additional income once capital measures are processed.
Transport	2,598	2,214	(384)	(17.3%)	9,657	9,657	0	0.0%	Unbudgeted Avoidable repair costs and repairs outwith maintenance agreement for internal fleet. Increased external hire costs which will be partially covered by additional income once the capital measures are processed. MV Belnahua ferry repairs costs.
Third Party	5,706	6,052	346	5.7%	28,440	28,440	0	0.0%	Earmarking for Tarbert & Lochgilphead Regeneration to be drawn down; HEEPS grant still to be received
Capital Financing	0	201	201	100.0%	1,061	1,061	0	0.0%	This will be drawn down at year end.
Income	(8,275)	(10,222)	(1,948)	19.1%	(41,842)	(41,842)	0	0.0%	Town Centre Grant income received ahead of expenditure. This may transfer to capital depending on which projects are taken forward. HEEPS grant not yet received; Income to the Operational Holding account from capital not yet processed.
<b>Totals</b>	<b>7,322</b>	<b>5,881</b>	<b>(1,442)</b>	<b>(24.5%)</b>	<b>31,509</b>	<b>31,509</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.

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

**DEVELOPMENT AND INFRASTRUCTURE – RED VARIANCES AS AT 30 JUNE 2019**

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

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

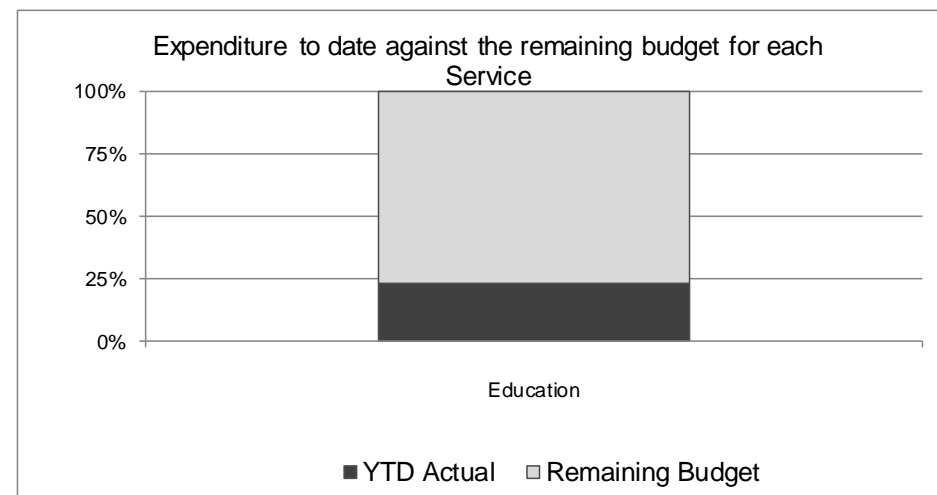
## EDUCATION HIGHLIGHTS – AS AT 30 JUNE 2019

- The department is currently forecasting spend to be in line with budget.
- The department has a year to date underspend of £1.822m (8.9%) against budget. The year to date underspend is mainly profile related and will be refined within the July monitoring period.

### 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	79,643	79,643	0	0	0
<b>Totals</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



### Key Financial Successes:

The 2018-19 year end outturn position for Education was an overspend of £0.233m (0.31% of total annual budget). Whilst the service was overspent, as a result of the increased demand in Additional Support Needs, this overspend was reduced considerably in year via effective management and monitoring of the overall Education budget position.

### Key Financial Challenges:

Ensuring the Education service can continue to contribute to Council saving programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the Education service).

The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this with additional resources based on individual implementation plans.

### Proposed Actions to address Financial Challenges:

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

Spend to be profiled in accordance with the timing of Government funding allocations and phasing in element of the delivery plans

<p>As funding profiles and implementation plans have evolved over recent years, close monitoring of actual expenditure against Government funding is required to ensure sufficient resources each year.</p>	<p>adapted accordingly. Continuous monitoring and review of the implementation plan and resources.</p>
<p>Continued increase in demand on the Service for ASN Support.</p>	<p>Continuous review of ASN allocations with a fully costed and detailed schedule of hours. A collegiate team working approach will enable a robust information system to be maintained which fully reflects the available budget.</p>

## EDUCATION – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

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	70	85	15	17.7%	85	85	0	0.0%	Year to date underspend as a result of employee budget profiling - this will be refined in the July budget monitoring period.
Schools Residential Accommodation	208	245	37	15.1%	980	980	0	0.0%	Year to date underspend as a result of profiling within schools residential accommodation where there is a standard 12 month budget profile. The nature of schools residential accommodation does not allow for predictable monthly expenditure and accurate profiling is therefore difficult to establish.
Early Years and Community Learning	1,960	2,841	881	31.0%	7,844	7,844	0	0.0%	Year to date underspend as a result of Early Years' Partner Provider Payments budget profiling - this will be refined in the July budget monitoring period.
Primary & Secondary Education	16,221	17,115	894	5.2%	70,011	70,011	0	0.0%	Year to date underspend mainly as a result of an error in cleaning budget profiling - this will be refined in the July budget monitoring period.
Adult Learning	116	133	17	12.8%	626	626	0	0.0%	Year to date underspend as a result of budget profiling. Actual expenditure not in line with standard profiles entered.
Regional Improvement Collaborative	13	14	1	7.1%	54	54	0	0.0%	Outwith Reporting Criteria
Education Support	133	110	(23)	(20.9%)	43	43	0	0.0%	Year to date overspend as a result of budget profiling - this will be refined in the July budget monitoring period.
	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0.0%</b>	
	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,643</b>	<b>79,643</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

## EDUCATION – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	15,972	16,234	262	1.6%	67,898	67,898	0	0.0%	Year to date underspend relates mainly to budget profiling. Budgets and profiles are still to be refined in respect of the SNCT Pay Award; the policy intervention in relation to the maingrade restructuring and revaluation of all other SNCT payscales from 1 April 2019; and employer contribution increases to Teacher's pensions. These will all be refined in the July budget monitoring period.
Premises	733	1,405	673	47.9%	3,258	3,258	0	0.0%	Year to date underspend mainly as a result of error in cleaning budget profiling - this will be refined in the July budget monitoring period.
Supplies and Services	1,757	1,761	3	0.2%	7,266	7,266	0	0.0%	Outwith Reporting Criteria
Transport	63	52	(11)	(21.2%)	272	272	0	0.0%	Year to date underspend as a result of budget profiling. Actual expenditure not in line with standard profiles entered.
Third Party	790	1,633	843	51.6%	9,733	9,733	0	0.0%	Year to date underspend as a result of Early Years' Partner Provider Payments budget profiling - this will be refined in the July budget monitoring period.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
Income	(594)	(542)	52	(9.6%)	(8,785)	(8,785)	0	0.0%	Outwith Reporting Criteria
<b>Totals</b>	<b>18,721</b>	<b>20,543</b>	<b>1,822</b>	<b>8.9%</b>	<b>79,642</b>	<b>79,642</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.

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



## EDUCATION – RED VARIANCES AS AT 30 JUNE 2019

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

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

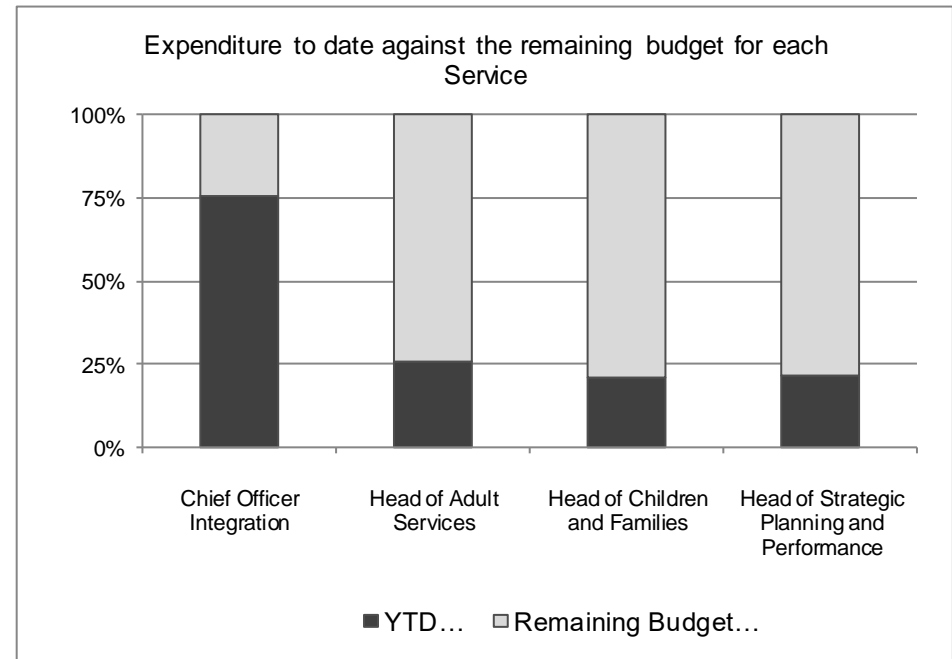
## SOCIAL WORK – AS AT 30 JUNE 2019

- The department is currently forecasting an overspend of £2.306m (3.9%) which is due to a combination of forecast slippage on the delivery of agreed savings and high demand for services.
- The department has a year to date overspend of £0.302m (2.1%) against budget.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	230	(69)	299	0	299
Head of Adult Services	44,061	46,607	(2,546)	0	(2,546)
Head of Children and Families	14,009	14,069	(60)	0	(60)
Head of Strategic Planning and Performance	421	421	0	0	0
<b>Totals</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>0</b>	<b>(2,307)</b>

### Year to Date Position



#### Key Financial Successes:

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

#### Key Financial Challenges:

Fully deliver the £2.246m of agreed savings which remain outstanding as at June 2019.

Develop and deliver a financial recovery plan to address the £1.2m deficit which would remain after full delivery of all of the agreed efficiency savings mentioned above.

#### Proposed Actions to address Financial Challenges:

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

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

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

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

## SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2019

Service	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	174	169	(5)	(3.0%)	230	(69)	299	130.0%	The YTD variance is outwith reporting criteria. The forecast underspend arises mainly due to an estimated over recovery in vacancy savings.
Service Development	90	94	4	4.3%	421	421	0	0.0%	Outwith reporting criteria.
Looked After Children	1,600	1,579	(21)	(1.3%)	7,018	7,174	(156)	(2.2%)	The YTD variance is outwith reporting criteria. The forecast overspend arises due to demand and slippage on agreed savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Child Protection	598	749	151	20.2%	3,433	3,361	72	2.1%	The YTD underspend is mainly due to underspends in staffing, travel and supplies and services costs in the Children and Families area teams and lower than expected demand for contact and welfare services. The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	223	213	(10)	(4.7%)	863	803	60	7.0%	The YTD variance is outwith reporting criteria. The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Criminal Justice	38	73	35	48.0%	124	119	5	4.0%	The YTD underspend is mainly due to underspends on staffing, travel and supplies and services as well as higher than expected YTD income receipts. The forecast variance is outwith reporting criteria.

Children and Families Central Management Costs	468	588	120	20.4%	2,571	2,612	(41)	(1.6%)	The YTD underspend is mainly due to staffing underspends in the admin teams, a delayed payment for rental charges at MAHICC, and an underspend on third party payments. The forecast variance is outwith reporting criteria.
Older People	6,729	6,794	65	1.0%	29,915	30,678	(763)	(2.6%)	The YTD underspend is mainly due to underspends in staffing and third party payments mostly offset by the YTD slippage on agreed efficiency savings and lower than expected YTD income from fees and charges in several residential units, telecare and from new charging order debt. The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	654	428	(226)	(52.8%)	1,362	2,240	(878)	(64.5%)	The YTD overspend is mainly due to overspends on third party payments and adaptations arising due to service demand and lower than expected income from fees and charges. The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed efficiency savings.
Learning Disability	3,170	2,770	(400)	(14.4%)	10,000	11,267	(1,267)	(12.7%)	The YTD overspend is mainly due to the YTD slippage on the delivery of agreed efficiency savings and an overspend on third party payments arising due to service demand. The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings.
Mental Health	638	566	(72)	(12.7%)	1,989	1,941	48	2.4%	The YTD overspend arises mainly due to lower than expected income from cost recharges and care fees partially offset by an underspend on staffing. The forecast variance is outwith reporting criteria.

Adult Services Central Management Costs	61	118	57	48.3%	795	481	314	39.5%	The YTD underspend is mainly related to the phasing of additional funding related to switching the sleepover charge rate to being based on the Scottish Living Wage and demand for services for young adults. This funding will be reallocated to the appropriate budgets during July 2019. The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.
<b>GRAND TOTAL</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>(3.9%)</b>	

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

## SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2019

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	5,484	6,012	528	8.8%	28,277	28,117	160	0.6%	The YTD underspend reflects a significant number of staffing underspends spread across the service. It is higher than would normally be expected for June due to the first skim for vacancy savings being deferred this year to July. The forecast underspend is mainly due to an estimated over recovery of vacancy savings and the continued use of agency staffing to cover vacant posts and staff absence.
Premises	165	214	49	22.9%	1,018	1,071	(53)	(5.2%)	The YTD underspend is mainly due to a delay in cleaning charges being applied and a lower than expected spend to date on property repairs and rents. The forecast overspend is mainly due to a forecast overspend on electricity costs.
Supplies & Services	344	(98)	(442)	451.0%	(595)	405	(1,000)	168.1%	Both the YTD and forecast variances reflect the YTD and overall estimated slippage on the delivery of agreed savings as at June 2019.
Transport	103	160	57	35.6%	777	726	51	6.6%	Both the YTD and forecast underspends are mainly due to lower than expected costs for car leases and staff mileage.
Third Party	9,057	8,921	(136)	(1.5%)	47,240	48,847	(1,607)	(3.4%)	Both the YTD and forecast overspends reflect the higher than budgeted demand for purchased care services in Children's and Adult Services. The YTD variance is suppressed partially due to the effect of outstanding accruals from 2018/19 which remain outstanding and the timing of payments to suppliers differing slightly to the phasing of the budget which reflects the cash flow profile across 2018/19

Income	(710)	(1,068)	(358)	33.5%	(17,996)	(18,138)	142	(0.8%)	The YTD overspend is mainly due to a combination of lower than expected income from new charging order debt and budget phasing. The forecast underspend is mainly due to higher than budgeted receipts from care home fees in three of the HSCP's older people residential units partially offset by a lower than budgeted income from new charging order debt.
<b>Totals</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	<b>58,721</b>	<b>61,028</b>	<b>(2,307)</b>	<b>(3.9%)</b>	

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

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



## SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2019

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer	230	(69)	299	130.0%	The forecast underpend arises due to an estimated over recovery of vacancy savings offset by slippage on agreed savings.
Looked After Children	7,019	7,174	(155)	(2.2%)	The forecast overspend arises due to demand and slippage on agreed savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Child Protection	3,433	3,361	72	2.1%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	863	803	60	7.0%	The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Older People	29,915	30,678	(763)	(2.6%)	The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	1,362	2,240	(878)	(64.5%)	The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed savings.
Learning Disability	10,000	11,267	(1,267)	(12.7%)	The forecast overspend reflects higher than budgeted demand for services and slippage on agreed savings.
Adult Services Central Management Costs	795	481	314	39.5%	The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.

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

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

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide Members with an update on the implementation and delivery of the Service Package Policy Options agreed by Council in February 2019 and also those that were agreed in February 2018 and either not delivered in 2018-19 or have further increases in value in 2019-20 onwards.
- 1.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.
- 1.3 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed.

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS – JUNE 2019****2. INTRODUCTION**

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

**3. DETAIL**

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

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

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

- 3.5 The table below outlines the progress as at 30 June 2019 for the new policy savings options agreed in February 2019. Further detail is included within Appendix 1.

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

- 3.6 The table below outlines the progress as at 30 June 2019 for the policy savings options agreed in February 2018 but not achieved in 2018-19 or those that have further increase in value in 2019-20 onwards. Further detail is included within Appendix 2.

<b>Category</b>	<b>No of Options</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2020-21 £000</b>
Delivered	15	1,002.0	1,592.8	2,191.8
On Track to be Delivered	4	234.0	582.0	971.0
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	1	-10.0	35.0	50.0
Potential Shortfall	2	20.0	44.0	54.0
Delayed	1	-130.0	13.0	286.0
<b>Total</b>	<b>23</b>	<b>1,116.0</b>	<b>2,266.8</b>	<b>3,552.8</b>

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

- Potential Shortfall – RAS15 Environmental Warden Service – Delays due to complications with the redundancy and selection process will result in the full 2019-20 savings not being achieved. These complications have now been resolved, there will be a saving to harvest for 2019-20 and full year savings will be made thereafter.
- Potential Shortfall – TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including ‘non-turnstile’ gated options. With this unexpected change, unforeseen delays have been experienced.
- Potential Shortfall – TB12b – Review charges for stadiums to enable improvement work - Possible shortfall in achieving 2019-20 target due to charging issues.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – A joint procurement exercise took place between West Dunbartonshire, Inverclyde and Argyll and Bute Councils. This had been designed to provide a compliant solution for the 2021 BMW Landfill Ban. However, the tender return has not produced a viable option. The Council’s Waste Strategy Consultation closes on 19 July and this will help to inform which solution the Council ultimately progresses.

## 4. CONCLUSION

4.1 This report outlines the progress of the Service Package Policy Options as at 30 June 2019.

4.2 Of the 41 savings options, 24 have already been delivered, 12 are on track to be delivered as per their timescale, 1 is being developed, 3 have a potential shortfall and 1 is delayed.

