

FINANCIAL REPORT MONITORING PACK – 30 JUNE 2020

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of June 2020. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 30 June 2020
- Monitoring of Policy Savings Options as at 30 June 2020
- Monitoring of Financial Risks as at 30 June 2020
- Capital Plan Monitoring Report as at 30 June 2020
- Treasury Monitoring Report as at 30 June 2020
- Reserves and Balances as at 30 June 2020.

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 £2.042m as at the end of June 2020. This projection results from Social Work and is due to a combination of forecast slippage on the delivery of agreed savings and a high demand for services. The HSCP has been required to contribute to a local mobilisation plan cost return on a regular basis, submitted to the Scottish Government via NHS Highland. Although the Scottish Government has “in principle” approved all mobilisation plans no individual lines within the plan have been approved. Therefore there is a risk that the HSCP could revert back to the Council to fund some of the additional costs. All other forecast variances at this time are as a result of the impact of COVID-19 and will be detailed within a separate report.

2.1.3 There is a year to date overspend of £2.917m. 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 (HSCP) – Financial Update

- 2.1.5 The forecast outturn position at the end of the June is an estimated overspend of £3.842m for 2020-21 (£2.042m Social Work and 1.800m Health).
- 2.1.6 Within Social Work, there is forecast slippage on savings of £2.793m which is reduced by underspends of £0.751m, the most significant being within care home placements, leaving the net forecast position a £2.042m overspend.
- 2.1.7 The overspend does not include any additional costs as a result of the COVID-19 pandemic. The HSCP has been required to contribute to a local mobilisation plan cost return on a regular basis, submitted to Scottish Government through NHS Highland. The next return is due mid-August and the draft estimates as at 24 July total £14.016m for the Partnership of which £7.203m relates to Social Work Services. The Scottish Government has “in principle” approved all mobilisation plans but no individual lines within the plan have been approved. Nationally the Scottish Government funding is short of the total submissions to date, however, the revised returns due mid-August could be less and, of course, actual costs may also prove to be lower. There remains a risk that the HSCP could revert back to the Council to fund some of the additional costs.
- 2.1.8 The Chief Financial Officer of the HSCP has taken the view that the in principle approval by the Scottish Government will not extend to funding the impact of COVID-19 on delivering savings however this has not been confirmed. This represents a significant financial risk to the Council however if undelivered savings are funded this will result in a healthier projected outturn for the HSCP reducing the risk to the Council.

2.2 Monitoring of Policy Savings Options

- 2.2.1 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 2020
 - agreed in February 2019 that were either not delivered in 2019-20 or have further increases in value in 2020-21 onwards
 - agreed in February 2018 with further increases in value in 2020-21 onwards.
- 2.2.2 The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed, potential shortfall or delayed.
- 2.2.3 Of the 66 savings options, 47 have already been delivered, 7 are on track to be delivered as per their timescale, 4 are being developed, 3 have a potential shortfall and 5 are delayed.

2.2.4 The table below outlines the progress as at 30 June 2020 for the new policy savings options agreed in February 2020.

Category	No of Options	2020-21 £000	2021-22 £000	2022-23 £000
Delivered	17	917.0	962.2	962.2
On Track to be Delivered	3	160.1	236.4	236.4
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	2	196.0	261.6	261.6
Potential Shortfall	1	79.0	79.0	79.0
Delayed	2	54.0	54.0	54.0
Total	25	1,406.1	1,593.2	1,593.2

2.2.5 For savings options agreed in February 2018 and February 2019, we are reporting on an exception basis. Those that are already delivered or on track to be delivered are not included in the analysis below.

Category	No of Options	2020-21 £000	2021-22 £000	2022-23 £000
Being Developed	2	111.0	111.0	111.0
Potential Shortfall	2	280.0	280.0	280.0
Delayed	3	482.5	482.5	482.5
Total	7	873.5	873.5	873.5

2.2.7 In total, there are three savings categorised as having a potential shortfall and five currently delayed. These are summarised in Section 3.8 of the Service Package Policy Options Report and further information is contained within Appendices 4a to 4g of that report.

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.

There are also COVID-19 specific financial risks that have not been captured within this report and instead will be picked up within a separate report which outlines the financial risks for the Council due to additional costs as a result of the immediate response to the COVID-19 pandemic.

2.3.2 There are 5 Council wide revenue risks identified for 2020-21 currently amounting to £3.897m. 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 37 departmental risks totalling £3.216m. Only 1 of the 37 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
Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	300
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300
Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230

2.3.5 There has been four changes to the departmental risks since the financial risks report presented to Council on 27 February 2020, as follows:

- There was a risk relating to Piers and Harbours due to a challenge regarding additional costs for use of linkspan, rope handling and marshalling which arose from an increase in fees and charges agreed by Council in 2017-18 of £0.664m. This risk has been removed since the challenge has been retracted.
- A risk that the cost of delivering 1140 hours of Early Learning and Childcare exceeded government funding has been removed as there is no longer a requirement to deliver 1140 hours by 2020.
- A risk in relation to catering costs for the provision of meals to Early Years Children has been removed since there is no longer a requirement to deliver this in 2020-21. It is now required to be delivered by the beginning of 2021-22.
- A risk in relation there being more than one by-election required outwith the standard election schedule has been downgraded from 'possible' to 'unlikely' recognising that the end of the election cycle is approaching.

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 £0.544m compared to a budget for the year to date of £0.516m giving rise to an overspend for the year to date of £0.028m (5.4%). There are a number of small variances contributing to this year to date position.

2.4.3 The forecast outturn for 2020-21 is a forecast net expenditure of £25.399m compared to an annual budget of £33.379m giving rise to a forecast underspend for the year of £7.980m (23.9%). The largest projects contributing to this variance are: Roads Reconstruction, Harbour Investment Programme and Early Learning and Childcare.

£6.137m of this underspend is specifically linked to delays due to the COVID-19 pandemic.

2.4.4 The forecast total net projects costs on the capital plan are £204.963m compared to a total budget for all projects of £202.849m giving rise to a forecast overspend for the overall capital plan of £2.114m (1.04%). The largest projects contributing to this variance are: CHORD Rothesay and Early Learning and Childcare.