## 5. IMPLICATIONS

- |     |                      |  |
|-----|----------------------|--|
| 5.1 | Policy               | Individual options have policy implications – all have been approved by Members. |
| 5.2 | Financial            | Summarises the delivery of the service package policy options.                   |
| 5.3 | Legal                | None.  |
| 5.4 | HR                   | Individual options have HR implications – all have been approved by Members.     |
| 5.5 | Fairer Scotland Duty | EQIAs have already been carried out on the options prior to Member approval.     |

- |     |                   |  |
|-----|-------------------|--|
| 5.6 | Risk              | The monitoring process outlined within this report will minimise the risk that the service package policy options are not delivered. |
| 5.7 | Customer Services | None.  |

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

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

**APPENDICES:**

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

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

Appendix 1

POSITION AS AT 30 JUNE 2019

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

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

Appendix 1

**POSITION AS AT 30 JUNE 2019**

Ref	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years	Future Years	Status of Implementation	Additional Comment (if required)
				£000	FTE	£000	FTE	£000	FTE		
PHRS04/07/10	Planning, Housing and Regulatory Services	Biodiversity & Local Development Plan Team & GIS	Reduction of 1 post			63	1.0	63	1.0	On Track to be Delivered	
PHRS12/13	Planning, Housing and Regulatory Services	Homelessness & Housing Strategy	Transfer £100k for staff costs to SHF	100	0.0	100	0.0	100	0.0	Delivered	
PHRS14	Planning, Housing and Regulatory Services	Marine and Coastal Development	Staffing redesign	46	1.0	46	1.0	46	1.0	Delivered	
PHRS16	Planning, Housing and Regulatory Services	Trading Standards	Reduction of 0.5 post	11.25	0.5	15	0.5	15	0.5	Delivered	
EDST02	Economic Development and Strategic Transportation	Business Gateway	23K reduction in grant funding 19/20 Reduction of 1.8 posts in 21/22	23	0.0	23	0.0	98	1.8	Delivered	The £23k saving came out of the 'reconstructing the budget' exercise. This comprised of £18k from the Business Gateway budget, cost centre: P511000000, account code: 47015 and £5k from my budget, cost centre: P561000000, account code: 44000
EDST03	Economic Development and Strategic Transportation	Economic Growth (EDST MAN)	Reduction of 1 post	49	1.0	49	1.0	49	1.0	Delivered	wrongly coded to Op & growth moved July to EDST management (Julie Millar post)
EDST05	Economic Development and Strategic Transportation	Road Safety Unit	Removal of Service	74	1.7	99	1.7	99	1.7	Delivered	Staff have left the council.
RAS09	Roads and Amenity Services	Roads Management	5% Reduction in staffing costs	39	1.0	39	1.0	39	1.0	Delivered	
RAS12	Roads and Amenity Services	Street Lighting	11% reduction to controllable budget	50	0.0	50	0.0	50	0.0	Delivered	
RAS15	Roads and Amenity Services	Environmental Warden Service	Reduction of 5 FTE. The service would focus on the income generation elements, including commercial waste agreements. This would be at the expense of the enforcement of dog fouling, littering, flytipping etc.	105	5.0	140	5.0	140	5.0	Potential Shortfall	See Appendix
	Cross Cutting	Management/Structure Review	Cross cutting bottom up review of current service delivery arrangements to deliver efficiency and management cost reduction.	375	6.0	500	6.0	500	6.0	On Track to be Delivered	
CSS03/05	Customer and Support Services	Admin of CT/HB, collection of CT and domestic Water and Sewerage charges and CT/NDR debt recovery Scottish Welfare Fund (SWF), the Welfare Reform Working Group (WRWG) and the Anti-Poverty Strategy.	Centralise Housing Benefit processing and re-structure teams	125	3.6	200	5.6	200	5.6	On track to be delivered	
CSS04	Customer and Support Services	NDR, Sundry Debt, BIDs and MACC billing and collection, and Cash Collection	Increase in income and re-structure team	11	1.0	21	1.0	21	1.0	On track to be delivered	
CSS08/09	All Services	Procurement Savings	Increased focus by Procurement and Commissioning Team on contract and demand management by services. This will require a redesign of the PCT team but will not alter the overall number of FTE. Cashable savings coming from this new approach will be identified and removed from service budgets.	250	0.0	250	0.0	250	0.0	On track to be delivered	
CSS10	Customer and Support Services	Creditor Payments / Payment of Members and staff Expenses	Phased removal of posts due to increased use in electronic systems	16	1.0	35	1.8	35	1.8	On track to be delivered	
ED02	Education	Central/ Management Costs	Removal of vacant posts	49	1.5	49	1.5	49	1.5	Delivered	
ED05	Education	Youth and Adult Learning	Review of Youth and Adult Learning Provision	248	10.1	330	17.1	330	17.1	On Track to be Delivered	
ED06	Education	Music Instruction	Review of Instrumental Music Provision	27	1.0	61	TBC	61	TBC	On Track to be Delivered	
<b>TOTAL</b>				<b>1,598</b>	<b>34.4</b>	<b>2,070</b>	<b>44.2</b>	<b>2,145</b>	<b>46.0</b>		



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

Appendix 2

POSITION AS AT 30 JUNE 2019

Category	No. of Options	2018-19 £000	2018-19 FTE	2019-20 £000	2019-20 FTE	2020-21 £000	2020-21 FTE
Delivered	15	1,002.0	8.6	1,592.8	13.6	2,191.8	19.6
On Track to be Delivered	4	234.0	-1.0	582.0	-3.0	971.0	-3.0
Still to be Implemented	0	0.0	0.0	0.0	0.0	0.0	0.0
Being Developed	1	-10.0	-1.0	35.0	-1.0	50.0	-1.0
Potential Shortfall	2	20.0	0.0	44.0	0.0	54.0	0.0
Delayed	1	-130.0	0.0	13.0	0.0	286.0	1.0
<b>TOTAL</b>	<b>23</b>	<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>

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

Appendix 2

POSITION AS AT 30 JUNE 2019

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	Delivered	We will continue to monitor the income closely due to issues over some of the increases.
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	Delivered	
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
TB06-4	Planning/Other Planning Services	Reduce planning team leadership posts	0.0	0.0	52.0	1.0	52.0	1.0	Delivered	
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	Security contract has ceased at Blackhill depot contributing towards savings. Contract let for Mill Park redevelopment, site clearance underway at Kilmory which will enable final design to be progressed. Staffing transfer near completion for Appin Depot with instruction given to market this site.
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	The EDI Committee in December 2018 considered a report reviewing the public convenience asset group. This report has sub-divided that group according to the evidence available on footfall, and has presented members with individual options to consider. This agreed to adopt the principle of charging at high footfall facilities; install honesty boxes at medium footfall facilities; and actively pursue community ownership options at those facilities identified as low use.
TB10	Ferries	Ferry service management and cost recovery	55.0	-1.0	85.0	-1.0	110.0	-1.0	Delivered	
TB11	Piers and Harbours	Commercial approach to piers and harbours charging	284.0	0.0	404.0	0.0	524.0	0.0	Delivered	Ongoing dialogue with CMAL regarding introduction of additional charges. Calmac have been invoiced for the revised additional charges.

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

Appendix 2

POSITION AS AT 30 JUNE 2019

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		
TB12a	Amenity Services	Provision of enhanced funeral and burial services	-10.0	-1.0	35.0	-1.0	50.0	-1.0	Being Developed	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. To ensure saving targets are met the £35K commitment for 2019-20 will be achieved through possible over-recovery at Cardros Crematorium.
TB12b	Amenity Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Potential Shortfall	Possible shortfall in achieving 2019-20 target due to charging issues with Oban Live and other under one banner events. All costs for events must be recovered to ensure targets are met.
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	Delivered	
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. Existing appendix requires updating and will be submitted once reviewed.
TB15	Airports	Review existing air service contracts and pursue more commercial opportunities	80.0	-1.0	160.0	-1.0	298.0	-1.0	Delivered	
TB16-10	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	Delivered	2 posts removed and remainder from EDST management budget 19/20
TB17	Property Services	Identify opportunities for office rationalisation and raising income	27.5	0.0	71.5	0.0	121.5	0.0	On Track to be Delivered	
TB19	Transport	Transport redesign and cost reduction	71.0	1.0	81.0	1.0	91.0	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	Delivered	
<b>TOTAL</b>			<b>1,116.0</b>	<b>6.6</b>	<b>2,266.8</b>	<b>9.6</b>	<b>3,552.8</b>	<b>16.6</b>		

## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

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

## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Development and Infrastructure																		
Service:	Roads and Amenity Services																		
Service Package:	Public Conveniences																		
Savings Reference:	TB09																		
Description of Option:	Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process																		
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>10</td> <td>24</td> <td>24</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td>24</td> <td>24</td> </tr> <tr> <td><b>Shortfall</b></td> <td><b>10</b></td> <td><b>0</b></td> <td><b>0</b></td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	24	24	Saving Achievable	0	24	24	<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>		
	Saving	2018-19 £000	2019-20 £000	2020-21 £000															
	Saving approved	10	24	24															
	Saving Achievable	0	24	24															
<b>Shortfall</b>	<b>10</b>	<b>0</b>	<b>0</b>																
Reason Why there is a Potential Shortfall in the Saving:	The approach now agreed by the EDI Committee December 2018 is being progressed. In addition to this, legal advice has been provided which suggests that conventional turnstiles should not be installed on local authority public conveniences. Alternatives are being progressed including 'non-turnstile' gated options. With this unexpected change, unforeseen delays have been experienced.																		
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	The EDI Committee in December 2018 considered a report reviewing the public convenience asset group. This report has sub-divided that group according to the evidence available on footfall, and has presented members with individual options to consider. This agreed to adopt the principle of charging at high footfall facilities; install honesty boxes at medium footfall facilities; and actively pursue community ownership options at those facilities identified as low use.																		

## SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

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

## SERVICE PACKAGE SAVING MARKED AS DELAYED

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

**FINANCIAL RISKS ANALYSIS 2019-20**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 5 Council wide revenue risks identified for 2019-20 currently amounting to £4.673m. The risk in relation to the IJB referring to the Council for additional funding has been categorised as possible due to the outturn over the previous two years, however, a financial recovery plan is in place to eliminate or reduce this risk. All other Council wide risks have been classified as unlikely.
- 1.4 There are currently 44 departmental risks totalling £4.876m. Only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.



**FINANCIAL RISKS ANALYSIS 2019-20**

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**2. INTRODUCTION**

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

**3 DETAIL**

**3.1 Introduction**

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

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

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

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

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

**3.2 Council Wide Risks**

**Revenue**

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

- 3.2.2 At the budget meeting on 21 February 2019, the Council agreed 18 new policy savings options that would deliver savings over the period 2019-20 to 2021-22. The savings to be delivered in 2019-20 amount to £1.598m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.160m.
- 3.2.3 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. At the end of 2018-19 the Social Work overspend was £3.127m. As at 30 June 2019, the Social Work outturn in 2019-20 is estimated to be a £2.807m overspend (see Appendix 2). There is a risk that should the HSCP will not be able to recover from this overspend and they would refer to the Council for additional funding. The IJB do have a recovery plan in place and this is attached as Appendix 3.
- 3.2.4 Utility costs remain a volatile area and it is difficult to accurately predict how the prices for utilities could vary. The outturn in respect of utilities for 2018-19 was an underspend of £0.123m, however, the Council are coming to the end of some utilities contracts and therefore there is a risk that new contracts are more expensive due to rising prices. Due to the volatility of utilities pricing it is very difficult to predict any impact. The financial risk is based on a 10% variation in utility costs and amounts to £0.476m.
- 3.2.5 The Council wide risks noted above, in addition to other Council wide risks, are noted within the table below.

<b>Description</b>	<b>Likelihood</b>	<b>Assessed Financial Impact £000</b>
1% variation in Council Tax Income	2	480
10% shortfall on Savings Options	2	160
IJB refer to Council for additional funding to deliver social work services	3	2,807
Energy costs increase by 10% greater than anticipated	2	476
1% variation of General Inflation Risk	2	750
<b>Total</b>		<b>4,673</b>

### **Capital**

- 3.2.6 The finance settlement announcement on 17 December 2018 provided details of the Local Government funding for 2019-20 and there is therefore certainty as to what

our funding is in respect of General Capital Grant and the specific capital grants already distributed.

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

### 3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Education	0	0	2	200	2	150	1	100	0	0	5	450
Customer Services	2	20	7	630	12	1,429	0	0	0	0	21	2,079
Development & Infrastructure	2	120	2	140	13	1,467	1	620	0	0	18	2,347
<b>Total</b>	<b>4</b>	<b>140</b>	<b>11</b>	<b>970</b>	<b>27</b>	<b>3,046</b>	<b>2</b>	<b>720</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>4,876</b>

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

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

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

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

### 3.4 Changes to Financial Risks since February 2019 (Budget Setting)

3.4.1 The have been four changes to the departmental risks since the financial risks report included within the budget pack was reported to Council on 21 February 2019.

- The risk of overspend within Education central repairs has increased in likelihood from possible to likely and the financial impact has increased by £0.050m. The Education Service are trying to mitigate this overspend by regular liaison with Property Services regarding the prioritisation and commitment of spend.
- The risk in relation to the Regional Collaborative within Education has now been removed with the intention to incorporate the additional work within the work pattern for schools and officers.
- A further Education risk in relation to ASN support has been downgraded from possible to unlikely with a financial impact reduction of £0.100m. This is due to a demand pressure being built into the 2019-20 budget and continuous monitoring and review of the ASN allocations.
- The risk in relation to winter maintenance has been reduced to £0.200m. Additional budget was added to winter maintenance in 2019-20, however, a risk remains as it's very dependent on the weather.

### 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 44 departmental risks identified; only 2 of the 44 departmental risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

## 5 IMPLICATIONS

5.1 Policy - None.

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

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

**Kirsty Flanagan  
Head of Financial Services  
16 July 2019**

**APPENDICES**

Appendix 1 – Detail of Department/Service financial risks.

Appendix 2 – IJB Budget Monitoring Report as at 30 June 2019

Appendix 3 – IJB Financial Recovery Plan 2019-20

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2019

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Education	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Education	Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	3	50	4	100
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.	3	50	3	50
Education	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2020. The Scottish Government has committed to funding this and the Council has altered their implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	The timeline of the implementation plan has been revised to align with the Scottish Government funding profile. Continuous monitoring and review of the implementation plan and resources.	2	100	2	100
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		0
Education	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement.	A demand pressure has been built into the 2019-20 budget which helps to minimise the value of the risk. Continuous monitoring and review of ASN allocations.	3	200	2	100
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

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85	3	85
Customer Services	Customer and Support Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Customer Services	Customer and Support Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30	3	30
Customer Services	Customer and Support Services	Software Licences	Potential risk of being underlicensed for software which will be identified via software audits.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
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.	3	100	3	100

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					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 review of 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.	One Council property team now in place.	3	50	3	50



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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Special Projects	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20
Customer Services	Special Projects	Leisure Trust - Management Fee	Increase in RPI - inflation on Employee Costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	50	2	50
Customer Services	Special Projects	LiveArgyll - Company 2.	LiveArgyll overspend or under recover anticipated income outwith Management Fee which is fixed for first 3 years.	Ongoing monitoring net spend against profile. Strategic Finance liaise with SPT and Live Argyll to ensure accurate and timely reporting with action taken to mitigate when identified.	2	100	2	100
Customer Services	Special Projects	Leisure Service Level Agreements	Increase in RPI - requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	25	3	25
Development & Infrastructure	Economic Development	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Council have procured self provision fuel tank at Oban Airport and site works are underway. This will reduce external commercial fuel costs.	3	30	3	30
Development & Infrastructure	Economic Development	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities e.g. through website and facebook, provision of marketing materials and regular awareness raising events. It is hoped that the supply of fuel at the facility will attract more customers.	2	10	2	10
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

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					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning, Housing 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, Housing 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, Housing and Regulatory Services	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	75	3	75
Development & Infrastructure	Planning, Housing 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	Planning, Housing and Regulatory Services	Environmental Health- export certificates	Downturn in requests for export certificates as a result of Brexit, changes to international trading agreements or business economy	Monitor activity and continue to support businesses through approvals, food safety regulation engagement, and support at 3rd country audits.	2	130	2	130
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	Ferry Services - Vessel replacement plan.	Ferry fleet vessels are all ageing and will require to be replaced in future years on a rolling basis and according to priorities.	All vessels are dry-docked on an annual basis then surveyed; any identified, or planned, essential works are carried out whilst the vessel is docked before being certificated by MCA – so, safety of crew and passengers is assured. Marine Services will produce a ferry replacement plan which will identify the programme and likely costs for replacement of vessels on a managed and proactive basis.	4	620	4	620

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at February 2019 (Budget Setting)		As at 30 June 2019	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	600	3	200
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
Development & Infrastructure	Roads and Amenity Services	Waste Disposal	Waste Strategy - potential impact of preparation for biodegradable municipal waste landfill ban	Developing Waste Strategy that will have a compliant model that also has the minimum financial impact for short and long term for the Council	3	200	3	200
<b>Total</b>					<b>45</b>	<b>5,336</b>	<b>44</b>	<b>4,876</b>



Argyll & Bute Health & Social Care Partnership

**Integrated Joint Board**

**Agenda item: 4.3a**

**Date of Meeting: 7 August 2019**

**Title of Report: Budget Monitoring as at 30 June 2019**

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

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

- Note the forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019 and that there is a small year to date underspend of £0.059m as at the same date.

**1. EXECUTIVE SUMMARY**

- 1.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019.
- 1.2 There is a year to date underspend of £0.059m as at 30 June 2019. This consists of an overspend of £0.302m within Social Work delivered services offset by a year to date underspend of £0.361m within Health.
- 1.3 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a year to date overspend of £0.500m within Health.

**2. INTRODUCTION**

- 2.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019. Information is provided on both the year to date position and the forecast outturn position and is summarised at a service/activity level.

**3. DETAIL OF REPORT**

**3.1 Year to Date Reporting within Partner Organisations**

- 3.1.1 In terms of the year to date position, it should be noted that on an overall Health and Social Care Partnership basis, the year to date figures may not directly link to the forecast outturn position. This is because the Council does not undertake accrual accounting and there may be a delay in receiving invoices.

- 3.1.2 Health undertake high level monthly accrual accounting which means that expenditure and income adjustments are made at the end of each month to align expenditure and income to the correct month. There should be a correlation in the year to date position and the forecast outturn position.
- 3.1.3 Currently we have to accept that the Health and Social Care Partnership finances are recorded across two different organisations with differing financial reporting procedures. However, both parts of the organisation produce the financial forecasts on a similar basis.

### **3.2 Year to Date Position as at 30 June 2019**

- 3.2.1 There is a year to date underspend of £0.059m as at 30 June 2019. This consists of an overspend of £0.302m within Social Work delivered services offset by a year to date underspend of £0.361m within Health. Further information is provided within Appendix 1.
- 3.2.2 Within Health delivered services the underspend is mainly due to successful appeal of rateable values following the last revaluation and rebates received. There are overspends on Adult Services linked to savings not being achieved in addition to increased costs for agency/locum staff and GP prescribing. The overspend has been offset to an extent by vacancy savings and rebates, including on prior year's rates. and also slippage on budget reserves which includes one-off in year allocations.
- 3.2.3 Within Social Work the overspends are mainly on Learning Disability Joint Residential and Supported Living, and Physical Disability Supported Living arising due to service demands, and on Mental health due to lower than expected income. Within Learning Disability, the variance is caused by both a failure to deliver planned savings along with spend above budgeted levels. There are some offsetting underspends on Children & Families central management costs and Child Protection due to staffing underspends and lower than expected demand, and underspends on Adult Services Central management costs as certain monies have not been transferred yet to the relevant budgets.

### **3.3 Forecast Outturn Position as at 30 June 2019**

- 3.3.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a forecast overspend of £0.500m within Health. Further information is provided within Appendix 2.
- 3.3.2 Within Health delivered services the forecast overspend is £0.500m. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The overspend has been offset to an extent by vacancy savings and also slippage on budget reserves which includes one-off in year allocations. It is expected that this overspend should be containable through on-going grip and control of expenditure during the remainder of the financial year, so no new savings are proposed in the recovery plan for Health.

- 3.3.3 Within Social Work the forecast overspend is £2.306m. This is a very disappointing position. It should be noted that this is the position at the end of month 3 which is still fairly early in the year, and is based on our assessment of the trends at this time, and reflecting actions already well underway. Over the remaining 9 months of the year, concerted efforts will be made in order to deliver an outturn which is considerably closer to a balanced budget. Updated forecasts will be prepared each month so that progress can be tracked.
- 3.3.4 The biggest single area of Social Work overspend is on Learning Disability where there has been a failure to deliver anticipated savings so far, along with higher than budgeted demand. This links closely with the year to date position. Again both are affected by the same factors. The next two areas of forecast overspend are Physical Disability and Older People.
- 3.3.5 Vacancy savings had not been taken for Social Work at the date the forecast was prepared, and overall at this point savings for the full year were initially anticipated only at £377k against a budget of £623k. Further work has now been done to identify the scale of these given that the net underspend on employee costs for the first quarter is £528k. This reflects the extensive grip and control process which is in place before any vacancies are filled. This further work has suggested that the outturn will be improved by £500k to reflect the position more accurately, and this has been built into the forecast position as a separate line at Appendix 2.
- 3.3.6 The most significant risk affecting the forecast outturn position for Health is the SLA for Greater Glasgow and Clyde. At the last IJB a decision was made to reject the increase and the forecast outturn reflects this position. If this position is not accepted by Greater Glasgow and Clyde then there is a risk that the outturn overspend could increase by up to £2m.