£0.318m of this overspend is specifically linked to additional costs due to the COVID-19 pandemic.

2.4.5 In respect of total project performance, there are 142 projects within the capital plan, 127 are complete or on target, 13 are off target and recoverable and 2 projects are off track.

Of the 13 projects that are off target and recoverable, 3 are specifically linked to delays due to the COVID-19 pandemic. Of the 2 projects that are off track, 1 is linked to overspends due to the COVID-19 pandemic along with other contributing factors.

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 net movement in external borrowing for the period 1 April 2020 to 30 June 2020 was a decrease of £1.700m.

2.5.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2020. At this stage in the financial year capital expenditure is below

target and due to delays as a result of the COVID-19 pandemic it is likely to continue to be below target for the remainder of the year.

- 2.5.4 The levels of investments were £109m at 30 June 2020. The rate of return achieved was 0.643% which compares favourably with the target of 7 day LIBID which was -0.067%.

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 £270.479m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.6.3 As 31 March 2020, the Council had a total of £55.892m of usable reserves. Of this:
- £1.843m relates to the Repairs and Renewals Fund
 - £4.379m relates to Capital Funds
 - £49.670m was held in the General Fund, with £43.375m of this balance earmarked for specific purposes.
- 2.6.4 Of the earmarked balance of £43.375m:
- £27.305m is invested or committed for major initiatives/capital projects
 - £0.724m has already been drawn down
 - £10.512m is still to be drawn down in 2020-21
 - £4.834m is planned to be spent in future years
- 2.6.5 The General Fund contingency is set at 2% of net expenditure for 2020-21 and amounts to £4.969m. At the beginning of the financial year there was £1.326m of unallocated General Fund Balance (over and above contingency). After taking into consideration the current forecast outturn for 2020-21, the Council is forecast to have a £0.716m deficit by the end of the year. Officers will continue to monitor the projected forecast outturn on an ongoing basis to determine whether a recovery plan will be required to restore the Council's contingency balance back up to 2%.

	£000
Unallocated balance as at 31 March 2020	1,326
Current Forecast Outturn for 2020-21 as at 30 June 2020	(2,042)
Estimated Unallocated balance as at 31 March 2021	(716)

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 require approval. Capital virements are included within the capital monitoring report.

- 2.7.2 For the periods April 2020 to June 2020, there are five virements over £0.200m requiring authorisation:
- £0.250m budget transferred from Executive Director Douglas Hendry to a central code. This is in respect of the Procurement Savings target being realigned within the structure.
 - £0.352m budget transferred between the Loans Fund and Executive Director Kirsty Flanagan to amend the recording of Prudential borrowing in relation to vehicles.
 - £0.737m budget transferred between the Loans Fund and Executive Director Kirsty Flanagan in relation to Prudential borrowing across various service areas such as waste collection, airports, roads, lighting and depots.
 - £0.533m budget harvested within Social Work against the vacancy savings target for the period April to June.
 - £0.300m between Homecare HQ and Social Work Service Strategy to reallocate budget based on service demand

3. RECOMMENDATIONS

- 3.1 It is recommended that the Business Continuity Committee:
- a) Consider the revenue budget monitoring report as at 30 June 2020 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 2020
 - c) Note the financial risks for 2020-21.
 - d) Consider the capital plan monitoring report as at 30 June 2020 and approve the proposed changes to the capital plan as detailed in Appendix 4 to the report.
 - e) Note the treasury monitoring report as at 30 June 2020.
 - f) Consider the reserves and balances report as at 30 June 2020.
 - g) Recommend to Council that the revenue virements over £0.200m during April to June are approved.

4. IMPLICATIONS

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|-----|-------------|---|
| 4.1 | Policy – | None. |
| 4.2 | Financial - | Outlines the revenue and capital monitoring for 2020-21 as at 30 June 2020. |
| 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
Section 95 Officer
10 July 2020

Policy Lead for Financial Services and Major Projects - Councillor Gary Mulvaney

Overall Position:

- There is a forecast overspend for 2020-21 of £2.042m as at the end of June 2020. The forecast relates entirely to Social Work and is due to a combination of forecast slippage on the delivery of agreed savings and a high demand for services. There are no other forecast variances reported at this stage to allow time to consider how to differentiate between the impact of COVID-19 and other reasons for potential variances in the revenue budget.
- There is a year to date overspend of £2.917m. 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 2020:

- This the first quarterly report and the forecast outturn is £2.042m. We will continue to engage with the CFO of the IJB to ensure that early indication of financial outturn is known and report on progress.

Key Financial Successes:

Performance against budget for 2019-20 was an overall net favourable position of £0.502m underspend. This breaks down as:

- £0.626m net underspend in relation to Council service departmental expenditure
- £0.976m net underspend in relation to other central costs
- £0.101m additional income through the Business Rates Incentive Scheme (BRIS)
- £1.141m overspend within Social Work
- £0.060m under-recovery of Council Tax income.

Key Financial Challenges:

Recover from the significant financial challenges placed on the Council as a result of the COVID-19 pandemic.

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

Monitoring Social Work expenditure 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.

Proposed Actions to address Financial Challenges:

The additional costs will be closely evaluated and monitored throughout the year and a working group will be established to consider the funding options available to mitigate the gap created by COVID-19.

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

Continue to work 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.