### **3.4 Savings Delivery**

- 3.4.1 As at end of June £4.453m of the target £9.823m savings have been delivered – 45% of the total. At this stage of the year, we are forecasting to deliver £7.6m of the savings in total by the year end – 78% of the total. Further information is provided at Appendix 3.
- 3.4.2 The shortfall for Social Work is £1.1m as very little of the remaining planned savings from 2018-19 have been delivered so far, nor are there detailed plans in progress for these. Therefore the forecast has been prepared based on an estimate of delivering only 50% of these planned savings throughout the remainder of the year. Of the new savings agreed for the 2019-20 budget, all have been delivered with the exception of the management re-structuring which is now targeted to complete in September.
- 3.4.3 The shortfall for Health is similar at £1.0m, but in contrast only £124k of the planned savings from 2018/19 are not yet forecast to be delivered, and the main risk relates to delivery of the new savings agreed for 2019/20 where actions are still underway.

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

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

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

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

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

- 6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019. A financial recovery plan is therefore required setting out how the forecast overspend will be addressed and returned to a breakeven position. This is provided by a separate report to the Quality and Finance Programme Board.
- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.
- 6.3 Clinical Governance - None

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

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

#### **8. RISK ASSESSMENT**

- 8.1 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan.

#### **9. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

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

#### **10. CONCLUSIONS**

- 10.1 This report provides a summary of the financial position of the Health and Social Care Partnership as at 30 June 2019. The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. A financial recovery plan to return the H&SCP to a breakeven position is presented separately.

10.2 The Strategic Leadership Team continues to meet on a regular basis to gain grip and control of the financial position. It is hoped the financial position will improve over the remaining months of this financial year.

**11. DIRECTIONS**

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

**APPENDICES:**

Appendix 1 – Year to Date Position as at 30 June 2019

Appendix 2 – Forecast Outturn for 2019-20 as at 30 June 2019

Appendix 3 – Savings achieved and forecast as at 30 June 2019



ARGYLL AND BUTE HEALTH AND SOCIAL CARE PARTNERSHIP  
REVENUE BUDGET MONITORING SUMMARY - YEAR TO DATE POSITION AS AT 30 JUNE 2019

APPENDIX 1

Reporting Criteria: +/- £50k or +/- 10%

For information:

The Council don't do monthly based accrual accounting, whereas Health do.

On the Council side, there may be a mismatch between year to date actual and budgets, due to timing differences as to when invoices are paid.

Health do monthly based accrual accounting, therefore, you should see a correlation in the year to date position and the year end outturn position.

Service	Actual £000	Budget £000	Variance £000	% Variance	Explanation
<b>COUNCIL SERVICES:</b>					
Chief Officer	174	169	(5)	(3.0%)	Outwith reporting criteria.
Children and Families Central Management Costs	468	588	120	20.4%	The YTD underspend is mainly due to staffing underspends in the admin teams, a delayed payment for rental charges at MAHICC, and an underspend on third party payments.
Child Protection	598	749	151	20.2%	The YTD underspend is mainly due to underspends in staffing, travel and supplies and services costs in the Children and Families area teams and lower than expected demand for contact and welfare services.
Children with a Disability	223	213	(10)	(4.7%)	Outwith reporting criteria.
Criminal Justice	38	73	35	47.9%	The YTD underspend is mainly due to underspends on staffing, travel and supplies and services as well as higher than expected YTD income receipts.
Looked after children	1,600	1,579	(21)	-1.3%	Outwith reporting criteria.
Adult Services Central Management Costs	61	118	57	48.3%	The YTD underspend is mainly related to the phasing of additional funding related to switching the sleepover charge rate to being based on the Scottish Living Wage and demand for services for young adults. This funding will be reallocated to the appropriate budgets during July 2019.
Learning Disability	3,170	2,770	(400)	-14.4%	The YTD overspend is mainly due to the YTD slippage on the delivery of agreed efficiency savings and an overspend on third party payments arising due to service demand.
Mental Health	638	566	(72)	-12.7%	The YTD overspend arises mainly due to lower than expected income from cost recharges and care fees partially offset by an underspend on staffing.
Older People	6,729	6,794	65	1.0%	The YTD underspend is mainly due to underspends in staffing and third party payments mostly offset by the YTD slippage on agreed efficiency savings and lower than expected YTD income from fees and charges in several residential units, telecare and from new charging order debt.
Physical Disability	654	428	(226)	(52.8%)	The YTD overspend is mainly due to overspends on third party payments and adaptations arising due to service demand and lower than expected income from fees and charges.
Strategic Planning & Performance	90	94	4	4.3%	Outwith reporting criteria.
<b>COUNCIL SERVICES TOTAL</b>	<b>14,443</b>	<b>14,141</b>	<b>(302)</b>	<b>(2.1%)</b>	
<b>HEALTH SERVICES:</b>					

**ARGYLL AND BUTE HEALTH AND SOCIAL CARE PARTNERSHIP  
REVENUE BUDGET MONITORING SUMMARY - YEAR TO DATE POSITION AS AT 30 JUNE 2019**

**APPENDIX 1**

Reporting Criteria: +/- £50k or +/- 10%

For information:

The Council don't do monthly based accrual accounting, whereas Health do.

On the Council side, there may be a mismatch between year to date actual and budgets, due to timing differences as to when invoices are paid.

Health do monthly based accrual accounting, therefore, you should see a correlation in the year to date position and the year end outturn position.

Service	Actual £000	Budget £000	Variance £000	% Variance	Explanation
Adult Services - West	13,568	13,295	(273)	-2.1%	Savings not being achieved and several budget overspends, including; Psychiatric medical services - locums, LIH Day Bed Unit - oncology drugs, Mull Medical Group - GP locums, LIH wards - agency nurses, LIH Laboratory - agency staffing and non pay costs, GP prescribing - Lochgilphead Medical Practice, LIH medical staffing, Flu vaccine costs, mobile CT scanner costs
Adult Services - East	7,491	7,415	(76)	-1.0%	Savings not being achieved and budget overspends on GP prescribing
Children & Families Services	1,739	1,748	9	0.5%	Outwith reporting criteria.
Commissioned Services - NHS GG&C	15,874	15,873	(1)	0.0%	Outwith reporting criteria.
Commissioned Services - Other	877	961	84	8.7%	Underspend due to no current admissions to private sector eating disorder units and low activity on Scottish Board's cost per case treatments
General Medical Services	4,203	4,273	70	1.6%	Prior year non-recurring rates rebates
Community and Salaried Dental Services	793	997	204	20.5%	Mainly due to vacancies
Other Primary Care Services	2,391	2,391	0	0.0%	Outwith reporting criteria.
Public Health	387	448	61	13.6%	Vacancies and slippage on in year allocations
Lead Nurse	346	400	54	13.5%	Vacancies
Management Service	545	684	139	20.3%	Non-recurring prescribing rebate and vacancies
Planning & Performance	451	461	10	2.2%	Outwith reporting criteria.
Depreciation	606	628	22	3.5%	Outwith reporting criteria.
Income	(462)	(383)	79	-20.6%	Revised tariffs currently being implemented for 19/20.
Estates	1,228	1,329	101	7.6%	Prior year non-recurring rates rebates
People & Change	142	145	3	2.1%	Outwith reporting criteria.
Budget Reserves	0	(125)	(125)	100.0%	Uncertainty over the value of SG allocations
<b>HEALTH SERVICES TOTAL</b>	<b>50,179</b>	<b>50,540</b>	<b>361</b>	<b>0.7%</b>	
<b>GRAND TOTAL</b>	<b>64,622</b>	<b>64,681</b>	<b>59</b>	<b>0.1%</b>	

## REVENUE BUDGET MONITORING FORECAST OUTTURN - AS AT 30 JUNE 2019

Reporting Criteria: +/- £50k or +/- 10%

Service	Annual Budget £000	Forecast Outturn £000	Variance £000	% Variance	Explanation
<b>COUNCIL SERVICES:</b>					
Chief Officer	230	431	(201)	(87.4%)	The forecast overspend arises mainly due to slippage on agreed efficiency savings.
Children and Families Central Management Costs	2,571	2,612	(41)	(1.6%)	Outwith reporting criteria.
Child Protection	3,433	3,361	72	2.1%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services.
Children with a Disability	863	803	60	7.0%	The forecast underspend arises mainly due to lower than anticipated demand for service/service costs and a vacant post which is not being filled in 2019/20.
Criminal Justice	124	119	5	4.0%	Outwith reporting criteria.
Looked after children	7,019	7,174	(155)	(2.2%)	The forecast overspend arises due to demand and slippage on agreed efficiency savings in residential placements partially offset by underspends in fostering and adoption arising due to lower than budgeted service demand.
Adult Services Central Management Costs	795	481	314	39.5%	The forecast underspend reflects an adjustment for cost and demand pressure funding held centrally in Adult Services for growth in demand for younger adult services and the impact of the switch to a sleepover cost rate based on the Scottish Living Wage. These funds will be allocated out across the relevant services in July, reducing the forecast overspends in homecare and supported living services.
Learning Disability	10,000	11,267	(1,267)	(12.7%)	The forecast overspend reflects higher than budgeted demand for services and slippage on agreed efficiency savings.
Mental Health	1,989	1,941	48	2.4%	Outwith reporting criteria.
Older People	29,915	30,678	(763)	(2.6%)	The forecast overspend reflects higher than budgeted demand for care home placements and homecare and slippage on agreed efficiency savings partially offset by higher than expected income from care home fees in the HSCP residential units.
Physical Disability	1,362	2,240	(878)	(64.5%)	The forecast overspend reflects higher than budgeted demand for service and a small slippage on agreed efficiency savings.
Strategic Planning & Performance	421	421	0	0.0%	Outwith reporting criteria.

Vacancy savings not yet taken	0	(500)	500	n/a	Additional vacancy savings projected which are not included in Service forecasts above reflecting YTD positive variance on employee costs of £528k as a result of grip and control which is continuing.
<b>COUNCIL SERVICES TOTAL</b>	<b>58,722</b>	<b>61,028</b>	<b>(2,306)</b>	<b>(3.9%)</b>	
<b>HEALTH SERVICES:</b>					
Adult Services - West	53,381	54,527	(1,146)	(2.1%)	Savings not being achieved and several budget overspends, including; Psychiatric medical services - locums, LIH Day Bed Unit - oncology drugs, Mull Medical Group - GP locums, LIH wards - agency nurses, LIH Laboratory - agency staffing and non pay costs, GP prescribing - Lochgilphead Medical Practice, LIH medical staffing, Flu vaccine costs
Adult Services - East	29,799	29,925	(126)	(0.4%)	Savings not being achieved and budget overspends on GP prescribing
Children & Families Services	7,003	6,946	57	0.8%	Mainly due to vacancies
Commissioned Services - NHS GG&C	63,491	63,741	(250)	(0.4%)	Cost of new expensive drugs for Cystic Fibrosis
Commissioned Services - Other	3,844	3,844	0	0.0%	Outwith reporting criteria.
General Medical Services	17,284	17,184	100	0.6%	Prior year non-recurring rates rebates
Community and Salaried Dental Services	3,989	3,732	257	6.9%	Mainly due to vacancies
Other Primary Care Services	9,600	9,600	0	0.0%	Outwith reporting criteria.
Public Health	1,904	1,829	75	4.1%	Mainly due to vacancies
Lead Nurse	1,492	1,467	25	1.7%	Outwith reporting criteria.
Management Service	2,707	2,547	160	6.3%	Mainly due to vacancies
Planning & Performance	2,191	2,171	20	0.9%	Outwith reporting criteria.
Depreciation	2,512	2,423	89	3.7%	Outwith reporting criteria.
Income	(1,533)	(1,656)	123	(7.4%)	Revised tariffs currently being implemented for 19/20.
Estates	5,328	5,213	115	2.2%	Prior year non-recurring rates rebates
People & Change	579	578	1	0.2%	Outwith reporting criteria.
<b>HEALTH SERVICES TOTAL</b>	<b>203,571</b>	<b>204,071</b>	<b>(500)</b>	<b>(0.2%)</b>	
<b>GRAND TOTAL</b>	<b>262,293</b>	<b>265,099</b>	<b>(2,806)</b>	<b>(1.1%)</b>	

## Appendix 3

**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved	Unachieved	%	Achievement	Shortfall	%
				£' 000	£' 000	Achieved	£' 000	£' 000	Achieved
1819-7	Thomson Court	Jane Williams	10	0	10	0%	5	5	50%
1819-8	Assessment and Care Management	Jim Littlejohn/Donald Watt	42	0	42	0%	21	21	50%
1819-14	Redesign of Internal and External Childrens Residential Placements	Pamela Hoey	200	0	200	0%	100	100	50%
1819-15	Children and Families Management Structure	Alex Taylor	150	0	150	0%	75	75	50%
1819-17	School Hostels review of Catering, Cleaning and Income Generation	Alex Taylor	60	60	0	100%	60	0	100%
1819-19	Review and Redesign of Physical Disability Services	Jim Littlejohn/Donald Watt	28	0	28	0%	14	14	50%
1819-19	Review and Redesign of Learning Disability Services - Sleepovers and Technology Argyll Wide	Jim Littlejohn/Donald Watt	299	0	299	0%	149	150	50%
1819-19	Review and Redesign of Learning Disability Services - Packages of Care Cowal	Alison McKerracher	125	0	125	0%	62	63	50%
1819-19	Review and Redesign of Learning Disability Services - Packages of Care Helensburgh	Linda Skrastin	152	0	152	0%	76	76	50%
1819-19	Review and Redesign of Learning Disability Resource Centres	Jim Littlejohn/Donald Watt	36	0	36	0%	18	18	50%
1819-19	Review and Redesign of Learning Disability Rothesay Resource Centre	Jane Williams	14	0	14	0%	7	7	50%
1819-19	Review and Redesign of Learning Disability Assist Cowal Resource Centre	Jayne Lawrence Winch	30	0	30	0%	15	15	50%
1819-19	Review of Ext Residential Learning Disability Placements	Jim Littlejohn/Donald Watt	194	0	194	0%	97	97	50%
1819-22	Adult Care West - Restructure of Neighbourhood Teams (SW & Health)	Donald Watt	250	0	250	0%	125	125	50%
1819-25	Older People Day/Resource Centre - Address high levels of management - consolidate opening hours - shared resource	Jim Littlejohn/Donald Watt	212	0	212	0%	106	106	50%
1819-31	Integrate HSCP Admin, digital Tech and Central Appoint System	Stephen Whiston	125	0	125	0%	62	63	50%
1819-33	Catering, Cleaning and other Ancillary Services	Stephen Whiston	100	30	70	30%	65	35	65%
1819-40	SLA and Grants operate within allocation	Brian Reid	23	0	23	0%	12	11	52%
1819-41	Criminal Justice - Manage Service within SG Grant Allocation	Shona Williams	20	20	0	100%	20	0	100%
1819-42	Contract Management reducing payments to Commissioned External providers	Jim Littlejohn/Donald Watt	33	0	33	0%	17	16	52%
1819-45	Review Care Management - consistent application of Priority of Need Framework	Jim Littlejohn/Donald Watt	107	107	0	100%	107	0	100%
1819-46	Adopt a Single Community Team Approach to undertaking Assessment and Care Management	Jim Littlejohn/Donald Watt	120	0	120	0%	60	60	50%
1819-47	Withdrawal of Lunch Club and Meals on Wheels	Jim Littlejohn/Donald Watt	31	0	31	0%	16	15	52%
1819-49	Amend Non-Residential Charging Policy	Jim Littlejohn	113	113	0	100%	113	0	100%

**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1920-10	Increase Workforce Vacancy Savings	David Forshaw	156	156	0	100%	156	0	100%
1920-13	Right-size External Care Home Budget	Jim Littlejohn	400	400	0	100%	400	0	100%
1920-14	Amend Charging Order Income Budget	David Forshaw	120	120	0	100%	120	0	100%
1920-15	Right-size Children & Families Budgets in line with tighter control CRP	Mark Lines	100	100	0	100%	100	0	100%
1920-16	Criminal Justice - Manage Service within SG Grant Allocation	Shona Williams	20	20	0	100%	20	0	100%
1920-18	Right-size Non-Residential Income Budgets	David Forshaw	160	160	0	100%	160	0	100%
1920-19	Right-size budget for external care home placements (mental health) – in line with spend.	Jim Littlejohn/Donald Watt	154	154	0	100%	154	0	100%
1920-20	Recovery of unused funds from clients who receive Direct Payments.	David Forshaw	40	40	0	100%	40	0	100%
1920-21	Right-size income budget for clients in residential homes.	David Forshaw	29	29	0	100%	29	0	100%
1920-33	Review of management structure	Joanna Macdonald	102	0	102	0%	51	51	50%
1920-37	Permanently close the moth-balled dementia day service based at Ardfenaig Bungalow, Ardrishaig. Dementia Day Services.	Donald Watt	71	71	0	100%	71	0	100%
<b>Totals</b>			<b>3,826</b>	<b>1,580</b>	<b>2,246</b>	<b>41%</b>	<b>2,703</b>	<b>1,123</b>	<b>71%</b>

**ARGYLL & BUTE HEALTH SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30th June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1819-4	Closure of West House / Argyll & Bute Hospital site	David Ross	120	0	120	0%	120	0	100%
1819-5	Closure of Aros (running costs)	Sandy Wilkie	40	0	40	0%	40	0	100%
1819-10	Medical Physics department - HAU109	Caroline Henderson	2	0	2	0%	2	0	100%
1819-16	Children & Families services staffing	Alex Taylor	50	0	50	0%	0	50	0%
1819-30	Admin pays - Lochgilphead	Donald Watt	5	5	0	100%	5	0	100%
1819-32	Domestic services - Argyll & Bute wide	?	25	0	25	0%	10	15	40%
1819-32	Portering services - Argyll & Bute wide	?	5	0	5	0%	0	5	0%
1819-44	Advanced Nurse Practitioners - Oban	Caroline Henderson	14	0	14	0%	0	14	0%
1819-48	Value Management Structure for AHPs	Linda Currie	10	0	10	0%	0	10	0%
1819-53	Vehicle Fleet Services	Stephen Whiston	40	22	18	55%	40	0	100%
1819-54	OLI efficiency target - 1% target	Lorraine Paterson	11	9	2	84%	11	0	100%
1819-55	Lead Nurse	Liz Higgins	5	0	5	0%	5	0	100%
	Reduction to Investment Fund	-	247	247	0	100%	247	0	100%
1920-0	Complex care packages funded via NHS Highland	Liz Higgins	400	400	0	100%	400	0	100%
1920-1	Provision of drugs for Hepatitis C (GGC)	Stephen Whiston	40	40	0	100%	40	0	100%
1920-2	Income from patients services etc	Stephen Whiston	100	0	100	0%	100	0	100%
1920-3	Health Promotion Discretionary Budgets	Alison McGrory	100	46	54	46%	46	54	46%
1920-4	Review of Service Contracts	Lorraine Paterson	100	0	100	0%	0	100	0%
1920-5	Flight costs for patients attending appointments	Lorraine Paterson	100	87	13	87%	100	0	100%

**ARGYLL & BUTE SOCIAL WORK SAVINGS PLAN 2019/20**

Ref.	Savings Description	Manager	Target £' 000	Year to 30 June 2019			Full Year Forecast		
				Achieved £' 000	Unachieved £' 000	% Achieved	Achievement £' 000	Shortfall £' 000	% Achieved
1920-6	Ferry ticket costs for staff and patients	Lorraine Paterson	25	0	25	0%	0	25	0%
1920-7	Accommodation and subsistence costs for staff	George Morrison	50	0	50	0%	0	50	0%
1920-8	GP Prescribing	Fiona Thomson	500	67	433	13%	500	0	100%
1920-9	Workforce vacancy savings	George Morrison	750	750	0	100%	750	0	100%
1920-11	Slippage on SG in-year allocations and budget reserves	George Morrison	1,000	0	1,000	0%	1,000	0	100%
1920-12	Remove reprovision reserve	George Morrison	500	500	0	100%	500	0	100%
1920-17	Knapdale Ward	Donald Watt	115	115	0	100%	115	0	100%
1920-22	Dunoon Medical Services	Rebecca Heliwell	100	0	100	0%	0	100	0%
1920-30	Alcohol and Drugs Partnership Funding	Sandra Cairney	138	138	0	100%	138	0	100%
1920-31	Review of SLAs with GGC	Stephen Whiston	345	19	326	6%	82	263	24%
1920-32	Review of management structure	Joanna MacDonald	200	0	200	0%	0	200	0%
1920-34a	Integrated Care Fund - OLI	Lorraine Paterson	23	23	0	100%	23	0	100%
1920-34b	Integrated Care Fund - MAKI	Donald Watt	25	25	0	100%	25	0	100%
1920-34c	Integrated Care Fund - C&B	Alison McKerracher	28	0	28	0%	28	0	100%
1920-34d	Integrated Care Fund - H&L	Jim Littlejohn	24	24	0	100%	24	0	100%
1920-35	Bed reduction savings : Dunoon	Alison McKerracher	150	0	150	0%	150	0	100%
1920-36	Mental Health Bridging Funding	-	300	300	0	100%	300	0	100%
1920-38a	LIH Theatre nurse staffing - HAK112	Caroline Henderson	60	0	60	0%	30	30	50%
1920-38b	Lorn & Islands Hospital staffing	Lorraine Paterson	200	6	194	3%	61	139	30%
1920-39	Learning Disabilities	Nikki Gillespie	50	50	0	100%	50	0	100%
<b>Totals</b>			<b>5,997</b>	<b>2,873</b>	<b>3,124</b>	<b>48%</b>	<b>4,941</b>	<b>1,056</b>	<b>82%</b>
<b><u>ARGYLL &amp; BUTE HSCP TOTAL SAVINGS PLAN 2019/20</u></b>			<b><u>9,823</u></b>	<b><u>4,453</u></b>	<b><u>5,370</u></b>	<b><u>45%</u></b>	<b><u>7,644</u></b>	<b><u>2,179</u></b>	<b><u>78%</u></b>



**Integrated Joint Board**                      **Agenda item: 4.3c**

**Date of Meeting:**    **7 August 2019**

**Title of Report:**        **Financial Recovery Plan**

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

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

- Consider the proposed financial recovery plan.