Savings will be identified through a structured programme of service redesign over a period of three years. Also systems will continue to

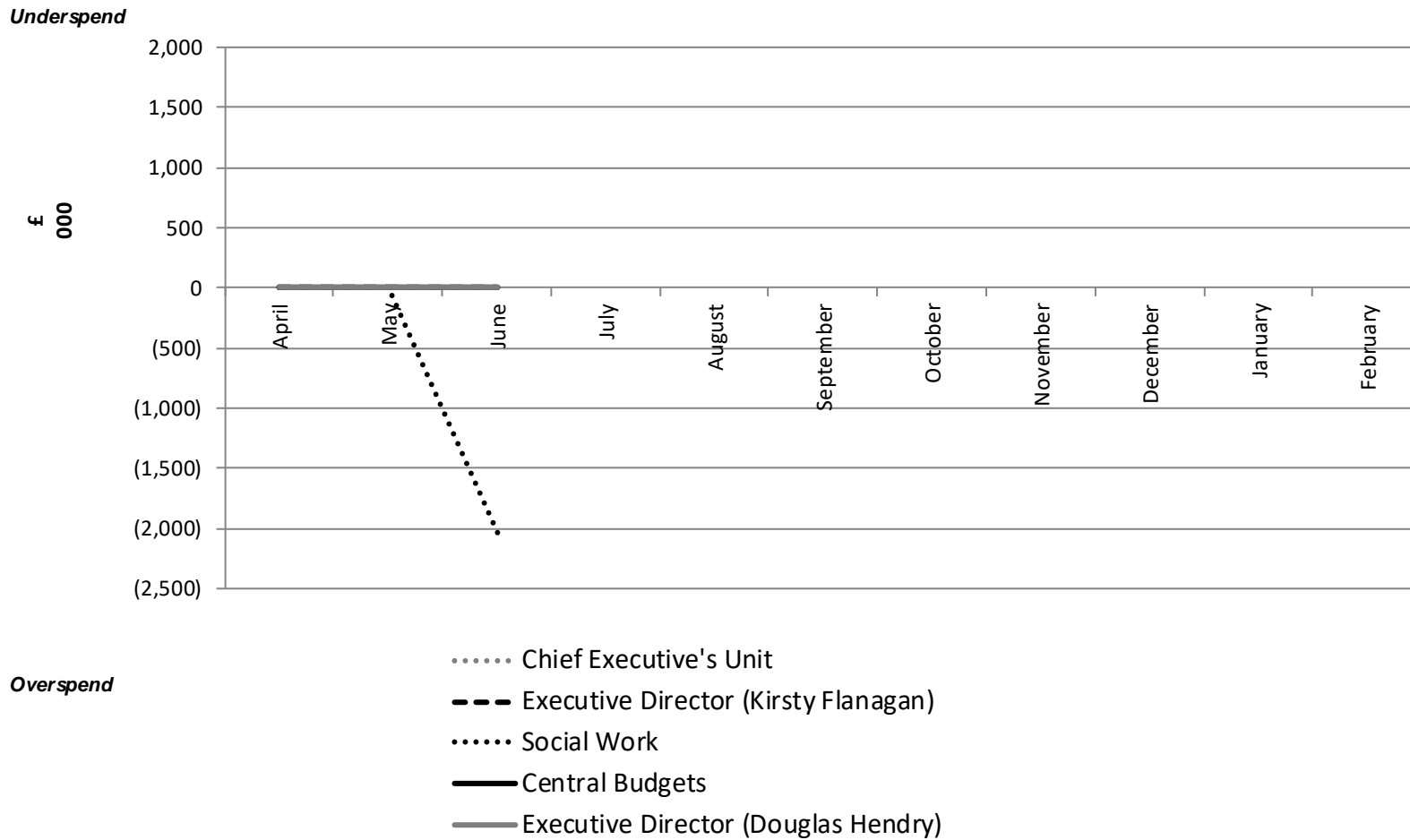
	be refined/developed to accurately calculate forecast outturns and the future budget outlook.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention to these areas.
Ongoing requirement to fund unavoidable increases in areas like employee costs, utility costs etc.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

There is a forecast underspend for 2020-21 of £2.042m as at the end of June 2020 and the main variances are noted below.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	5,427	5,427	0	0	0	
Executive Director (Douglas Hendry)	113,458	113,458	0	0	0	
Executive Director (Kirsty Flanagan)	46,464	46,464	0	0	0	
Social Work	60,051	62,093	(2,042)	0	(2,042)	The forecast overspend is due to a combination of forecast slippage on the delivery of agreed savings and high demand for services.
Central Budgets	23,014	23,014	0	0	0	
Financed By	(248,414)	(248,414)	0	0	0	
Total	0	2,042	(2,042)	0	(2,042)	

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

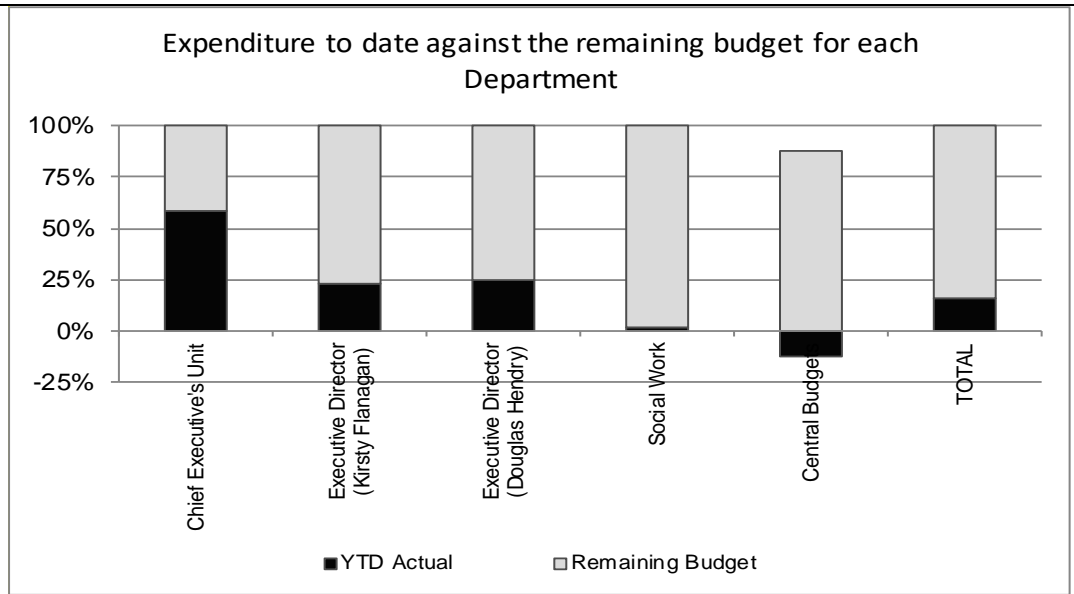


Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at the end of June 2020 is an overspend of £2.917m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	3,160	2,974	(186)	The Money Skills Argyll project shows an overall overspend because of the substantial volatility in relation to the readiness and quality of claims for funding from the Big Lottery Fund and the lengthy and complex claim processing procedures involved.
Executive Director (Douglas Hendry)	28,315	27,345	(970)	The main variances are in relation to overspends within Commercial Services for the Community Food Project of £0.819m offset by savings in cleaning and shared offices of £0.066m. Within the Education Service the year to date overspend of £0.240m is mainly due to a £0.059m overspend in Education Maintenance Allowances and £0.070m in 1140 Hours which are both profile related and will be rectified in July. The £0.100m overspend in the teacher cover budget is due to the government's 'No Detriment in Pay' scheme and this has been recorded as a direct cost of COVID-19
Executive Director (Kirsty Flanagan)	10,878	10,442	(436)	The year to date variance is largely due to a reduction in income across many services as a direct result of COVID-19
Social Work	1,072	467	(605)	The most significant contributing factors are slippage on the delivery of agreed savings and a high demand for services. These are partially offset by a higher than expected recovery of vacancy savings at June.
Central Budgets	(3,743)	(4,463)	(720)	The year to date overspend results mainly from profiling in relation to the COVID-19 Business Support Grants budget, this is partially offset by underspends from profiling in the Refugee Resettlement Programme, Audit Fee and NDR budgets. There is also an underspend resulting from additional income in relation to a historical VAT claim for the provision of sports related services, which net of VAT Advisor fees is £0.571m.
Total Net Expenditure	39,682	36,765	(2,917)	



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2020

	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	%
Departmental Budgets								
Chief Executive's Unit	3,160	2,974	(186)	(6.3%)	5,427	5,427	0	0.0%
Executive Director (Kirsty Flanagan)	10,878	10,442	(436)	(4.2%)	46,464	46,464	0	0.0%
Executive Director (Douglas Hendry)	28,315	27,345	(970)	(3.6%)	113,458	113,458	0	0.0%
Social Work	1,072	467	(605)	(129.6%)	60,051	62,093	(2,042)	(3.4%)
Total Departmental Budgets	43,425	41,228	(2,197)	(5.3%)	225,400	227,442	(2,042)	(0.9%)
Central Budgets								
Other Operating Income and Expenditure	(4,577)	(5,331)	(754)	14.1%	1,806	1,806	0	0.0%
Joint Boards	350	350	0	0.0%	1,472	1,472	0	0.0%
Non-Controllable Costs	484	518	34	6.6%	19,736	19,736	0	0.0%
Total Central Budgets	(3,743)	(4,463)	(720)	16.1%	23,014	23,014	0	0.0%
TOTAL NET EXPENDITURE	39,682	36,765	(2,917)	(7.9%)	248,414	250,456	(2,042)	(0.8%)
Financed By								
Aggregate External Finance	(56,085)	(56,085)	0	0.0%	(197,867)	(197,867)	0	0.0%
Local Tax Requirement	(15,597)	(15,597)	0	0.0%	(52,859)	(52,859)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	3,036	3,036	0	0.0%
Supplementary Estimates	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(724)	(724)	0	0.0%
Total Funding	(71,682)	(71,682)	0	0.0%	(248,414)	(248,414)	0	0.0%
Deficit/(Surplus) for Period	(32,000)	(34,917)	(2,917)		0	2,042	(2,042)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2020

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	33,622	34,197	575	1.7%	154,217	153,677	540	0.4%
Premises Related Expenditure	868	1,242	374	30.1%	15,479	15,536	(57)	(0.4%)
Supplies and Services	3,882	3,261	(621)	(19.0%)	19,122	22,001	(2,879)	(15.1%)
Transport Related Expenditure	1,795	2,823	1,028	36.4%	16,631	16,573	58	0.4%
Third Party Payments	60,436	60,683	247	0.4%	189,544	189,611	(67)	(0.0%)
Capital Financing	0	0	0	0.0%	13,295	13,295	0	0.0%
TOTAL EXPENDITURE	100,603	102,206	1,603	1.6%	408,288	410,693	(2,405)	(0.6%)
Income	(132,603)	(137,123)	(4,520)	3.3%	(408,288)	(408,651)	363	(0.1%)
Deficit/(Surplus) for Period	(32,000)	(34,917)	(2,917)		0	2,042	(2,042)	

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.

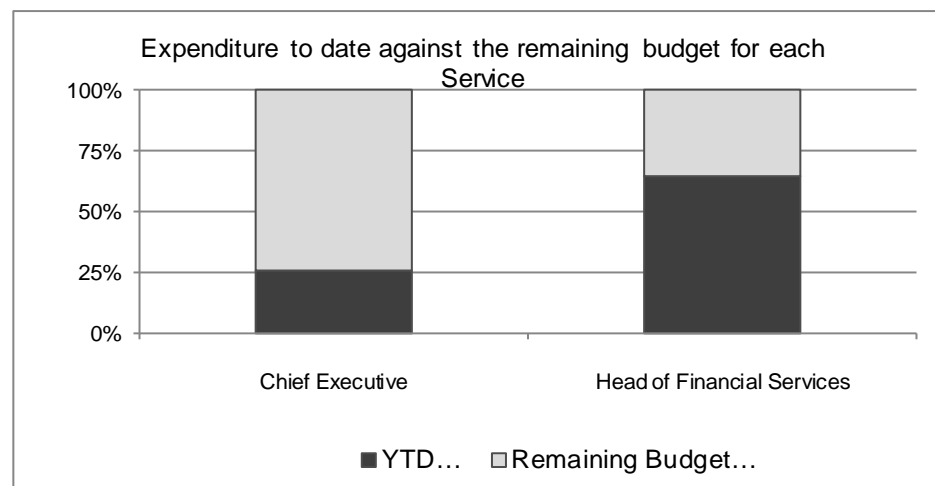
CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2020

- The department is currently forecasting spend in line with budget.
- The department has a year to date overspend of £0.186m resulting from the Money Skills Argyll Project which is showing an overall overspend because of the substantial volatility in relation to the readiness and quality of claims for funding from the Big Lottery Fund and the lengthy and complex claim processing procedures involved.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	876	876	0	0	0
Head of Financial Services	4,551	4,551	0	0	0
Totals	5,427	5,427	0	0	0

Year to Date Position



Key Financial Successes:

The department are currently forecasting that spend will be in line with budget for 2020-21.