**1. EXECUTIVE SUMMARY**

1.1 The forecast outturn position for 2019-20 is a forecast overspend of £2.806m. This consists of an overspend of £2.306m within Social Work delivered services and a year to date overspend of £0.500m within Health. In accordance with the Integration Scheme paragraph 8.2.18, as soon as an overspend is predicted, the Chief Officer and Chief Financial Officer are required to identify the cause of the forecast overspend and prepare a recovery plan to return to a break even position. The recovery plan should be approved by the Integrated Joint Board. The paper therefore proposes a financial recovery plan for consideration by the Integrated Joint Board in line with this requirement of the Integration Scheme.

**2. INTRODUCTION**

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

**3. DETAIL OF REPORT**

**3.1 Causes of forecast overspend and recovery action proposed - Health**

3.1.1 Within Health delivered services the forecast overspend is £0.500m. The overspend is mainly linked to savings not being achieved in addition to increased costs for oncology drugs, pharmacy costs, patient referrals, and agency/locum staff. The forecast shows that there are still a further £1,056k of savings which are not yet fully in train to be delivered. The biggest of the outstanding savings relate to the management restructure (£200k which is



now progressing; the review of the SLAs with Greater Glasgow & Clyde (£263k) which is at risk; Lorn & Isles staffing (£169k) which is being met from non-recurring vacancy savings at present; and Dunoon medical services locum costs (£100k) which are out to advert. Excluding the bulk of the SLA savings which are at risk, it is anticipated that £800k of the outstanding £1056k should be possible of delivery.

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

3.1.3 As a result no new savings are proposed as part of the recovery plan for Health.

### **3.2 Causes of forecast overspend and recovery action proposed – Social Work**

3.2.1 Within Social Work the forecast overspend is £2.306m. The overspends are mainly on Learning Disability Joint Residential and Supported Living, and Physical Disability Supported Living arising due to service demands, and on Mental health due to lower than expected income. Within Learning Disability, the variance is caused by both a failure to deliver planned savings along with spend above budgeted levels. There are some offsetting underspends on Children & Families central management costs and Child Protection due to staffing underspends and lower than expected demand, and underspends on Adult Services Central management costs as certain monies have not been transferred yet to the relevant budgets.

3.2.2 The overspend is caused in part currently forecasting that only 50% of the remaining savings of £2.2m will be delivered.

3.2.3 The largest single area is in relation to Learning Disability (£850k) which has lost focus since the departures of the Service Improvement officer working on this area. The restructuring of the Head of Adult Services roles will ensure that there is a single clear lead for this area of responsibility, and until the permanent appointments are made, the Head of Adult Services East will take the lead for this and will ensure that a member of his team works full time on delivering the savings for Learning Disability. They will review sleepovers, ensure core and cluster model of care is driven forward with the new properties now coming onstream for this and suitable clients brought back from expensive out of area placements so that this not only reduces costs but provides a better service.

3.2.4 The restructuring of the neighbourhood teams in Adult Care West had stalled due to staffing changes, but this is now being picked up by the Interim Heads of Adult Care West and being actively progressed in order to deliver the full amount of savings indicated of £250k, along with the additional £120k

saving on adopting a single team community approach to undertaking assessment and care management.

3.2.5

The savings of £212k proposed for Older people Day/Resource Centre management costs reflects an imbalance in these costs towards the East and is now being addressed by the Head of Adult Services East.

3.2.6

The plan is therefore to increase efforts to deliver these already agreed savings so that they are nearly all delivered in full. Some of the savings from the reviews of management structure (£150k and £102k) are delayed, not all of the lunch club saving is now considered viable (£31k), nor all of the HSCP admin, and catering and cleaning savings. Overall at most £2m is estimated to be deliverable.

3.2.7

There are however, additional overspend areas which do not directly relate to undelivered savings amounting to £1.2m. Further review of the forecast outturn during July has indicated that we expect an improvement in the position by £0.5m. This is as a result of reduction to agency social workers (now reduced to just 9, most are planned to be ended over the next few months), along with improved control of cases through the Adult Care Resource Group (which reviews all new cases weekly ensuring minimum safe interventions are being proposed). This reduces the need for new additional savings to £700k.

3.2.8

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

	Description	Potential value
1	Implement best practice approaches for delivery of care at home and re-ablement across all areas of Argyll and Bute following the successful pilot in Cowal where £94k of savings were made	£300k
2	Extend use of external homecare transferring hours from in-house provision to fill gaps as they occur	£33k
3	Step up/step down of care to be suspended with exceptional cases referred to Head of Service for authorisation	£227k
4	Cap on overtime with more effective use of bank staff, better rota planning and recruitment to vacancies	£87k
5	Reduction on travel (social work)	£25k
6	Planned changes in staffing replacing 3 x LGE 8s with LGE 6s	£28k
	<b>Total</b>	<b>£700k</b>

3.3

### Summary

In summary, recovery of the projected overspend of £2.8m is proposed as follows:

	Description	Potential value
--	-------------	-----------------

Health	Increased confidence in delivering already agreed savings	£800k
Social Work	Improvements in forecast identified in July 2019	£500k
Social Work	Increased confidence in delivering already agreed savings	£800k
Social Work	New savings proposed at 3.2.8 above	£700k
<b>Total</b>		<b>£2,800k</b>

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

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

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

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

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

- 6.1 Financial Impact – The forecast outturn position for 2019-20 is a forecast overspend of £2.806m as at 30 June 2019. A financial recovery plan is therefore required setting out how the forecast overspend will be addressed and returned to a breakeven position. This is provided by a separate report to the Quality and Finance Programme Board.
- 6.2 Staff Governance – None directly from this report but there is a strong link between HR and delivering financial balance.

- 6.3 Clinical Governance - None

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

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

#### **8. RISK ASSESSMENT**

- 8.1 The forecast outturn position takes into consideration financial risks. A separate report is provided on the financial risks. Operational and clinical risks will be taken into account as part of the implementation of the financial recovery plan.

#### **9. PUBLIC AND USER INVOLVEMENT AND ENGAGEMENT**

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

## 10. CONCLUSIONS

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

## 11. DIRECTIONS

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

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**CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2019**

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**1 EXECUTIVE SUMMARY**

1.1 This provides an update on the position of the capital budget as at 30 June 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

**1.2 Financial Position:**

- **Current Year to Date** – actual net expenditure to date is £3,014k compared to a budget for the year to date of £3,125k giving rise to an underspend for the year to date of £111k (3.6%).
- **Forecast Outturn for 2019-20** – forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £226,246k compared to a total budget for all projects of £226,202k giving rise to a forecast overspend for the overall capital plan of £44K (0.02%).

**1.3 Project Delivery:**

- **Asset Sustainability** – Out of 122 projects there are 111 projects (91%) on track and 11 projects (9%) off track but recoverable.
- **Service Development** - Out of 23 projects there are 19 projects (83%) on track and 4 projects (17%) off track but recoverable.
- **Strategic Change** – Out of 34 projects there are 28 projects (82%) on track, 5 projects (15%) off track but recoverable and 1 projects (3%) off track.

1.4 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).

## 2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 30 June 2019. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

### 2.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £3,014k compared to a budget for the year to date of £3,125k giving rise to an underspend for the year to date of £111k (3.6%).
- **Forecast Outturn for 2019-20** – forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £226,246k compared to a total budget for all projects of £226,202k giving rise to a forecast overspend for the overall capital plan of £44K (0.02%).

### 2.3 Project Delivery:

- **Asset Sustainability** – Out of 122 projects there are 111 projects (91%) on track and 11 projects (9%) off track but recoverable.
- **Service Development** - Out of 23 projects there are 19 projects (83%) on track and 4 projects (17%) off track but recoverable.
- **Strategic Change** – Out of 34 projects there are 28 projects (82%) on track, 5 projects (15%) off track but recoverable and 1 projects (3%) off track.

2.4 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).

## 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 £3,630k compared to a budget for the year to date of £3,741k giving rise to an underspend for the year to date of £111k (3.0%).

### 4.2 Project/Department Position

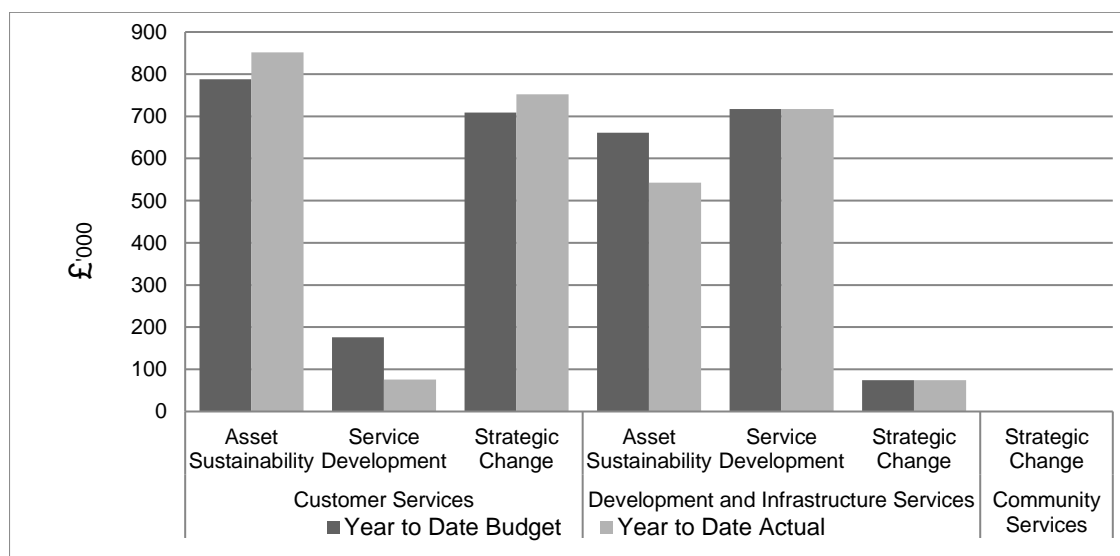
The table below shows the year to date net expenditure against the year to date budget by project type and department:

<b>Project Type:</b>	<b>Year to Date Budget £'000</b>	<b>Year to Date Actual £'000</b>	<b>Variance £'000</b>
Asset Sustainability	1,449	1,395	54
Service Development	893	793	100
Strategic Change	783	826	(43)
<b>Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</b>
<b>Department:</b>			
Customer Services	1,673	1,680	(7)
Development and Infrastructure Services	1,452	1,334	118
Community Services	0	0	0
<b>Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</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 2019-20

### 5.1 Overall Position

Forecast net expenditure for the full financial year is £28,398k compared to an annual budget of £33,128k giving rise to a forecast underspend for the year of £4,730k (14.3%).

### 5.2 Project/Department Position

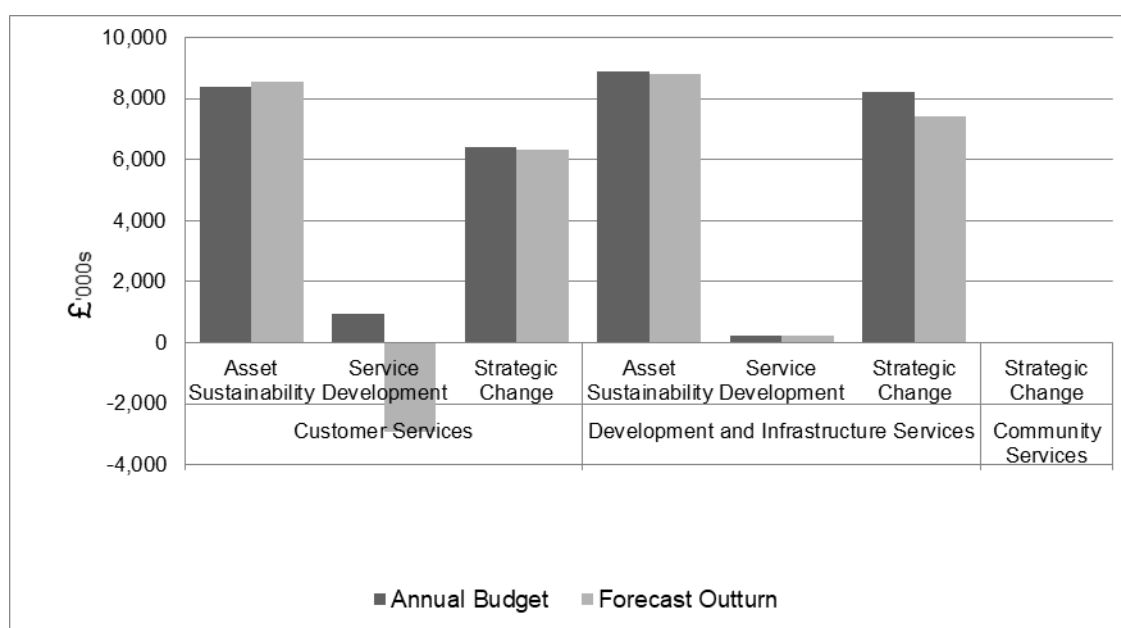
The table shows the forecast expenditure and budget for the year by project type and department:

<b>Project Type:</b>	<b>Annual Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
Asset Sustainability	17,267	17,377	(110)
Service Development	1,197	(2,699)	3,896
Strategic Change	14,664	13,720	944
<b>Total</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</b>
<b>Department:</b>			
Customer Services	15,763	11,944	3,819
Development and Infrastructure Services	17,365	16,454	911
Community Services	0	0	0
<b>Total</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</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 £296,404k compared to a total budget for all projects of £296,360k giving rise to a forecast overspend for the overall capital plan of £44k (0.01%).

### 6.2 Project/Department Position

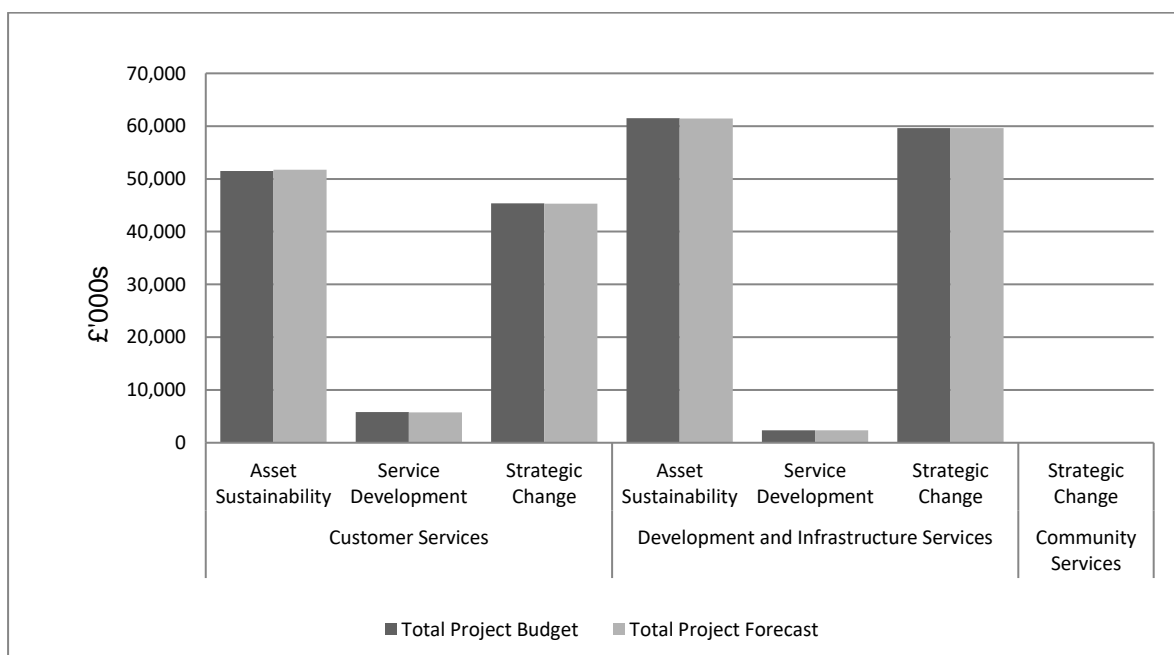
The table shows the forecast expenditure and budget for the total capital plan by project type and department:

<b>Project Type:</b>	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Capital Plan Variance £'000</b>
Asset Sustainability	112,980	113,216	(236)
Service Development	8,221	8,120	101
Strategic Change	105,001	104,910	91
<b>Total</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>
<b>Department:</b>			
Customer Services	102,729	102,776	(47)
Development and Infrastructure Services	123,473	123,470	3
Community Services	0	0	0
<b>Total</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>

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

### 6.3 Chart of Total Project Costs

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



## 7 TOTAL PROJECT PERFORMANCE

### 7.1 Overall Position

There are 179 projects within the Capital Plan, 158 are Complete or On Target, 20 are Off Target and Recoverable, and 1 is Off Track.

### 7.2 Project Position

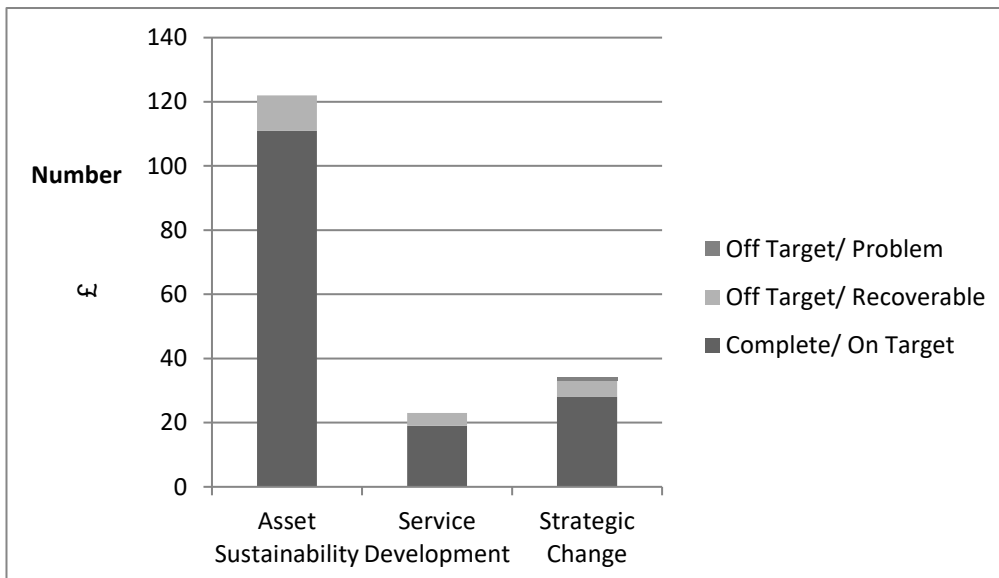
The table below shows the Performance Status of the Projects in the Capital Plan:

<b>Project Type:</b>	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	111	11	0	122
Service Development	19	4	0	23
Strategic Change	28	5	1	34
<b>Total</b>	<b>158</b>	<b>20</b>	<b>1</b>	<b>179</b>
<b>Department:</b>				
Customer Services	136	4	0	140
Development and Infrastructure Services	22	16	1	39
<b>Total</b>	<b>158</b>	<b>20</b>	<b>1</b>	<b>179</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.

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

## 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	2019-20 £'000	2020-21 £'000	2021-22 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability	0	0	0	0	0	
Service Development	0	0	0	0	0	
<b>Customer &amp; Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(36)	36	0	0	0	Slippages
Service Development	(3,795)	3,795	0	0	0	Slippage
Strategic Change	0	0	0	0	0	
<b>Facility - Education</b>	<b>(3,831)</b>	<b>3,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(26)	26	0	0	0	Slippage
Service Development	0	0	0	0	0	
Strategic Change	0	0	0	0	0	
<b>Facility - Non Education</b>	<b>(26)</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(9)	9	0	0	0	Slippages
Service Development	0	0	0	0	0	
Strategic Change	0	0	0	0	0	Slippages
<b>Facility - Dunoon</b>	<b>(9)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(50)	50	0	0	0	Slippage
Service Development	0	0	0	0	0	Slippages
Strategic Change	(13)	13	(6,750)	6,750	0	Slippage
<b>Roads and Amenity Services</b>	<b>(63)</b>	<b>63</b>	<b>(6,750)</b>	<b>6,750</b>	<b>0</b>	
Service Development	0	0	0	0	0	
Strategic Change	(813)	466	130	217	0	Slippages
<b>Economic Development</b>	<b>(813)</b>	<b>466</b>	<b>130</b>	<b>217</b>	<b>0</b>	
<b>TOTAL</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>	<b>0</b>	

## 11 CAPITAL RECEIPTS

11.1 The Council has received £30k of capital receipts up to 30 June 2019 against an annual budget of £1,203k (2.49%).

## 12 APPENDICES

- **Appendix 1** – Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Project Performance - Asset Sustainability
- **Appendix 5** - Project Performance - Service Development
- **Appendix 6** - Project Performance - Strategic Change
- **Appendix 7** - Changes to Capital Plan and Financial Impact
- **Appendix 8** - Financial Summary – Overall
  - Financial Summary – DIS
  - Financial Summary – Customer Services
- **Appendix 9** - Off track project variance reports
- **Appendix 10** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 11** - Updated/Revised Capital Plan

**Kirsty Flanagan**  
**Head of Strategic Finance**

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

<b>APPENDIX 1 – Year to Date Finance Variance Explanations</b>				
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>
Early Learning and Childcare	169	69	100	Extended brief development period has required expenditure to be re-profiled. Propose to slip to future years.
Mill Park Depot	0	92	(92)	Additional expenditure anticipated to be covered by insurance claim
Variances Less than £50k			103	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>111</b>	

<b>APPENDIX 2 – Forecast Outturn Variance Explanations</b>				
Listed below are the projects where the variance is +/- £50k.				
<b>Project</b>	<b>Annual Budget £'000</b>	<b>Outturn £'000</b>	<b>(Over)/Under Forecast Variance £'000</b>	<b>Explanation</b>
School Houses - Housing Quality Standard	67	0	67	Not required, funding to be vired to other projects as per Appendix 7.
Early Learning and Childcare	4,339	544	3,795	Budget to be slipped into 20-21. Extended brief development period has required expenditure to be re-profiled
Mill Park Depot	(199)	92	(291)	Additional expenditure anticipated to be covered by insurance claim
Carbon Management - Group Heating Conversion Project (PB)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines during the year.
Flood Prevention	200	150	50	Size of project will not be able to be completed this financial year - budget to be slipped into 20-21 to fund the rollover.
TIF - North Pier Extension	346	10	336	Discussion pending on how project will be progressed.
Lochgilphead CARS	200	50	150	New funding agreed in February 2019 – part of budget to be slipped into future years.
Helensburgh CARS	327	0	327	New funding agreed in February 2019 – part of budget to be slipped into future years.
Other Variances			228	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>4,730</b>	

### APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Millpark Depot	73	272	(199)	Additional expenditure anticipated to be covered by insurance claim
School Houses - Housing Quality Standard	67	0	67	Not required, funding to be vired to other projects.
Carbon Management - Group Heating Conversion Project (Prudential Borrowing)	78	10	68	Site works complete - overall project delivered under budget. Saving achieved to be vired to other project lines.
Other Variances			20	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(44)</b>	

## APPENDIX 4 – Asset Sustainability Project Performance

There are 122 Projects recognised as Asset Sustainability Projects, 111 are Complete or On Target and 11 are Off Target and Recoverable.

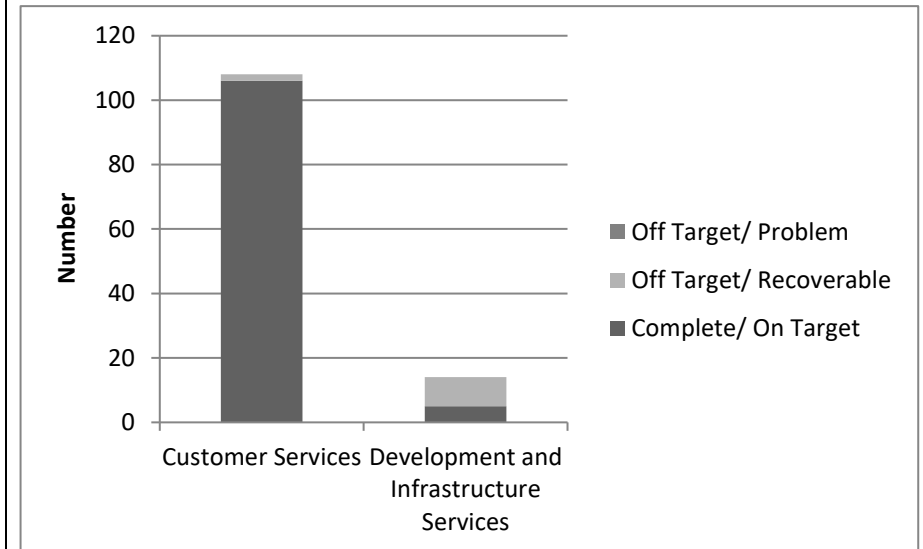
### Department Position:

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	106	2	0	108
Development and Infrastructure Services	5	9	0	14
<b>Total</b>	<b>111</b>	<b>11</b>	<b>0</b>	<b>122</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 24 Projects recognised as Service Development Projects, 19 are Complete or On Target, 4 are Off Target and Recoverable and 1 is Off Target.

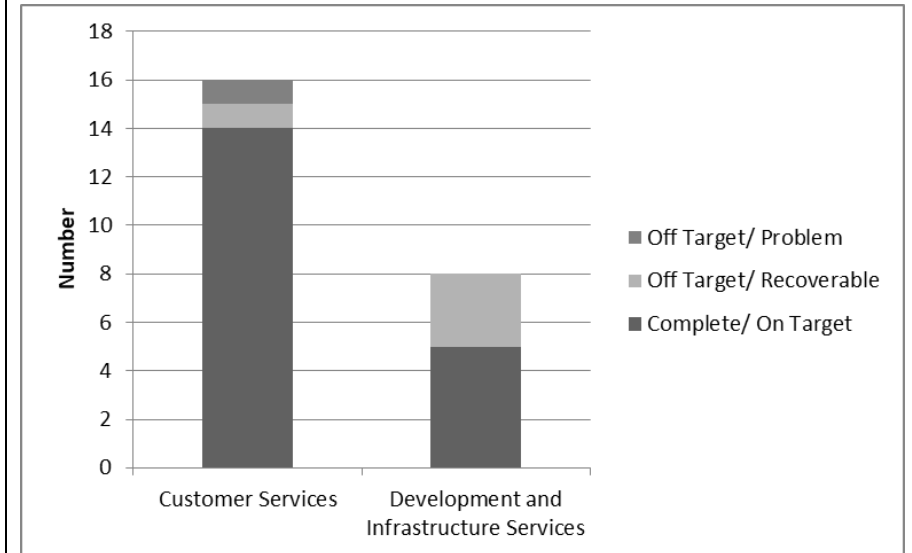
### Department Position:

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	14	1	1	16
Development and Infrastructure Services	5	3	0	8
<b>Total</b>	<b>19</b>	<b>4</b>	<b>1</b>	<b>24</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 34 Projects recognised as Strategic Change Projects. 28 are Complete or On Target, 5 are Off Target and Recoverable and 1 is Off Track.

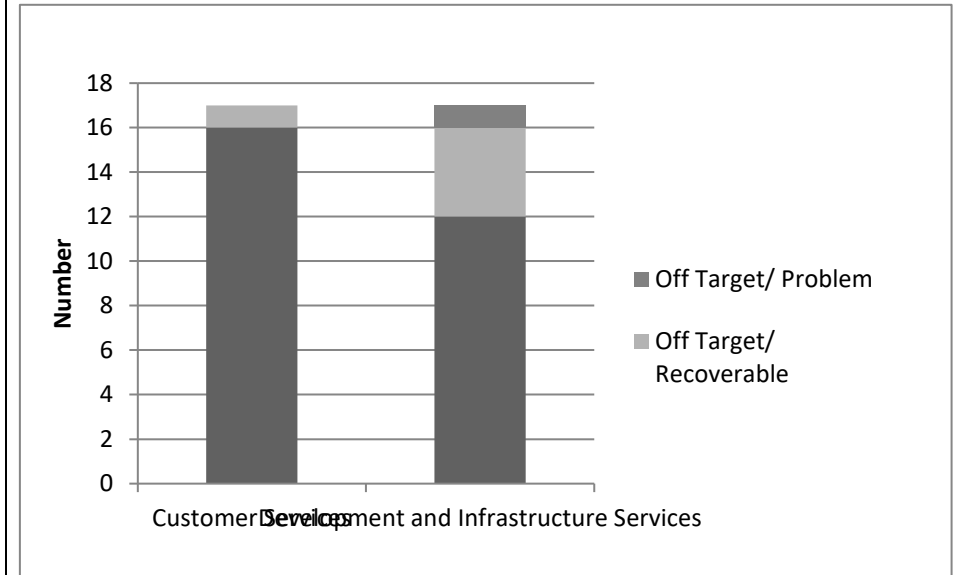
### Department Position:

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	4	1	17
<b>Total</b>	<b>28</b>	<b>5</b>	<b>1</b>	<b>34</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**

<b>Project</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>Future Years £'000</b>	<b>Total Capital Plan £'000</b>	<b>Recommendation</b>	<b>Explanation</b>
Colgrain Primary School - Internal Upgrade	24					Vire £24k from Capital Property Works	To meet additional cost pressures
Dervaig Primary School - Electrical Upgrade	3					Vire £3k from Capital Property Works	To meet additional cost pressures
Drumlemble Primary School - Roofing Upgrade	15					Vire £15k from Capital Property Works	To meet additional cost pressures
Furnace Primary School - Roofing and Internal Upgrade	12					Vire £12k from Capital Property Works	To meet additional cost pressures
Hermitage Primary School	1					Vire £1k from Capital Property Works	To meet additional cost pressures
Kilchrenan Primary School	1					Vire £1k from Capital Property Works	To meet additional cost pressures
Kilmodan Primary School	6					Vire £6k from Capital Property Works	To meet additional cost pressures
Rhunahaorine Primary School	29					Vire £29k from Capital Property Works	To meet additional cost pressures
Roseneath Primary School	4					Vire £4k from Capital Property Works	To meet additional cost pressures
Ferry Houses - Housing Quality Standard	4					Vire £4k from Capital Property Works	To meet additional cost pressures
Property Works - Contingency	10					Vire £10k from Capital Property Works	To meet additional cost pressures
Capital Property Works	(109)					Vire £109k to projects stated above	To meet additional cost pressures
Capital Property Works	67					Vire £67k from School Houses Housing Quality Standard	To meet additional cost pressures
Capital Property Works	37					Vire £37k from Homeless Houses Housing Quality Standard	To meet additional cost pressures
School Houses - Housing Quality Standard	(67)					Vire £67k to Capital Property Works	To meet additional cost pressures

Homeless Houses - Housing Quality Standard	(37)					Vire £37k to Capital Property Works	To meet additional cost pressures
Ramsay Memorial Hall	1					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Lochgilphead Community Ed Centre	1					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Community Centres General - Options Appraisal	5					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Mossfield Grandstand - Upgrade	9					Vire £1k from Victoria Halls Helensburgh	To meet additional cost pressures
Victoria Halls, Helensburgh	(16)					Vire £16k to projects stated above	To meet additional cost pressures. This was budget rolled forward from a 2018/19 underspend.
Willowview, Oban - Fire alarm upgrade	2					Vire £2k from Capital Property Works	To meet additional cost pressures
Capital Property Works	(2)					Vire £2k to Willowview Fire Alarm	To meet additional cost pressures
Oban Municipal Buildings	3					Vire £3k from Block Allocation	To meet additional cost pressures
Block Allocation	(3)					Vire £3k to Oban Municipal Buildings	To meet additional cost pressures
<b>Total Cost Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

<b>SLIPPAGES AND ACCELERATIONS</b>							
<b>Project</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>	<b>2021-22 £'000</b>	<b>Future Years £'000</b>	<b>Total Capital Plan £'000</b>	<b>Recommendation</b>	<b>Explanation</b>
Arinagour Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Arrochar Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Dalintober Primary School	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.

Islay High School	(6)	6				Slip budget into 20-21	Final payment after defects period will be next financial year.
Lochnell Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Parklands School	(9)	9				Slip budget into 20-21	Final payment after defects period will be next financial year.
Port Ellen Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
St Mun's Primary School	(8)	8				Slip budget into 20-21	Final payment after defects period will be next financial year.
Toward Primary School	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Early Learning and Childcare	(3,795)	3,795				Slip budget into 20-21	Extended brief development period has required expenditure to be re-profiled
Campbeltown Museum - Burnet Bldg	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Rothesay Swimming Pool	(13)	13				Slip budget into 20-21	Final payment after defects period will be next financial year.
Victoria Halls, Helensburgh	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Capital Property Works – C&C	(2)	2				Slip budget into 20-21	Final payment after defects period will be next financial year.
Campbeltown Community Centre - Fire Alarm and Door Upgrade	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Eadar Glinn	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Thomson Home Rothesay	(3)	3				Slip budget into 20-21	Final payment after defects period will be next financial year.
Burnett Building	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Castle House, Dunoon	(1)	1				Slip budget into 20-21	Final payment after defects period will be next financial year.
Dunoon Office Rationalisation	(7)	7				Slip budget into 20-21	Final payment after defects period will be next financial year.

Flood Prevention	(50)	50				Slip budget into 20-21	To reflect timing of work
Campbeltown Flood Scheme	(13)	13				Slip budget into 20-21	To reflect timing of work
Harbour Investment Programme	0	0	(6,750)	6,750		Slip budget into 20-21	To reflect timing of work. Forecasts and budgets will continue to be reviewed on the basis of progress made with designs/works carried out to date and designs/works needed/planned for the future.
TIF - North Pier Extension	(336)	336				Slip budget into 20-21	Discussion pending on how project will be progressed.
Lochgilphead CARS	(150)	50	50	50		Slip budget into future years	
Helensburgh CARS	(327)	80	80	167		Slip budget into future years	
<b>Total Slippages and Accelerations</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>			
<b>Net Impact of Changes</b>	<b>(4,742)</b>	<b>4,395</b>	<b>(6,620)</b>	<b>6,967</b>	<b>0</b>		