All savings options have been delivered.

The department outturn position at the end of 2019-20 was an overspend of £0.007m. This resulted from an underspend of £0.203m offset by reserves of £0.210m earmarked to support information management which are reported within the Chief Executive's Unit department.

Key Financial Challenges:

To continue to deliver high quality support service function during a time of continued budget cuts and significant financial challenges and resource pressure as a result of COVID-19.

Proposed Actions to address Financial Challenges:

Ensure team are operating as efficiently and effectively as possible to enable continued support to departments with reduced resources by building resilience and knowledge sharing across the team.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2020

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	63	60	(3)	(5.0%)	309	309	0	0.0%	Outwith reporting criteria
BO104 - Our communities are protected and supported	Community Development and Grants to Third Sector	132	144	12	8.3%	376	376	0	0.0%	Outwith reporting criteria
BO109 - All our adults are supported to realise their potential	Social Enterprise	9	21	12	57.1%	62	62	0	0.0%	Profiling difference on Payments to Other Bodies budgets
BO116 - We engage and work with our customers, staff and partners	Community Planning	26	26	0	0.0%	129	129	0	0.0%	Outwith reporting criteria
Chief Executive Total		230	251	21	8.4%	876	876	0	0.0%	
BO101 - We ensure information and support is available for everyone	Money Skills Argyll	232	0	(232)	0.0%	0	0	0	0.0%	Due to timing difference between expenditure and income
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Benefits including Scottish Welfare Fund	2,086	2,140	54	2.5%	1,890	1,890	0	0.0%	Profiling difference on Payments to Other Bodies budgets
BO110 - We support businesses, employment and development opportunities	Creditors and NDR relief	46	47	1	2.1%	355	355	0	0.0%	Outwith reporting criteria
BO115 - We are efficient and cost effective	Accounting and Budgeting and Revenues and Benefits	566	536	(30)	(5.6%)	2,306	2,306	0	0.0%	Pressure on staffing budgets due to extra hours to support the distribution of COVID19 Business Grants
Head of Financial Services Total		2,930	2,723	(207)	(7.6%)	4,551	4,551	0	0.0%	
GRAND TOTAL		3,160	2,974	(186)	(6.3%)	5,427	5,427	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2020

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	935	885	(50)	(5.7%)	4,305	4,305	0	0.0%	There are adverse variances from Money Skills Argyll due to timing differences between income and expenditure and also within Local Tax due to extra hours to support the distribution of COVID19 Business Grants
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	52	56	4	7.1%	529	529	0	0.0%	Outwith reporting criteria
Transport	7	11	4	36.4%	50	50	0	0.0%	Numerous accumulating variances on staff travel
Third Party	4,755	5,311	556	10.5%	25,063	25,063	0	0.0%	There is a favourable variance of £500k against Housing Benefits Private (contra with Income) and the balance is due to profiling elsewhere in the Benefits service and in Social Enterprise
Income	(2,589)	(3,289)	(700)	21.3%	(24,520)	(24,520)	0	0.0%	There are adverse variances against Housing Benefits Private (£494k - contra with Third Party Payments) and in Money Skills Argyll due to the timing difference between expenditure and income
Totals	3,160	2,974	(186)	(6.3%)	5,427	5,427	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 30 JUNE 2020

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.

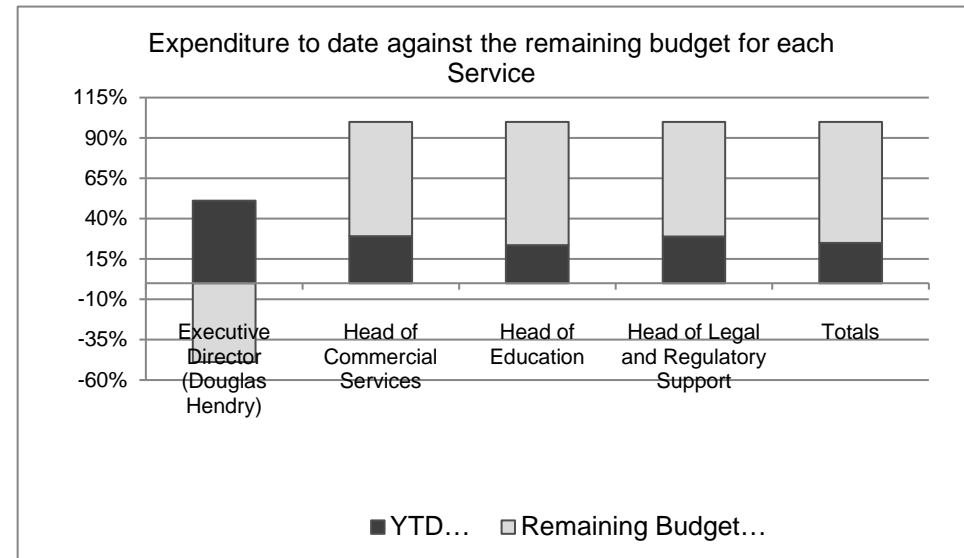
EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2020