FINANCIAL SUMMARY - NET EXPENDITURE

30 June 2019

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Area Committee Expenditure - Asset Sustainability</b>	<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	744	852	(108)	8,339	8,566	(227)	51,543	51,841	(298)
Development & Infrastructure Services	567	567	0	13,555	13,486	69	71,779	71,760	19
<b>Asset Sustainability Total</b>	<b>1,311</b>	<b>1,419</b>	<b>(108)</b>	<b>21,894</b>	<b>22,052</b>	<b>(158)</b>	<b>123,322</b>	<b>123,601</b>	<b>(279)</b>
<b>Service Development Projects</b>									
Customer Services	176	76	100	5,248	1,352	3,896	13,240	13,139	101
Development & Infrastructure Services	549	549	0	721	1,222	(501)	7,417	7,918	(501)
<b>Service Development Total</b>	<b>725</b>	<b>625</b>	<b>100</b>	<b>5,969</b>	<b>2,574</b>	<b>3,395</b>	<b>20,657</b>	<b>21,057</b>	<b>(400)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	0	0	271	271	0	1,970	1,970	0
Dunoon Primary	708	708	0	2,629	2,629	0	10,784	10,784	0
Replacement of Oban High	1	0	1	304	304	0	3,350	3,350	0
Kim Primary School	0	0	0	301	301	0	10,179	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	145	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	2,016	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	43	(43)	338	338	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
Campbeltown Flood Scheme	22	22	0	422	409	13	793	793	0
Street Lighting LED Replacement	19	19	0	1,200	1,200	0	3,900	3,900	0
Harbour Investment Programme	616	616	0	4,627	4,627	0	74,785	74,785	0
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)
CHORD - Dunoon	0	0	0	284	284	0	12,522	12,522	0
CHORD - Oban	0	0	0	828	828	0	7,957	7,957	0
CHORD - Rothesay	649	649	0	5,741	5,741	0	13,845	13,845	0
Helensburgh Waterfront Development	73	73	0	2,587	2,560	27	19,511	19,511	0
TIF - Lorn/Kirk Road	127	127	0	211	211	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	346	10	336	560	560	0
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0
OBC for Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)
Dunoon CARS	0	0	0	166	166	0	500	500	0
Rothesay THI	0	0	0	66	66	0	200	200	0
Lochgilphead CARS	0	0	0	200	50	150	200	200	0
Helensburgh CARS	0	0	0	327	0	327	327	327	0
Glengorm Wind Turbine	0	0	0	22	22	0	437	437	0
<b>Strategic Change Total</b>	<b>2,217</b>	<b>2,260</b>	<b>(43)</b>	<b>24,329</b>	<b>23,385</b>	<b>944</b>	<b>194,234</b>	<b>194,143</b>	<b>91</b>
<b>Total Expenditure</b>	<b>4,297</b>	<b>4,304</b>	<b>(7)</b>	<b>52,236</b>	<b>48,011</b>	<b>4,225</b>	<b>338,282</b>	<b>338,826</b>	<b>(544)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Customer Services	0	0	0	0	0	0	(118)	(118)	0
Development & Infrastructure Services	94	(24)	118	(4,671)	(4,675)	4	(10,293)	(10,292)	(1)
<b>Asset Sustainability Total</b>	<b>94</b>	<b>(24)</b>	<b>118</b>	<b>(4,671)</b>	<b>(4,675)</b>	<b>4</b>	<b>(10,411)</b>	<b>(10,410)</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Customer Services	0	0	0	(4,295)	(4,295)	0	(7,397)	(7,397)	0
Development & Infrastructure Services	168	168	0	(477)	(978)	501	(5,039)	(5,540)	501
<b>Service Development Total</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>-4,772</b>	<b>-5,273</b>	<b>501</b>	<b>-12,436</b>	<b>-12,937</b>	<b>501</b>
<b>Strategic Change Projects</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Harbour PB	(616)	(616)	0	(4,627)	(4,627)	0	(74,785)	(74,785)	0
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(305)	(305)	0	(1,305)	(1,305)	0
CHORD - Rothesay	(607)	(607)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Glengorm Wind Turbine	0	0	0	0	0	0	0	0	0
TIF	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0
<b>Strategic Change Total</b>	<b>(1,434)</b>	<b>(1,434)</b>	<b>0</b>	<b>(9,665)</b>	<b>(9,665)</b>	<b>0</b>	<b>(89,233)</b>	<b>(89,233)</b>	<b>0</b>
<b>Total Income</b>	<b>(1,172)</b>	<b>(1,290)</b>	<b>118</b>	<b>(19,108)</b>	<b>(19,613)</b>	<b>505</b>	<b>(112,080)</b>	<b>(112,580)</b>	<b>500</b>
<b>Net Total</b>	<b>3,125</b>	<b>3,014</b>	<b>111</b>	<b>33,128</b>	<b>28,398</b>	<b>4,730</b>	<b>226,202</b>	<b>226,246</b>	<b>(44)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES										30 June 2019
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	
<b>EXPENDITURE</b>										
<b>Asset Sustainability Projects</b>										
Flood Prevention	2	2	0	200	150	50	688	688	0	
Bridge Strengthening	9	9	0	369	369	0	3,092	3,092	0	
Roads Reconstruction	530	530	0	8,832	8,832	0	46,286	46,286	0	
Lighting	0	0	0	307	307	0	1,703	1,703	0	
Furnace Coastal Protection	0	0	0	19	0	19	144	125	19	
Fleet	(17)	(17)	0	2,310	2,310	0	4,892	4,892	0	
Footpath Improvements	0	0	0	348	348	0	1,000	1,000	0	
Environmental	21	21	0	553	553	0	985	985	0	
Waste	0	0	0	95	95	0	200	200	0	
Recreation and Sport	22	22	0	26	26	0	346	346	0	
Crematoria and Burial Grounds	0	0	0	10	10	0	50	50	0	
Castle Lodge, Dunoon - Building Works	0	0	0	0	0	0	160	160	0	
EV Quick Chargers	0	0	0	486	486	0	1,003	1,003	0	
<b>Asset Sustainability Total</b>	<b>567</b>	<b>567</b>	<b>0</b>	<b>13,555</b>	<b>13,486</b>	<b>69</b>	<b>71,779</b>	<b>71,760</b>	<b>19</b>	
<b>Service Development Projects</b>										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	
Campbeltown Old Quay	1	1	0	45	45	0	1,424	1,424	0	
Helensburgh Cycleways	11	11	0	100	100	0	2,426	2,426	0	
Safe Streets, Walking and Cycling	532	532	0	260	761	(501)	1,338	1,839	(501)	
SPFT	5	5	0	100	100	0	1,500	1,500	0	
Fire Engines	0	0	0	0	0	0	108	108	0	
Kilmartin House	0	0	0	200	200	0	400	400	0	
<b>Service Development Total</b>	<b>549</b>	<b>549</b>	<b>0</b>	<b>721</b>	<b>1,222</b>	<b>(501)</b>	<b>7,417</b>	<b>7,918</b>	<b>(501)</b>	
<b>Strategic Change Projects</b>										
Campbeltown Flood Scheme	22	22	0	422	409	13	793	793	0	
Street Lighting LED Replacement	19	19	0	1,200	1,200	0	3,900	3,900	0	
Harbour Investment Programme	616	616	0	4,627	4,627	0	74,785	74,785	0	
CHORD - Helensburgh	0	0	0	746	747	(1)	7,229	7,230	(1)	
CHORD - Dunoon	0	0	0	284	284	0	12,522	12,522	0	
CHORD - Oban	0	0	0	828	828	0	7,957	7,957	0	
CHORD - Rothesay	649	649	0	5,741	5,741	0	13,845	13,845	0	
Helensburgh Waterfront Development	73	73	0	2,587	2,560	27	19,511	19,511	0	
TIF - Lorn/Kirk Road	127	127	0	211	211	0	2,170	2,170	0	
TIF - North Pier Extension	0	0	0	346	10	336	560	560	0	
TIF - Oban Airport Business Park	2	2	0	143	143	0	590	590	0	
OBC For Dunoon Pier	0	0	0	(14)	0	(14)	2,830	2,844	(14)	
Dunoon CARS	0	0	0	166	166	0	500	500	0	
Rothesay THI	0	0	0	66	66	0	200	200	0	
Lochgilthead CARS	0	0	0	200	50	150	200	200	0	
Helensburgh CARS	0	0	0	327	0	327	327	327	0	
Glengorm Wind Turbine	0	0	0	22	22	0	437	437	0	
<b>Strategic Change Total</b>	<b>1,508</b>	<b>1,508</b>	<b>0</b>	<b>17,902</b>	<b>17,064</b>	<b>838</b>	<b>148,356</b>	<b>148,371</b>	<b>(15)</b>	
<b>Total Expenditure</b>	<b>2,624</b>	<b>2,624</b>	<b>0</b>	<b>32,178</b>	<b>31,772</b>	<b>406</b>	<b>227,552</b>	<b>228,049</b>	<b>(497)</b>	
<b>INCOME</b>										
<b>Asset Sustainability</b>										
Roads Reconstruction	0	-20	20	-1,875	-1,875	0	(4,002)	(4,002)	0	
Fleet Management - Prudential Borrowing	17	0	17	(2,310)	(2,310)	0	(4,861)	(4,861)	0	
Environmental Projects	0	0	0	0	0	0	(9)	(4)	(5)	
EV Quick Chargers	77	0	77	(486)	(486)	0	(1,003)	(1,003)	0	
Fleet	0	(4)	4	0	(4)	4	(418)	(422)	4	
<b>Asset Sustainability Total</b>	<b>94</b>	<b>(24)</b>	<b>118</b>	<b>(4,671)</b>	<b>(4,675)</b>	<b>4</b>	<b>(10,293)</b>	<b>(10,292)</b>	<b>(1)</b>	
<b>Service Development Projects</b>										
Helensburgh Cycleways	0	0	0	(100)	(100)	0	(2,544)	(2,544)	0	
Safe Streets, Walking and Cycling	168	168	0	(277)	(778)	501	(943)	(1,444)	501	
SPFT	0	0	0	(100)	(100)	0	(1,343)	(1,343)	0	
Fire Engines	0	0	0	0	0	0	(108)	(108)	0	
CWSS - Footway Letter Dail	0	0	0	0	0	0	(101)	(101)	0	
<b>Service Development Total</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>(477)</b>	<b>(978)</b>	<b>501</b>	<b>(5,039)</b>	<b>(5,540)</b>	<b>501</b>	
<b>Strategic Change Projects</b>										
Harbour PB	(616)	(616)	0	(4,627)	(4,627)	0	(74,785)	(74,785)	0	
CHORD - Helensburgh	0	0	0	0	0	0	(570)	(570)	0	
Helensburgh Waterfront Development	0	0	0	(305)	(305)	0	(1,305)	(1,305)	0	
CHORD - Rothesay	(607)	(607)	0	(4,033)	(4,033)	0	(8,156)	(8,156)	0	
Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0	
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0	
01 TIF - Lorn/Kirk Road	(211)	(211)	0	(700)	(700)	0	(2,297)	(2,297)	0	
<b>Strategic Change Total</b>	<b>(1,434)</b>	<b>(1,434)</b>	<b>0</b>	<b>(9,665)</b>	<b>(9,665)</b>	<b>0</b>	<b>(88,747)</b>	<b>(88,747)</b>	<b>0</b>	
<b>Total Income</b>	<b>(1,172)</b>	<b>(1,290)</b>	<b>118</b>	<b>(14,813)</b>	<b>(15,318)</b>	<b>505</b>	<b>(104,079)</b>	<b>(104,579)</b>	<b>500</b>	
<b>Net Departmental Total</b>	<b>1,452</b>	<b>1,334</b>	<b>118</b>	<b>17,365</b>	<b>16,454</b>	<b>911</b>	<b>123,473</b>	<b>123,470</b>	<b>3</b>	



REPORT							Appendix 8	
FINANCIAL SUMMARY NET EXPENDITURE - CUSTOMER SERVICES							30 June 2019	
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs	
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Forecast £000s	Variance £000s
<b>EXPENDITURE</b>								
<b>Area Committees - Asset Sustainability</b>	44	0	44	44	0	44	25	44
<b>Asset Sustainability</b>								
Education	257	267	(10)	3,472	3,437	35	27,894	(1)
Community and Culture	41	47	(6)	880	866	14	4,056	(6)
Adult Care	0	0	0	660	654	6	2,462	0
Children and Families	0	0	0	357	357	0	1,717	0
Facility Services	260	352	(92)	2,106	2,388	(282)	5,649	(291)
Customer and Support Services	186	186	0	864	864	0	10,063	0
<b>Asset Sustainability Total</b>	<b>744</b>	<b>852</b>	<b>(108)</b>	<b>8,339</b>	<b>8,566</b>	<b>(227)</b>	<b>51,841</b>	<b>(298)</b>
<b>Service Development Projects</b>								
Applications Projects	(1)	(1)	0	45	45	0	1,350	0
Bowmore Primary School - Pre 5 Unit	0	0	0	(3)	1	(4)	32	(4)
Clyde Cottage - 600 hour provision	0	0	0	40	0	40	465	40
Craignish Primary School - Pre 5 Extension	0	0	0	35	0	35	382	35
Iona Primary School - Pre 5 Unit	0	0	0	40	0	40	434	40
Islay High and Rosneath Primary School Pitches	8	8	0	670	670	0	700	0
Lochgailhead Primary School - Pre 5 Unit	0	0	0	23	0	23	365	23
Park Primary Extension/Pre Fives Unit	0	0	0	5	0	5	341	5
Tarbert High School - Biomass enabling work	0	0	0	20	0	20	0	20
Sandbank Gaelic Pre Five Unit	0	0	0	(27)	13	(40)	504	(40)
Bunnessan Primary School - Gaelic Medium Improvements	0	0	0	5	23	(18)	48	(18)
Early Learning and Childcare	169	69	100	4,339	544	3,795	5,986	0
Riverside Leisure Centre Refurbishment	0	0	0	0	0	0	1,232	0
Dunclutha Childrens Home	0	0	0	56	56	0	1,300	0
<b>Service Development Total</b>	<b>176</b>	<b>76</b>	<b>100</b>	<b>5,248</b>	<b>1,352</b>	<b>3,896</b>	<b>13,139</b>	<b>101</b>
<b>Strategic Change Projects</b>								
Campbeltown Schools Redevelopment	0	0	0	271	271	0	1,970	0
Dunoon Primary	708	708	0	2,629	2,629	0	10,784	0
Replacement of Oban High	1	1	0	304	304	0	3,350	0
Kirn Primary School	0	0	0	301	301	0	10,179	0
Carbon Management - Non Education	0	0	0	36	36	0	50	0
Carbon Management Business Cases	0	0	0	60	60	0	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	0
Carbon Management Fuel Conversions	0	0	0	38	0	38	107	38
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	0
Carbon Management - Group Heating Conversion Project	0	0	0	78	10	68	1,948	68
Kilmory Biomass Carbon Management	0	0	0	43	43	0	999	0
Oil to Gas Heating Conversions	0	0	0	27	27	0	209	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	0
Helensburgh Office Rationalisation	0	43	(43)	338	338	0	11,838	0
Rothesay Office Rationalisation	0	0	0	10	10	0	10	0
Asset Management Fund	0	0	0	2,000	2,000	0	2,000	0
<b>Strategic Change Total</b>	<b>709</b>	<b>752</b>	<b>(43)</b>	<b>6,427</b>	<b>6,321</b>	<b>106</b>	<b>45,772</b>	<b>106</b>
<b>Total Expenditure</b>	<b>1,673</b>	<b>1,680</b>	<b>(7)</b>	<b>20,058</b>	<b>16,239</b>	<b>3,819</b>	<b>110,777</b>	<b>(47)</b>
<b>INCOME</b>								
<b>Asset Sustainability</b>								
Facility Services	0	0	0	0	0	0	(60)	0
Community and Culture	0	0	0	0	0	0	(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>0</b>
<b>Service Development Projects</b>								
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(478)	0
Bunnessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(494)	0
Early Years 1140 Hours	0	0	0	(4,295)	(4,295)	0	(6,395)	0
<b>Service Development Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,295)</b>	<b>(4,295)</b>	<b>0</b>	<b>(7,397)</b>	<b>0</b>
<b>Strategic Change</b>								
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(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>0</b>
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,295)</b>	<b>(4,295)</b>	<b>0</b>	<b>(8,001)</b>	<b>0</b>
<b>Net Departmental Total</b>	<b>1,673</b>	<b>1,680</b>	<b>(7)</b>	<b>15,763</b>	<b>11,944</b>	<b>3,819</b>	<b>102,776</b>	<b>(47)</b>

## OFF TRACK PROJECT

Appendix 9

**Department:** Development and Infrastructure Services

**Project Name:** Rothesay Pavilion

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

**Project Manager:** Jonathan M Miles

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

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

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

1. CHORD – Rothesay Pavilion – YTD 19/20 Actual = £35k against Budget -£142k. Variance = £177k
2. CHORD – Rothesay Pavilion Construction Contract - YTD19/20 Actual = £614k against Budget £1,070k. Variance = £456k

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

### What has caused the issue outlined above?

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

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

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

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

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

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

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

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

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

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

Strategic Change Projects	Capital Expenditure					Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Future Years Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation if not Green
Campbelltown Schools Redevelopment	1,649	271	50	1,970	1,970	16/02/2012	30/11/2018	Green	
Dunoon Primary	7,170	2,629	985	10,784	10,784	18/12/2014	30/04/2020	Green	
Replacement of Oban High	2,496	304	550	3,350	3,350	24/04/2014	31/01/2019	Green	
Kirn Primary School	9,878	301	0	10,179	10,179	24/04/2014	31/10/2017	Green	
Carbon Management - Non Education	14	36	0	50	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	944	26/06/2014	31/03/2019	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	488	20/03/2014	31/03/2019	Green	
Carbon Management Fuel Conversions	107	0	0	107	145	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	39	01/02/2016	31/03/2022	Green	
Carbon Management - Group Heating Conversion Project	1,938	10	0	1,948	2,016	01/02/2016	31/03/2019	Green	
Kilmory Biomass Carbon Management	956	43	0	999	999	20/09/2012	31/03/2019	Green	
Oil to Gas Heating Conversions	182	27	0	209	209	01/02/2012	31/03/2019	Green	
Campbeltown Office Rationalisation	595	1	0	596	596	01/02/2015	31/03/2019	Green	
Helensburgh Office Rationalisation	11,500	338	0	11,838	11,838	25/04/2013	31/03/2019	Amber	CPC Issued 3rd July. Final costs still to be established - Final expenditure now anticipated 19/20.
Tiree Shared Offices	0	0	0	0	0	01/02/2013	TBC	Green	
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	2019/20	Green	
Campbeltown Flood Scheme	181	409	203	793	793	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	2,700	1,200	0	3,900	3,900	01/08/2016	31/03/2020	Green	
Harbour Investment Programme	1,802	4,627	68,356	74,785	74,785	01/04/2017	31/03/2028	Green	The 10 year Marine Asset Management Plan received its biennial update in February 2019 and revised figures are reflected in the forecast.
CHORD - Helensburgh	6,483	747	0	7,230	7,229	29/09/2011	30/04/2015	Green	
CHORD - Dunoon	12,238	284	0	12,522	12,522	03/02/2012	09/03/2018	Amber	Considered as part of budget setting process.
CHORD - Oban	7,129	828	0	7,957	7,957	27/10/2016	31/03/2020	Green	
CHORD - Rothsay	8,104	5,741	0	13,845	13,845	01/04/2015	31/03/2020	Red	See off track variance report in Appendix 9.
Helensburgh Waterfront Development	1,387	2,560	15,564	19,511	19,511	01/04/2017	30/09/2020	Amber	
TIF - Lorn/Kirk Road	1,959	211	0	2,170	2,170	22/01/2015	31/03/2019	Amber	Variance due to timing difference between expenditure and Housing Investment Fund Grant being received.
TIF - North Pier Extension	214	10	336	560	560	06/12/2017	06/12/2018	Green	
TIF - Oban Airport Business Park	447	143	0	590	590	22/01/2015	31/12/2017	Green	
OBC for Dunoon Pier	2,844	0	0	2,844	2,830	03/02/2012	26/02/2016	Green	
Dunoon CARS	0	166	334	500	500	01/04/2017	31/03/2022	Green	
Rothsay THI	0	66	134	200	200	2017/18	31/03/2019	Green	
Lochgilphead CARS	0	50	150	200	200	01/04/2019	31/03/2024	Green	
Helensburgh CARS	0	0	327	327	327	01/04/2020	31/03/2025	Green	
Glengorm Wind Turbine	415	22	0	437	437	28/04/2016	30/11/2016	Green	
<b>Strategic Change Total</b>	<b>83,769</b>	<b>23,385</b>	<b>86,989</b>	<b>194,143</b>	<b>194,234</b>				
<b>DISStrategic Change Total</b>	<b>45,903</b>	<b>17,064</b>	<b>85,404</b>	<b>148,371</b>	<b>148,356</b>				

## Project Risk Classifications:

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

**Amber** - Risks are increasing but are still manageable.

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

CAPITAL PLAN 2019-20  
SUMMARY

APPENDIX 11

Department	Head of Service	Previous Years £000s	2019-20 £000's	2020-21 £000s	2021-22 £000's	Future Years £000s	Total £000s
Health and Social Care Partnership	Adult Care	1,802	654	6	0	0	2,462
	Children and Families	1,482	413	561	561	0	3,017
<b>Health and Social Care Partnership Total</b>		<b>3,284</b>	<b>1,067</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>5,479</b>
Education	Education	43,918	8,293	8,403	2,920	0	63,534
<b>Education Total</b>		<b>43,918</b>	<b>8,293</b>	<b>8,403</b>	<b>2,920</b>	<b>0</b>	<b>63,534</b>
Customer Services	Customer and Support Services	8,482	909	1,011	1,011	0	11,413
	Facility Services	18,805	5,027	579	561	0	24,972
<b>Customer Services Total</b>		<b>27,287</b>	<b>5,936</b>	<b>1,590</b>	<b>1,572</b>	<b>0</b>	<b>36,385</b>
Development and Infrastructure	Economic Development	46,132	11,500	16,437	364	0	74,650
	Roads and Amenity Services	51,203	19,802	13,051	10,815	52,581	152,902
<b>Development and Infrastructure Total</b>		<b>97,335</b>	<b>31,302</b>	<b>29,488</b>	<b>11,179</b>	<b>52,581</b>	<b>227,552</b>
Live Argyll	Live Argyll	3,288	896	587	561	0	5,332
<b>Live Argyll Total</b>		<b>3,288</b>	<b>896</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>5,332</b>
<b>Grand Total</b>		<b>175,112</b>	<b>47,494</b>	<b>40,635</b>	<b>16,793</b>	<b>52,581</b>	<b>338,282</b>

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
<b>Asset Sustainability</b>	Adult Care	Ardfenaig	7	13	0	0	0	20
		Block Allocation	0	250	0	0	0	250
		Digitalising telecare	0	100	0	0	0	100
		Eadar Glinn	248	65	3	0	0	316
		Health and Safety	1,053	52	0	0	0	1,105
		Legionella Control Works	15	5	0	0	0	20
		Lochgilphead Resource Centre	184	40	0	0	0	224
		Lorn Resource Centre	78	7	0	0	0	85
		Struan Lodge Boiler	25	15	0	0	0	40
		Thomson Home Rothesay	192	107	3	0	0	302
	<b>Adult Care Total</b>		<b>1,802</b>	<b>654</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2,462</b>
	Children and Families	Capital Property Works	2	301	561	561	0	1,425
		Glencruitten Hostel	188	3	0	0	0	191
		Health and Safety	23	20	0	0	0	43
Shellach View		23	33	0	0	0	56	
Willowview, Oban - Fire alarm upgrade		2	0	0	0	0	2	
<b>Children and Families Total</b>		<b>238</b>	<b>357</b>	<b>561</b>	<b>561</b>	<b>0</b>	<b>1,717</b>	
<b>Asset Sustainability Total</b>		<b>2,040</b>	<b>1,011</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>4,179</b>	
<b>Service Development</b>	Children and Families	Dunclutha Children's Home	1,244	56	0	0	0	1,300
	<b>Children and Families Total</b>		<b>1,244</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300</b>
<b>Service Development Total</b>		<b>1,244</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300</b>	
<b>Overall Total</b>			<b>3,284</b>	<b>1,067</b>	<b>567</b>	<b>561</b>	<b>0</b>	<b>5,479</b>

## Education

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years				Years	
			£000's	£000's	£000's	£000's	£000s	£000s
Asset Sustainability	Education	Achaleven Primary School	119	50	3	0	0	172
		Ardchattan Primary School	0	2	0	0	0	2
		Ardrishaig Primary School	273	43	0	0	0	316
		Arinagour Primary School	93	32	2	0	0	127
		Arrochar Primary School	23	65	2	0	0	90
		Asbestos Control/Removal Works	78	7	0	0	0	85
		Block Allocation	0	500	2,920	2,920	0	6,340
		Bunessan Primary School	300	34	0	0	0	334
		Campbeltown Nursery	28	2	0	0	0	30
		Capital Property Works	835	69	0	0	0	904
		Cardross Primary School	794	9	0	0	0	803
		Carradale Primary School	108	6	0	0	0	114
		Castlehill Primary School	641	163	10	0	0	814
		Clachan Primary	220	2	0	0	0	222
		Colgrain Primary School	1,030	2	0	0	0	1,032
		Dalintober Primary School	305	72	3	0	0	380
		Dalmally Primary School	188	147	8	0	0	343
		Dervaig Primary School	71	1	0	0	0	72
		Drumlemble Primary School	406	5	0	0	0	411
		Dunbeg Primary School	473	361	0	0	0	834
		Easdale Primary School	8	27	0	0	0	35
		Ferry Houses - Housing Quality Standard	76	0	0	0	0	76
		Free School Meals	536	14	0	0	0	550
		Furnace Primary School	194	2	0	0	0	196
		Garelochhead Primary School	359	113	0	0	0	472
		Glenbarr Primary School	233	5	0	0	0	238
		Hermitage Primary School	190	0	0	0	0	190
		Homeless Houses - Housing Quality Standard	12	1	0	0	0	13
		Internal Refurbishment Budget	154	46	0	0	0	200
		Islay High School	4,115	184	6	0	0	4,305
		John Logie Baird Primary School	744	210	6	0	0	960
		Keills Primary School	35	0	0	0	0	35
		Kilchattan Primary School	253	17	2	0	0	272
Kilchrenan Primary School	36	0	0	0	0	36		
Kilcreggan Primary School	595	18	0	0	0	613		
Kilmartin Primary School	19	97	4	0	0	120		
Kilmodan Primary School	240	0	0	0	0	240		
Lismore Primary School	73	8	0	0	0	81		
Lochgoilhead Primary School	219	79	0	0	0	298		
Lochnell Primary School	0	48	2	0	0	50		
Parklands School	171	298	9	0	0	478		

<b>Asset Sustainability</b>	Education	Port Ellen Primary School	0	48	2	0	0	50
		Property Works - Contingency	298	0	0	0	0	298
		Rhunahaorine Primary	182	0	0	0	0	182
		Rosneath Primary School	686	1	0	0	0	687
		School Houses - Housing Quality Standard	409	0	2	0	0	411
		Small Isles Primary School	1	-1	0	0	0	0
		Southend Primary School	26	4	0	0	0	30
		St Joseph's Primary School	554	17	0	0	0	571
		St Mun's Primary School	581	260	8	0	0	849
		Tarbert High School	19	1	0	0	0	20
		Tiree Primary School	317	150	8	0	0	475
		Tobermory High School	1,000	167	0	0	0	1,167
		Toward Primary School	136	42	2	0	0	180
Ulva Primary School	82	8	0	0	0	90		
	Education Total	18,538	3,436	2,999	2,920	0	27,893	
<b>Asset Sustainability Total</b>		<b>18,538</b>	<b>3,436</b>	<b>2,999</b>	<b>2,920</b>	<b>0</b>	<b>27,893</b>	
<b>Service Development</b>	Education	Bowmore Primary School - Pre Five Unit	31	-3	0	0	0	28
		Bunessan Primary School - Gaelic Medium Improvements	25	5	0	0	0	30
		Clyde Cottage - 600 hours provision	465	40	0	0	0	505
		Craignish Primary School - Pre Five Extension (600 hours funding)	382	35	0	0	0	417
		Early Learning and Childcare	1,647	544	3,795	0	0	5,986
		Iona Primary School - Pre Five Unit (600 hours funding)	434	40	0	0	0	474
		Islay High & Rosneath PS Pitches	6	670	24	0	0	700
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	365	23	0	0	0	388
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	346
		Sandbank Gaelic Pre Five Unit	491	-27	0	0	0	464
		Tarbert High School - Biomass enabling work	0	20	0	0	0	20
	Education Total	4,187	1,352	3,819	0	0	9,358	
<b>Service Development Total</b>		<b>4,187</b>	<b>1,352</b>	<b>3,819</b>	<b>0</b>	<b>0</b>	<b>9,358</b>	
<b>Strategic Change</b>	Education	Campbeltown Schools Redevelopment	1,649	271	50	0	0	1,970
		Dunoon Primary School	7,170	2,629	985	0	0	10,784
		Kirn Primary School	9,878	301	0	0	0	10,179
		Replacement of Oban High School	2,496	304	550	0	0	3,350
	Education Total	21,193	3,505	1,585	0	0	26,283	
<b>Strategic Change Total</b>		<b>21,193</b>	<b>3,505</b>	<b>1,585</b>	<b>0</b>	<b>0</b>	<b>26,283</b>	
<b>Overall Total</b>		<b>43,918</b>	<b>8,293</b>	<b>8,403</b>	<b>2,920</b>	<b>0</b>	<b>63,534</b>	



Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
<b>Asset Sustainability</b>	Customer and Support Services	Block Allocation	0	0	1,011	1,011	0	2,022
		Computer Network Security	697	22	0	0	0	719
		Corporate GIS Portal Rollout	140	17	0	0	0	157
		MS Exchange & Doc Sharing	389	27	0	0	0	416
		PC Replacement	3,817	674	0	0	0	4,491
		Server Sustainability	811	57	0	0	0	868
		Telecomms Network	1,323	67	0	0	0	1,390
	Customer and Support Services Total		7,177	864	1,011	1,011	0	10,063
<b>Asset Sustainability Total</b>			<b>7,177</b>	<b>864</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>10,063</b>
<b>Service Development</b>	Customer and Support Services	Applications Projects	1,305	45	0	0	0	1,350
	Customer and Support Services Total		1,305	45	0	0	0	1,350
<b>Service Development Total</b>			<b>1,305</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,350</b>
<b>Overall Total</b>			<b>8,482</b>	<b>909</b>	<b>1,011</b>	<b>1,011</b>	<b>0</b>	<b>11,413</b>

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
<b>Asset Sustainability</b>	Facility Services	Argyll House, Dunoon	213	368	6	0	0	587
		Asbestos Capital Property Works	72	42	0	0	0	114
		Block Allocation	0	656	561	561	0	1,778
		Burnett Building	77	16	1	0	0	94
		Capital Property Works	70	10	0	0	0	80
		Castle House, Dunoon	46	9	1	0	0	56
		Dunoon Office Rationalisation	3	220	7	0	0	230
		Fire Risk Assessment Works 16/17	30	45	0	0	0	75
		Hill Street Dunoon Rewire	2	32	1	0	0	35
		Joint Valuation Board	0	39	0	0	0	39
		Kilmory Castle	397	83	0	0	0	480
		Legionella Control Works	309	581	0	0	0	890
		Lorn House, Oban	97	24	0	0	0	121
		Manse Brae District Office	58	65	2	0	0	125
		Manse Brae Roads Office	35	2	0	0	0	37
		Mill Park Depot	272	-199	0	0	0	73
		Oban Municipal Buildings	273	0	0	0	0	273
		Old Quay Offices, Campbeltown	32	15	0	0	0	47
		Tobermory Area Office	105	64	0	0	0	169
		Whitegates Office, Lochgilphead	30	25	0	0	0	55
	Facility Services Total		2,121	2,097	579	561	0	5,358
<b>Asset Sustainability Total</b>			<b>2,121</b>	<b>2,097</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>5,358</b>
<b>Strategic Change</b>	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)	1,938	78	0	0	0	2,016
		Carbon Management Business Cases (FPB)	201	60	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	11,500	338	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	43	0	0	0	999
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	944
		Oil to Gas Heating Conversions (FPB)	182	27	0	0	0	209
		Rothesay Office Rationalisation	0	10	0	0	0	10
		Tiree Shared Offices	0	0	0	0	0	0
	Facility Services Total		16,659	2,886	0	0	0	19,545
<b>Strategic Change Total</b>			<b>16,659</b>	<b>2,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,545</b>
<b>Area Committee</b>	Facility Services	Area Committee	25	44	0	0	0	69
	Facility Services Total		25	44	0	0	0	69
<b>Area Committee Total</b>			<b>25</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
<b>Overall Total</b>			<b>18,805</b>	<b>5,027</b>	<b>579</b>	<b>561</b>	<b>0</b>	<b>24,972</b>

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
Service Development	Economic Development	Cycleways - H&L (FSPT)	2,326	100	0	0	0	2,426
		Fire Engines Coll & Colonsay PB	108	0	0	0	0	108
		Kilmartin House	0	200	200	0	0	400
		Safe Streets, Walking and Cycling (CWSS)	1,078	260	0	0	0	1,338
		SPT - bus infrastructure	1,400	100	0	0	0	1,500
Economic Development Total			4,912	660	200	0	0	5,772
<b>Service Development Total</b>			<b>4,912</b>	<b>660</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>5,772</b>
Strategic Change	Economic Development	01 TIF - Lorn/Kirk Road	1,959	211	0	0	0	2,170
		05 TIF - North Pier Extension	214	10	336	0	0	560
		09 TIF - Oban Airport Business Park	447	143	0	0	0	590
		CHORD - Dunoon	12,238	284	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,483	746	0	0	0	7,229
		CHORD - Oban	7,129	828	0	0	0	7,957
		CHORD - Rothesay	8,104	5,741	0	0	0	13,845
		Dunoon CARS	0	166	167	167	0	500
		Glengorm Wind Turbine	415	22	0	0	0	437
		Helensburgh CARS	0	0	80	80	0	327
		Helensburgh Waterfront Development	1,387	2,587	15,537	0	0	19,511
		Lochgilphead CARS	0	50	50	50	0	200
		OBC for Dunoon Pier	2,844	-14	0	0	0	2,830
Rothesay THI	0	66	67	67	0	200		
Economic Development Total			41,220	10,840	16,237	364	0	68,878
<b>Strategic Change Total</b>			<b>41,220</b>	<b>10,840</b>	<b>16,237</b>	<b>364</b>	<b>0</b>	<b>68,878</b>
<b>Overall Total</b>			<b>46,132</b>	<b>11,500</b>	<b>16,437</b>	<b>364</b>	<b>0</b>	<b>74,650</b>

Category	Head of Service	Project	Previous Years £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's	Future Years £000s	Total £000s
<b>Asset Sustainability</b>	Roads and Amenity Services	Astro Pitch Repairs	320	26	0	0	0	346
		Block Allocation	0	0	5,615	5,615	0	11,230
		Bridge Strengthening	2,345	369	378	0	0	3,092
		Castle Lodge, Dunoon - Building Works	160	0	0	0	0	160
		Cemetery Houses	40	10	0	0	0	50
		Environmental Projects	432	487	0	0	0	919
		EV Quick Chargers	517	486	0	0	0	1,003
		Fleet Management	982	2,310	1,600	0	0	4,892
		Flood Prevention	408	150	130	0	0	688
		Footway Improvements	652	348	0	0	0	1,000
		Furnace Coastal Protection	125	19	0	0	0	144
		Glengorm - Capping	105	95	0	0	0	200
		Lighting	1,396	307	0	0	0	1,703
		Public Convenience Upgrades	0	66	0	0	0	66
		Roads Reconstruction	37,454	8,832	0	0	0	46,286
	Roads and Amenity Services Total		44,936	13,505	7,723	5,615	0	71,779
<b>Asset Sustainability Total</b>			<b>44,936</b>	<b>13,505</b>	<b>7,723</b>	<b>5,615</b>	<b>0</b>	<b>71,779</b>
<b>Service Development</b>	Roads and Amenity Services	Campbeltown Old Quay	1,379	45	0	0	0	1,424
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	221
	Roads and Amenity Services Total		1,584	61	0	0	0	1,645
<b>Service Development Total</b>			<b>1,584</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,645</b>
<b>Strategic Change</b>	Roads and Amenity Services	Campbeltown Flood Scheme	181	409	203	0	0	793
		Harbour Investment Programme PB	1,802	4,627	5,125	5,200	52,581	74,785
		Street Lighting LED Replacement	2,700	1,200	0	0	0	3,900
	Roads and Amenity Services Total		4,683	6,236	5,328	5,200	52,581	79,478
<b>Strategic Change Total</b>			<b>4,683</b>	<b>6,236</b>	<b>5,328</b>	<b>5,200</b>	<b>52,581</b>	<b>79,478</b>
<b>Overall Total</b>			<b>51,203</b>	<b>19,802</b>	<b>13,051</b>	<b>10,815</b>	<b>52,581</b>	<b>152,902</b>

Category	Head of Service	Project	Previous	2019-20	2020-21	2021-22	Future	Total
			Years £000's	£000's	£000's	£000's	Years £000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	248	111	6	0	0	365
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	22	37	1	0	0	60
		Campbeltown Museum - Burnet Bldg	81	24	1	0	0	106
		Capital Property Works	108	0	563	561	0	1,232
		Community Centres General - Options Appraisal	20	0	0	0	0	20
		Dunoon Community Education Centre	192	50	0	0	0	242
		Helensburgh Swimming Pool - Roofing	1	9	0	0	0	10
		Inveraray CARS	0	21	0	0	0	21
		LA - Indoor Cycles	43	0	0	0	0	43
		Lochgilphead Community Ed Centre	34	0	0	0	0	34
		Moat Centre (Roofing)	214	9	0	0	0	223
		Mossfield Grandstand - Upgrade	44	0	0	0	0	44
		Ramsay Memorial Hall	1	0	0	0	0	1
		Riverside Leisure Centre - Cladding Upgrade	0	30	0	0	0	30
		Rothesay Swimming Pool	169	481	13	0	0	663
		Victoria Hall, Campbeltown	633	7	0	0	0	640
		Victoria Halls, Helensburgh	232	81	3	0	0	316
	Live Argyll Total		2,042	860	587	561	0	4,050
<b>Asset Sustainability Total</b>			<b>2,042</b>	<b>860</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>4,050</b>
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,232	0	0	0	0	1,232
	Live Argyll Total		1,232	0	0	0	0	1,232
<b>Service Development Total</b>			<b>1,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>
Strategic Change	Live Argyll	Carbon Management	14	36	0	0	0	50
	Live Argyll Total		14	36	0	0	0	50
<b>Strategic Change Total</b>			<b>14</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Overall Total</b>			<b>3,288</b>	<b>896</b>	<b>587</b>	<b>561</b>	<b>0</b>	<b>5,332</b>

**TREASURY MANAGEMENT MONITORING REPORT – JUNE 2019**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out the Council's treasury management position for the period 1 April 2019 to 30 June 2019 and includes information on:
- Overall Borrowing Position
  - Borrowing Activity
  - Investment Activity
  - Economic Background
  - Interest Rate Forecast
  - Prudential Indicators.
- 1.2 Estimated borrowing is below the Capital Financing Requirement for the period to 30<sup>th</sup> June 2019, at this stage in the financial year capital expenditure is on target.
- 1.3 The net movement in external borrowing in the period was a decrease of £10.4m.
- 1.4 The levels of investments were £81.5m at 30 June 2019. The rate of return achieved was 0.959% which compares favourably with the target of 7 day LIBID which was 0.570%.

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**TREASURY MANAGEMENT MONITORING REPORT – JUNE 2019**


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**2. INTRODUCTION**

2.1 This report sets out the Council's treasury management position for the period 1 April 2019 to 30 June 2019 and includes information on:

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

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

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

	Forecast 2019/20 £000's	Forecast 2020/21 £000's	Forecast 2021/22 £000's
CFR at 1 April	310,013	300,822	293,262
Net Capital Expenditure	3,314	5,046	(10,651)
Less Loans Fund Principal Repayments	(7,956)	(7,832)	(7,958)
Less: NPDO Repayment	(4,549)	(4,774)	(5,050)
<b>Estimated CFR 31 March</b>	<b>300,822</b>	<b>293,262</b>	<b>269,603</b>
Less Funded by NPDO	(124,224)	(119,675)	(114,901)
<b>Estimated Net CFR 31 March</b>	<b>176,598</b>	<b>173,587</b>	<b>154,702</b>
Estimated External Borrowing at 31 March	175,958	169,666	165,894
<b>Gap</b>	<b>640</b>	<b>3,921</b>	<b>(11,192)</b>

3.2 Borrowing is below the Capital Financing Requirement for the period to 30<sup>th</sup> June 2019, capital spend is on target at this stage in the year. Borrowing rates are currently very low and it is anticipated that new borrowing will be taken to take advantage of these rates.

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

3.3 The Council's estimated net capital financing requirement at the 30<sup>th</sup> June 2019 is £180.246m. 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 £84.6m is currently invested.

	Position at 31/03/19 £000's	Position at 30/06/19 £000's
Loans	183,476	173,059
Internal Balances	71,813	85,067
Less Investments & Deposits	(75,043)	(81,528)
<b>Total</b>	<b>180,246</b>	<b>176,598</b>

### 3.4 Borrowing Activity

	Actual £000's
External Loans Repaid 1st April 2019 to 30th June 2019	(10,436)
Borrowing undertaken 1st April 2019 to 30th June 2019	6
<b>Net Movement in External Borrowing</b>	<b>(10,430)</b>

3.5 The external borrowing of the Council decreased by £10.4m during the period, due to repayment of PWLB borrowing of £2.9m and repayment of temporary borrowing of £7.5m.