- The department is currently not forecasting any outturn variances at this stage of the year. This position does not reflect any forecast variances arising as a result of COVID-19 which will be reported separately.
- The department has a year to date overspend of £0.970m (3.6%). The main variances are in relation to overspends within Commercial Services for the Community Food Project of £0.819m offset by savings in cleaning and shared offices of £0.066m. Within the Education Service the year to date overspend of £0.240m is mainly due to a £0.059m overspend in Education Maintenance Allowances and £0.070m in 1140 Hours which are both profile related and will be rectified in July. The £0.100m overspend in the teacher cover budget is due to the government's 'No Detriment in Pay' scheme and this has been recorded as a direct cost of COVID-19.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	3	3	0	0	0
Head of Commercial Services	8,834	8,834	0	0	0
Head of Education	85,647	85,647	0	0	0
Head of Legal and Regulatory Support	18,974	18,974	0	0	0
Totals	113,458	113,458	0	0	0

Year to Date Position



Key Financial Successes:

The 2019-20 year-end consolidated outturn position was an underspend of £0.625m. 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. Additional unbudgeted income was received during the year from electricity feed in tariff schemes which had not been available to the department in previous years.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Impact of numbers/uptake in demand led service areas like catering, design services and licensing.	Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.
Support longer term service re-design project for Catering and Cleaning services to ensure efficiencies and financial savings are secured for the Council as well as delivering the expansion of free school meals as part of the delivery of 1140 hours of Early Learning and Childcare. Success of the re-design project is dependent on buy-in from Argyll & Bute Health and Social Care Partnership.	Effective working with consultants and support with implementation of preferred service delivery method.
New legislative/policy requirements not fully funded by Scottish Government which put additional burdens on the Council. For example, additional demands from IJB and unknown impact of new education arrangements on all support services.	Analysis of new obligations and whether they incur additional costs not met through increased grant.
Ensuring the Education service can continue to contribute to Council savings programmes whilst adhering to Scottish Government national initiatives (i.e. maintaining Pupil Teacher ratio across the service).	Provide the Transformation Board with robust financial information which allows informed decisions be made to ensure deliverable savings options are presented, developed and implemented.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare by 2021. The deadline has been extended from 2020 due to the outbreak of COVID-19. The Scottish Government committed to funding this with additional resources based on individual implementation plans with funding confirmed to 2021-22. The current uncertainty around service delivery models and delays in building works due to the pandemic have put further pressure on the project costs and implementation plan.	Analysis of new obligations required around delivery models and potential costs of delays in building works due to the pandemic. Robust service costings, financial monitoring and timely reporting to ensure the service can deliver the project within the financial resources available.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2020

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	67	(1)	(1.5%)	3	3	0	0.0%	Outwith reporting criteria
Executive Director (Douglas Hendry) Total		68	67	(1)	(1.5%)	3	3	0	0.0%	
Central/Management Costs	Central/Management Costs	50	52	2	3.9%	247	247	0	0.0%	Outwith reporting criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Catering and Cleaning	874	(51)	(925)	1813.7%	705	705	0	0.0%	Expenditure relating to the supply and distribution of food parcels by the Community Food Project causing £819k overspend.
BO113 - Our infrastructure is safe and fit for the future	Catering and Cleaning, CHORD, Property and Leisure	615	717	102	14.2%	3,414	3,414	0	0.0%	Underspend due to profiling of cleaning HQ and Surplus Properties cost centres.
BO116 - We engage and work with our customers, staff and partners	Schools Support Development	1,036	1,105	69	6.2%	4,468	4,468	0	0.0%	Underspend within Leisure Development - Payments to Voluntary Organisations due to timing of spend/profiling
Head of Commercial Services Total		2,575	1,823	(752)	(41.3%)	8,834	8,834	0	0.0%	
BO106 - Our looked after young people are supported by effective corporate parenting	Education Psychologists and Residential Accommodation	375	372	(3)	(0.8%)	1,759	1,759	0	0.0%	Outwith reporting criteria
BO107 - The support and lifestyle needs of our children, young people, and their families are met	Early Years and Community Learning	2,860	2,757	(103)	(3.7%)	8,011	8,011	0	0.0%	The main contributing factor to this year to date overspend is costs incurred in supporting children and families through COVID-19.
BO108 - All our children and young people are supported to realise their potential	Primary and Secondary Education	16,800	16,677	(123)	(0.7%)	75,470	75,470	0	0.0%	The main contributing factors to the year to date over spend are: the additional £100k cost to fund the 'No Detriment in Pay Scheme' for teacher cover which is a direct cost of COVID-19. £24k is due to a number of under and overspends which are profile related and will be rectified in July.
BO116 - We engage and work with our customers, staff and partners	Regional Improvement Collaborative	(11)	(11)	0	0.0%	53	53	0	0.0%	Outwith reporting criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	Education Support	111	90	(21)	(23.3%)	(18)	(18)	0	0.0%	The main contributing factors to the year to date over spend are: (1) The purchase of education licenses. Budget requires to be identified to fund these licenses (2) Costs have been incurred in supporting teachers through alternative routes. It is anticipated that funding will be provided to cover these costs, however, the distribution of funding does not take place until later in the financial year.
Central/Management Costs	Central/Management Costs	66	76	10	13.2%	372	372	0	0.0%	The year to date underspend is profile related and will be rectified in the July period.
Head of Education Total		20,201	19,961	(240)	(1.2%)	85,647	85,647	0	0.0%	

BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Housing and Regulatory Services	76	67	(9)	(13.4%)	336	336	0	0.0%	The majority of the YTD variance lies with TS-Third Sector Advice - reprofiling issue only
BO104 - Our communities are protected and supported	Civil Contingencies & Anti Social Behaviour	31	40	9	22.5%	172	172	0	0.0%	CCTV - £7k underspend as unable to drawdown Grant monies from earmarking in Q1 - request due to be processed 10th July
BO110 - We support businesses, employment and development opportunities	Licensing, Procurement and Commissioning	193	103	(90)	(87.4%)	962	962	0	0.0%	£105k - Licensing Income not taken - disruption due to COVID-19 - reported on COSLA return
BO111 - We influence and engage with businesses and policy makers	Trading Standards	31	31	0	0.0%	239	239	0	0.0%	Outwith reporting criteria
BO113 - Our infrastructure is safe and fit for the future	NPDO and Hub Schools	4,694	4,883	189	3.9%	15,021	15,021	0	0.0%	£176k due to receipt of the Council's share of the insurance saving on the NPDO schools for 2020/21.
BO115 - We are efficient and cost effective	Democratic Services, Governance & Legal Services	287	215	(72)	(33.5%)	1,469	1,469	0	0.0%	£95k IJB Income Journal to be processed in July covering first quarter.
BO116 - We engage and work with our customers, staff and partners	Members Services and Community Councils	115	104	(11)	(10.6%)	528	528	0	0.0%	£27k overspend in Community Councils Grants paid early to ease COVID-19 pressures. £9k underspend Members Services Staff coded to wrong Cost centre -amended in July
Central/Management Costs	Central/Management Costs	44	51	7	13.7%	247	247	0	0.0%	Various small profiled spend not incurred yet
Head of Legal and Regulatory Support Total		5,471	5,494	23	0.4%	18,974	18,974	0	0.0%	
GRAND TOTAL		28,315	27,345	(970)	(3.6%)	113,458	113,458	0	0.0%	