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

	£000s	% Rate
Temp borrowing at 31st March 2019	8,089	0.35%
Temp borrowing at 30th June 2019	609	0.35%



## Investment Activity

3.7 The average rate of return achieved on the Council's investments to 30 June 2019 was 0.959% compared to the average LIBID rate for the same period of 0.570% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 30 June 2019 the Council had £81.5m of short term investments at an average rate of 0.959%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank Instant	Instant Access	528	0.65%	Short Term A-2, Long Term BBB+
CBA	15/07/2019	5,000	0.94%	Short Term A-1+ , Long Term AA-
Nationwide BS	17/07/2019	5,000	1.01%	Short Term A-1, Long Term A
Goldman Sachs	185 Day Notice	2,500	1.04%	Short Term A-1, Long Term A+
Goldman Sachs	185 Day Notice	5,000	1.005%	Short Term A-1, Long Term A+
Qatar National Bank	16/08/2019	2,500	1.04%	Short Term A-1, Long Term A
First Abu Dhabi Bank	21/04/2020	5,000	1.10%	Short Term A-1+, Long Term AA-
Qatar National Bank	23/08/2019	5,000	1.04%	Short Term A-1, Long Term A
First Abu Dhabi Bank	25/03/2020	2,500	1.08%	Short Term A-1+, Long Term AA-
Santander	25/10/2019	5,000	1.00%	Short Term A-1, Long Term A
ANZ	11/05/2020	5,000	1.14%	Short Term A-1+, Long Term AA-
Santander	21/11/2019	2,500	1.00%	Short Term A-1, Long Term A
ANZ	17/06/2020	2,500	1.14%	Short Term A-1+, Long Term AA-
Bank of Scotland	12/06/2020	2,500	1.00%	Short Term A-1, Long Term A+
Bank of Scotland	10/06/2020	5,000	1.25%	Short Term A-1, Long Term A+
Lancashire County Council	24/10/2019	5,000	1.00%	AA
Thurrock Borough Council	15/05/2019	5,000	1.05%	AA
MMF- Federated	Call	7,500	0.76%	AAA
MMF - AberdeenStandard	Call	2,500	0.76%	AAA
MMF - CCLA	Call	2,000	0.76%	AAA
MMF - Aviva	Call	4,000	0.75%	AAA
<b>Total</b>		<b>81,528</b>		

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

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

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

### **Prudential Indicators**

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

## **4. CONCLUSION**

- 4.1 The Council's borrowing decreased by £10.4m, it is currently below the Capital Financing Requirement for the period to 30 June 2019. There are substantial internal balances, of which £81.5m is currently invested. The investment returns were 0.959% which is above the target of 0.570%.

## **5. IMPLICATIONS**

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

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

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

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

## Economic Background

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

**UK.** After weak **economic growth** of only 0.1% in quarter one of 2018/19, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing individual country in the G7 in quarter 4.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC does have concerns over the trend in **wage inflation** which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for **CPI inflation** itself, this has been on a falling trend, reaching 1.8% in January before rising marginally to 1.9% in February. However, in the February Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real terms increase. 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.

**Brexit.** The Conservative minority government has so far, (1.4.19), been unable to muster a majority in the Commons over its Brexit deal. The EU has set a deadline of April 12 for the House of Commons to propose what form of Brexit it would support. If another form of Brexit, other than the current deal, does get a majority by April 12, then it is likely there will need to be a long delay to Brexit to allow time for negotiations with the EU. It appears unlikely that there would be a Commons majority which would support a disorderly Brexit or revoking article 50, (cancelling Brexit). There would also need to be a long

delay if there is no majority for any form of Brexit. If that were to happen, then it increases the chances of a general election in 2019; 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 in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate) in quarter 1 to 4.2% in quarter 2, 3.5% in quarter 3 and then back to 2.2% in quarter 4. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.4% in February, a decade high point. However, CPI inflation overall fell to 1.5% in February, a two and a half year low, and looks to be likely to stay around that number in 2019 i.e. below the Fed's target of 2%. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in the upward swing cycle. However, the Fed now appears to be edging towards a change of direction and admitting there may be a need to switch to taking action to cut rates over the next two years. Financial markets are now predicting two cuts of 25 bps by the end of 2020.

**EUROZONE.** Growth has been weak at 0.4% in quarter 2, 0.2% in quarter 3, 0.2% in quarter 4 and likely to be 0.1- 0.2% in quarter 1 of 2019. The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. However, with its refinancing rate already at 0.0% and the deposit rate at -0.4%, it has probably reached the bottom of cutting rates. At its March meeting it said that it expects to leave interest rates at their present levels "at least through the end of 2019", but that is of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans.

**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.

**WORLD GROWTH.** Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, though this fear is probably overblown. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks.

## Appendix 2

### Interest Rate Forecast:

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

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

After the August increase in Bank Rate to 0.75%, the first above 0.5% since the financial crash, the MPC has since then put any further action on hold, probably until such time as the fog of Brexit clears and there is some degree of certainty of what the UK will be heading into. It is particularly unlikely that the MPC would increase Bank Rate in February 2019 ahead of the deadline in March for Brexit, if no agreement on Brexit has been reached by then. ***The above forecast, and other comments in this report, are based on a central assumption that there is an agreement on a reasonable form of Brexit.*** In that case, then we think that the MPC could return to increasing Bank Rate in May 2019 but then hold fire again until February 2020. However, this is obviously based on making huge assumptions which could be confounded. In the event of a disorderly Brexit, then cuts in Bank Rate could well be the next move.

#### 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	2019/20	2019/20	2020/21	2021-22
<b>(1). EXTRACT FROM BUDGET</b>				
	<b>Forecast Outturn £'000</b>	<b>Original Estimate £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn £'000</b>
<b>Capital Expenditure</b>				
Non - HRA	3,314	9,897	5,046	(10,651)
<b>TOTAL</b>	<b>3,314</b>	<b>9,897</b>	<b>5,046</b>	<b>(10,651)</b>
<b>Ratio of financing costs to net revenue stream</b>				
Non - HRA	5.83%	5.83%	5.84%	5.89%
<b>Net borrowing requirement</b>				
brought forward 1 April *	310,013	304,389	301,781	309,082
carried forward 31 March *	300,822	301,781	309,082	306,056
in year borrowing requirement	(9,191)	(2,608)	7,301	(3,026)
<b>In year Capital Financing Requirement</b>				
Non - HRA	(9,191)	(2,608)	7,301	(3,026)
<b>TOTAL</b>	<b>(9,191)</b>	<b>(2,608)</b>	<b>7,301</b>	<b>(3,026)</b>
<b>Capital Financing Requirement as at 31 March</b>				
Non - HRA	300,822	301,781	309,082	306,056
<b>TOTAL</b>	<b>300,822</b>	<b>301,781</b>	<b>309,082</b>	<b>306,056</b>

PRUDENTIAL INDICATOR	2019/20	2020/21	2021-22
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>			
	<b>£'M</b>	<b>£'M</b>	<b>£'M</b>
<b>Authorised limit for external debt -</b>			
borrowing	205	215	219
other long term liabilities	127	122	117
<b>TOTAL</b>	<b>332</b>	<b>337</b>	<b>336</b>
<b>Operational boundary for external debt -</b>			
borrowing	200	210	214
other long term liabilities	124	119	114
<b>TOTAL</b>	<b>324</b>	<b>329</b>	<b>328</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>

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

**RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2019**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £194.654m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 The Council has a total of £55.528m usable reserves as at the end of 31 March 2019. Of this balance, £1.696m relates to the Repairs and Renewals Fund, £4.352m relates to Capital Funds and the remainder is held in the General Fund, with £42.936m of the balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £42.936m:
- £33.292m is invested or committed for major initiatives/capital projects
  - £6.947m is still to be drawn down in 2019-20
  - £2.697m is planned to be spent in future years.

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.



**RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2019****2. INTRODUCTION**

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

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

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

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

**3.2 Reserve Balances At 31 March 2019**

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

<b>Reserve</b>	<b>£000</b>
<b>Unusable Reserves</b>	
Revaluation Reserve	115,150
Capital Adjustment Account	195,045
Financial Instruments Adjustment Account	(3,176)
Pensions Reserve	(106,253)
Accumulated Absences Account	(6,112)
<b>Total Unusable Reserves</b>	<b>194,654</b>
Usable Reserves.....on next page	

<b>Reserve</b>	<b>£000</b>
<b>Usable Reserves</b>	
Repairs and Renewals Fund	1,696
Capital Fund and Usable Capital Receipts Reserve	4,352
General Fund	49,480
<b>Total Usable Reserves</b>	<b>55,528</b>
<b>Total Reserves</b>	<b>250,182</b>

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

### **3.3 General Fund**

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

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

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2019, the amounts that are

currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/19	Invested or committed for major initiatives /capital projects	Drawn-down to 2019-20 Budget as at 30/06/19	Still to be drawn-down in 2019-20	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,310	6,310	0	0	0	0
Investment in Affordable Housing	4,200	4,200	0	0	0	0
Capital Projects	5,579	5,579	0	0	0	0
Lochgilphead and Tarbert Regeneration	2,917	2,917	0	0	0	0
Inward Investment Fund	935	935	0	0	0	0
Rural Resettlement Fund	180	180	0	0	0	0
Asset Management Investment	2,507	2,507	0	0	0	0
Piers and Harbours Investment Fund	240	240	0	0	0	0
Scottish Government Initiatives	491	0	0	418	73	0
Transformation	78	0	0	78	0	0
CHORD	142	0	0	142	0	0
DMR – Schools	815	0	0	815	0	0
Energy Efficiency Fund	137	0	0	137	0	0
Existing Legal Commitments	796	0	0	796	0	0
Unspent Grant	1,588	0	0	1,558	30	0
Unspent Third Party Contributions	132	0	0	132	0	0
Other Previous Council Decisions	11,644	10,424	0	436	784	0
Unspent Budget	4,245	0	0	2,435	1,810	0
<b>Total</b>	<b>42,936</b>	<b>33,292</b>	<b>0</b>	<b>6,947</b>	<b>2,697</b>	<b>0</b>

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

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

3.3.4 The General Fund contingency is set at 2% of net expenditure for 2019-20 and amounts to £4.838m. At the beginning of the financial year there was £1.706m of unallocated General Fund Balance (over and above contingency). After taking

into consideration the agreed supplementary estimates, the current forecast outturn for 2019-20 and if the forecast outturn remains by the year end, the Council will be using £0.772m of its contingency balance.

	<b>£000</b>
Unallocated balance as at 31 March 2019	1,706
Supplementary estimates agreed 27 June 2019	(94)
Current Forecast Outturn for 2019-20 as at 30 June 2019	(2,384)
<b>Estimated Unallocated balance as at 31 March 2020</b>	<b>(772)</b>

- 3.3.5 The estimated significant overspend on Social Work for 2019-20 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and be using £0.772m of contingency. I have been working closely with the IJB's Head of Finance and Transformation and a recovery plan has been produced with a number of actions to bring the spending back in line with budget. This recovery plan and the forecast outturn position will be monitored closely over the coming months. At this stage, I am not recommending that the Council need a recovery plan as the IJB recovery plan has actions to bring the Social Work spending back in line with budget and this would take the Council out of a forecast contingency position. The delivery of the recovery plan will be closely monitored.

#### **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 30 June 2019 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2019-20 is a deficit of £0.772m.

#### **5. IMPLICATIONS**

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

**Kirsty Flanagan**  
**Head of Financial Services**  
**16 July 2019**

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

**APPENDICES**

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2019

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
001	Chief Executive Unit	Strategic Finance	CIPFA, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	47			47	27	20	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification. Converting to Digital Records project - This project has been created to convert all the Income Maximisation finance files (residential/care home placements) to digital. This will be done by employing two summer students over the summer of 2019. Once complete the efficiencies of information flow and access will generate savings within the finance team.	27	20	0
002	Community Services	Education	Youth Employment Opportunities Fund	23			23	23	0	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme.	23	0	0
003	Customer Services	Customer and Support Services	Digital Transformation	30			30	30	0	To fund the development of 11 digital transformation options and a post to support the work of the Transformation Board. Options were approved by the Administration on 3rd December for a series of spend to save activities.	30	0	0
004	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	19			19	19	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 and this balance £18,595 was allocation to support the Community Learning and Development Team to provide courses to support Universal Credit claimants in 2018/2019. The funds were not utilised in 2018/2019 and the service has asked that they be carried forward to 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops.	19	0	0
005	Customer Services	Customer Services	Estates - NDR Revaluation Appeals	115			115	115	0	The original sum agreed was £150,000 and £35,000 was spent in 2017/18 . The drawdown was due to take place in March 2019 as per previous year. Appeals are ongoing and we have entered into a contract with Rydens/Sanderson Weatherall whereby a fee percentage has been agreed and capped for each appeal. The monies spent in 2017/18 was for the initial consultation fee with the £4k incurred to date for 11 settled appeals. 368 appeals are still outstanding with Appeal sessions still to be held during 2019/20 . With regards to the 368 appeals outstanding if all are successful the maximum fees could be £228k. It is therefore proposed to carry this earmarking forward and make a case for increasing the sums into 2019/20 as this is when the outstanding appeals will occur.	115	0	0
006	Customer Services	Customer Services	New Schools Project - Additional Monitoring	85			85	85	0	As a result of the Edinburgh Schools Inquiry, the Cole report has been issued addressing issues in relation to the monitoring of construction projects. Earmarking will provide resource to enable the Council to review monitoring arrangements across a number of projects to ensure compliance. New Schools Project Additional Monitoring, the original sum agreed was £250,000 and £80,000 was spent in 2017/18 and £85,000 in 2018/19 by way of CFCR as the actual spend takes place against the New Schools Capital Project. Similar will happen in 2019/20 with £85k programmed to be spent.	85	0	0
007	Customer Services	Facility Services	Car Parking at Kilmory including Equality Act 2010 Requirements	46			46	46	0	The parking capacity at Kilmory is proving to be insufficient, particularly taking account of the pending transfer of up to 40 NHS staff from Aros during 2018. The proposal is to increase car parking capacity making use of the area adjacent to the access road to the west of the Extension building. If approved, the project would also deliver safety enhancements and DDA compliance for users and pedestrians including upgraded lighting along the footpath.	46	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
008	Customer Services	Facility Services	Management of Asbestos	159			159	80	79	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	80	79	0
009	Customer Services	Improvement and HR	Business Development Training	58			58	58	0	This proposal is to invest in leadership development in support of transformational and culture change. The proposal involves a further programme of leadership development building on the outcomes of the Chief Officer's Leadership Development and Argyll and Bute Manager programmes.	58	0	0
010	Customer Services	Improvement and HR	Growing our Own and Modern Apprentices	109			109	109	0	Develop a comprehensive programme to support and attract young people into jobs and careers in the council. The programme is supporting an ongoing programme of Apprenticeship placements and will now prioritise apprenticeships in areas of service identified as in need as a result of workforce planning.	109	0	0
011	Customer Services	Improvement and HR	Learning and Development	44			44	44	0	To fund training identified via PRDs, develop further E-Learning modules etc. Original earmarked balance planned for spend over a 5 year period. Corporate need identified through workforce planning and the Digital Strategy identify Digital Learning as a priority for spend this year. A plan has been developed to deliver this.	44	0	0
012	Customer Services	Improvement and HR	Living Wage Consolidation Team	63			63	63	0	This proposal relates to the first of a two stage project to review and update the Council's Pay and Grading model to incorporate the Scottish Local Government Living Wage arrangements. The first stage will involve the establishment of a project team to carry out an options appraisal and present a preferred and costed option to Council to agree the implementation of Living Wage consolidation and the required changes to the Pay and Grading model.	63	0	0
013	Customer Services	Improvement and HR	Transformation and Budget Reconstruction	50			50	50	0	This proposal seeks earmarked funding for temporary additional staff to support the effective delivery of employee change processes (increased requirements for redundancy quotes, retirement quotes, job evaluation, redeployment etc) involved in the Council's current Transformation Programme.	50	0	0
014	Development & Infrastructure Services	Economic Development	Inveraray Avenue Screen Inveraray Arches Re-tender	150			150	150	0	Essential maintenance work to be required out on the Arches in Inveraray. The contract has now been let for this project with a pre contract meeting scheduled for 28th November and local members informed. Works are due to commence in January 2019 to minimise scaffolding customs with a completion date of July 2019.	150	0	0
015	Development & Infrastructure Services	Economic Development	Oban Strategic Development Framework	75			75	75	0	As part of the Oban Strategic Development Framework, it is proposed to undertake a survey of road network usage and parking arrangements in Oban town centre.	75	0	0
016	Development & Infrastructure Services	Economic Development	Oban TIF (Tax Incremental Financing)	813			813	813	0	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	813	0	0
017	Development & Infrastructure Services	Economic Development	Rothsay Pavilion Essential repairs	306			306	306	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306	0	0
018	Development & Infrastructure Services	Economic Development	Royal National Mod	80			80	80	0	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20	80	0	0

Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
019	Development & Infrastructure Services	Economic Development	Scottish Submarine Museum	40			40	40	0	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HM Faslane Naval Base. This was agreed as part of the 2014/15 Budget as a demand pressure by Council on 13 February 2014. We have recently received information in terms of charity status, hours of operation and visitor numbers from the grantee and we are reviewing this in order to make the final grant payment which is anticipated before the end of the calendar year.	40	0	0
020	Development & Infrastructure Services	Planning and Regulatory Services	Development Policy	20			20	20	0	To be used in support of delivering the LDP in general: including developing IT and GIS capabilities required to support publishing the LDP.	20	0	0
021	Development & Infrastructure Services	Roads and Amenity Services	3G pitches	446			446	75	371	Maintenance of 3G Pitches across Argyll & Bute. Machinery and equipment, initial quotes have been received, employees yet to be recruited, 2 permanent employees on LGE 5 LETS contracts. On finalising recruitment machinery, equipment etc., will be purchased, including training for operatives and supervisory staff.	75	59	312
022	Development & Infrastructure Services	Roads and Amenity Services	Amenity Services introduction of management information system	43			43	43	0	To introduce WDM(ELM)/TOTAL to provide accurate management information on the operation of Amenity Services. ELM is now live in all areas. During 2019-20 it is proposed that the system will be expanded to include burials and other amenity routes which will mean the purchasing of further tablets for use. TOTAL system pilot undertaken and development of timesheet app progressing. Funding required to allow for system interfaces and hard purchases.	43	0	0
023	Development & Infrastructure Services	Roads and Amenity Services	Dalningart Forestry Plan	11			11	0	11	In 2015 a Long Term Forest Plan for the forest was approved by the Forestry Commission to fell the remaining mature timber within the property. As part of the long term plan, the Council is obligated to restock this ground. It is proposed that the remaining income received for timber income from Tilhill Forestry Limited and annual rental income received from Northern Energy for be earmarked to fund the future work required to ensure that the Council fulfils its obligation to restock the site.	0	11	0
024	Development & Infrastructure Services	Roads and Amenity Services	Kintyre Recycling Limited (KRL)	23			23	23	0	One off funding allocation for Kintyre Recycling Limited agreed as part of the budget setting process for 2019-20	23	0	0
025	Development & Infrastructure Services	Roads and Amenity Services	Street Lighting Survey	112			112	53	59	Currently funding the LMS WDM Post within the WDM team at Manse Brae. Due to the imminent set up of the HUB as well as personnel moves this post will require to be retained for 2018/2019 and 2019/2020. The post is critical to ensuring continuity of service and is envisaged will support transformation within the HUB. This post will also support any move towards web hosted services and apps being introduced by WDM. The rest of the earmarked reserves will be utilised to introduce an apprentice electrician over a 4 year period.	53	59	0
026	Development & Infrastructure Services	Roads and Amenity Services	Waste Management	194			194	0	194	Will be used towards long term waste management model, including but not limited to scoping work for the creating of a waste transfer station at Blackhill. In conjunction with West Dunbartonshire and Inverclyde joint tender was approved at Council and Officers are currently reviewing technical and financial submissions.	0	0	194
027	HQ Non Dept	n/a	Community Resilience Fund	76			76	0	76	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	0	0	76



Ref	Department	Service	Description	Opening Balance £000	Budget Drawdown £000	Released back to General Fund £000	Remaining Balance £000	Still to be drawdown in 19/20 £000	Planned to spend in future years £000	Plans for Use	Amount Planned to be Spent in 2019/20 £000	Amount Planned to be Spent in 2020/21 £000	Amount Planned to be Spent from 2021/22 onwards £000
028	Integration Services	Adult Care	Autism Strategy	8			8	8	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 2019-20.	8	0	0
029	Other	Other	Underwriting development of Rothesay Pavilion	1,000			1,000	0	1,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000	0
				4,245	0	0	4,245	2,435	1,810		2,435	1,228	582