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2020

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	19,889	19,764	(125)	(0.6%)	85,261	85,261	0	0.0%	Non Education: YTD underspend of £32k in Commercial Services - £57k underspend in cleaning offset by overspends in Catering and Property Services. £6k underspend in Legal and Regulatory Support. Education: YTD overspend of £156k, £100k due to payment made under 'No Detriment in Pay' this has been recorded on COSLA return, the remainder is profile related and will be rectified in July.
Premises	655	778	123	15.8%	5,866	5,866	0	0.0%	Non Education: £135k underspend in Commercial Services and mainly in relation to shared offices and surplus properties, reduced expenditure due to office closures. Education: YTD overspend of £12k is profile related and will be rectified in July.
Supplies and Services	2,242	1,694	(548)	(32.4%)	11,606	11,606	0	0.0%	Non Education: £614k YTD overspend in Commercial Services due to Community Food Project, £826k spent to the end of June offset by an underspend of £210k in catering purchases for school meals due to school closures. Education: YTD underspend of £58k is profile related and will be rectified in July.
Transport	43	73	30	41.1%	473	473	0	0.0%	Non Education: YTD underspend of £22k due to reduction in travel as a consequence of COVID-19. Education: YTD underspend of £8k due to reduction in travel as a consequence of COVID-19.
Third Party	7,105	7,298	193	2.6%	37,309	37,309	0	0.0%	Non Education: YTD underspend in Commercial Services of £72k due to delay in payments to Leisure due to invoices not being received. Underspend in NPDO schools contract due to insurance saving of £175k. Education: YTD overspend of £68k is profile related and will be rectified in July.
Capital Financing	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Income	(1,619)	(2,262)	(643)	28.4%	(27,057)	(27,057)	0	0.0%	Non Education: YTD overspend of £573k, £265k due to loss of school meal variable bid income and £105k due to loss of licensing income and £95k for income from HSCP which will be billed in July. Education: YTD under recovery of income of £70k is due to accruals and will be rectified as income is received.
Totals	28,315	27,345	(970)	(3.6%)	113,458	113,458	0	0.0%	

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 30 JUNE 2020

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.

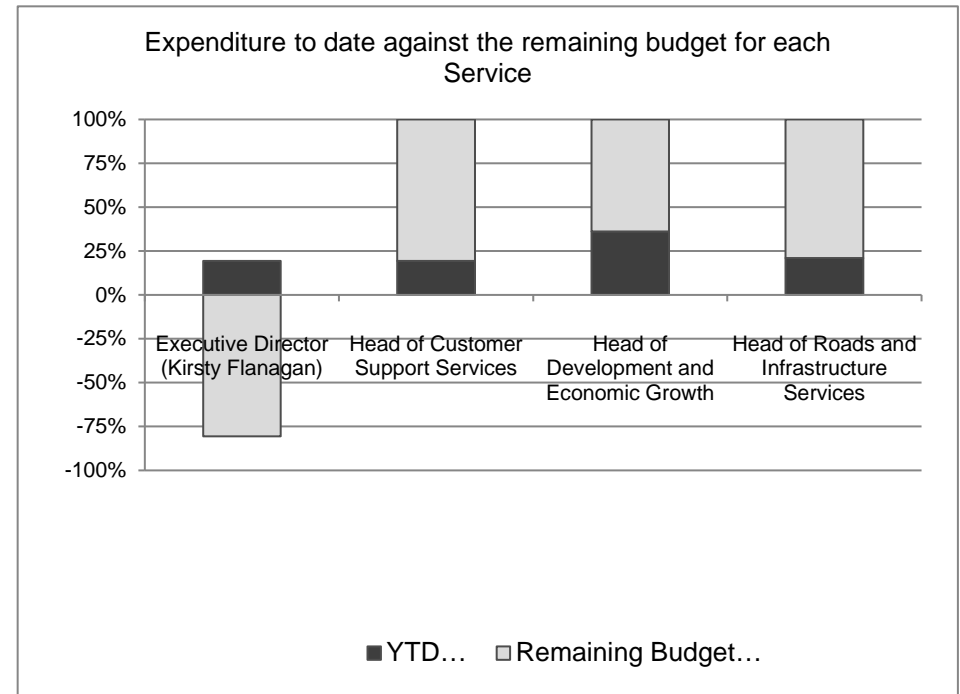
EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 30 JUNE 2020

- The department currently has no forecast variances in 2020-21 although there will be significant cost pressures as a result of COVID-19 which is reported separately.
- The department has a year to date overspend of £0.436m (4.2%) against budget and this is largely due to the impact of COVID-19.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	(157)	(157)	0	0	0
Head of Customer Support Services	8,060	8,060	0	0	0
Head of Development and Economic Growth	7,654	7,654	0	0	0
Head of Roads and Infrastructure Services	30,907	30,907	0	0	0
Totals	46,464	46,464	0	0	0

Year to Date Position



Key Financial Successes:

At the end of financial year 2019-20 the department showed an overall underspend of £0.008m after taking into account all earmarkings. Although there were a number of areas of overspend e.g. increase in the provision for bad debts, fleet repairs and loss of car parking income, these were offset by additional vacancy savings and increased income in Building Standards, Private Water Supplies and Planning. There was also a one off underspend as the payment to Scottish Fire & Rescue was less than the amount previously accrued.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The impact of COVID-19	The current uncertainty caused by the pandemic have affected both delivery models e.g. refuse collection and income streams e.g. Piers & Harbours dues, Parking income putting further pressure on already tight budgets.
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.
Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.	Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> • Island haulage costs • Uncertainty with recycling income/ gate fee costs due to the volatility of the market • Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste 	To closely monitor all service components of Waste Management and review Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	<p>Close monitoring of Winter Maintenance and reporting of the financial implications through budget monitoring process.</p> <p>The Council agreed the winter policy, setting out the intervention level and locations to be treated. The numbers of treatments are determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and metrological service which is collaboratively procured by West of Scotland local authorities.</p>

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2020

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	50	50	0	0.0%	(157)	(157)	0	0.0%	Outwith reporting criteria
Executive Director (Kirsty Flanagan) Total		50	50	0	0.0%	(157)	(157)	0	0.0%	
BO101 - We ensure information and support is available for everyone	Customer Service Centre and HR Employee Relations	405	361	(44)	(12.2%)	1,702	1,702	0	0.0%	Loss of income due to COVID-19
BO112 - Argyll and Bute is promoted to everyone	Bord na Gaidhlig	34	0	(34)	0.0%	0	0	0	0.0%	Earmarking to be drawn down
BO113 - Our infrastructure is safe and fit for the future	ICT	600	624	24	3.9%	3,899	3,899	0	0.0%	Outwith reporting criteria
BO115 - We are efficient and cost effective	HR operations, payroll and system development	242	239	(3)	(1.3%)	947	947	0	0.0%	Outwith reporting criteria
BO116 - We engage and work with our customers, staff and partners	Communications team and HR HSCP	63	66	3	4.6%	324	324	0	0.0%	Outwith reporting criteria
BO117 - We encourage creativity and innovation to ensure our workforce is fit for the future	HR project teams and improvement and organisational development	126	190	64	33.7%	893	893	0	0.0%	Training centre has received income ahead of profile
Central/Management Costs	Central/Management Costs	86	60	(26)	(43.3%)	295	295	0	0.0%	Profiling
Head of Customer Support Services Total		1,556	1,540	(16)	(1.0%)	8,060	8,060	0	0.0%	
BO102 - We provide support, prevention and opportunities to help people make better lifestyle choices	Private Water Supplies and Welfare Reform	28	74	46	62.2%	4	4	0	0.0%	Reduced testing due to COVID-19
BO103 - We enable a choice of suitable housing options	Homelessness and Housing Support Services	1,471	937	(534)	(57.0%)	2,491	2,491	0	0.0%	Increased costs due to COVID-19 plus earmarking for SHF to be drawn down partially offset by reduction in Private Housing Grants
BO104 - Our communities are protected and supported	Environmental Health	150	136	(14)	(10.3%)	1,131	1,131	0	0.0%	Reduction in income due to COVID-19
BO105 - Our natural and built environment is protected and respected	Building Standards	13	(44)	(57)	129.6%	(157)	(157)	0	0.0%	Reduction in income due to COVID-19

BO110 - We support businesses, employment and development opportunities	Development Policy. Development Management and Economic Development	474	371	(103)	(27.8%)	1,860	1,860	0	0.0%	Reduction in income due to COVID-19
BO111 - We influence and engage with businesses and policy makers	European Team and Economic Development Intelligence	44	41	(3)	(7.3%)	254	254	0	0.0%	Outwith reporting criteria
BO112 - Argyll and Bute is promoted to everyone	T&L Regeneration, Town Centre Fund, Events and Festivals, CWSS and Timber Transport	267	97	(170)	(175.3%)	353	353	0	0.0%	Grant income due from SUSTRANS and CWSS
BO113 - Our infrastructure is safe and fit for the future	Projects, TIF and Airports	235	290	55	19.0%	1,208	1,208	0	0.0%	Loss of income at Airport due to COVID-19 plus TIF earmarking to be drawn down to cover staff costs
Central/Management Costs	Central/Management Costs	91	111	20	18.0%	510	510	0	0.0%	Profiling
Head of Development and Economic Growth Total		2,773	2,013	(760)	(37.8%)	7,654	7,654	0	0.0%	
BO104 - Our communities are protected and supported	Public Transport	1,803	1,970	167	8.5%	2,765	2,765	0	0.0%	Profiling of Public Transport expenditure
BO113 - Our infrastructure is safe and fit for the future	Road & Lighting, Roads Design, Network & Environment & Marine Services	1,119	1,598	479	30.0%	10,872	10,872	0	0.0%	Loss of income in Car Parking and Piers and Harbours as a result of COVID-19 offset by profiling variances in Winter Maintenance, Roads Maintenance. Delay in expenditure on Roads Maintenance due to COVID-19 will be caught up on later in year.
BO114 - Our communities are cleaner and greener	Amenity Services & Waste Disposal	2,460	2,803	343	12.2%	14,608	14,608	0	0.0%	Profiling related to Waste Disposal PPP
BO115 - We are efficient and cost effective	Fleet & Waste Collection	607	(80)	(687)	858.8%	251	251	0	0.0%	Loss of income in Commercial Refuse collection caused by COVID-19
Central/Management Costs	Central/Management Costs	510	548	38	6.9%	2,411	2,411	0	0.0%	Outwith reporting criteria
Head of Roads and Infrastructure Services Total		6,499	6,839	340	5.0%	30,907	30,907	0	0.0%	
GRAND TOTAL		10,878	10,442	(436)	(4.2%)	46,464	46,464	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2020

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	6,485	6,843	358	5.2%	32,335	32,335	0	0.0%	Reduction in overtime, vacancy savings caused by delays in filling posts as a result of COVID-19, reduction in training
Premises	187	342	155	45.3%	2,827	2,827	0	0.0%	Reduction in central repairs due to COVID-19
Supplies and Services	1,001	1,709	708	41.4%	8,269	8,269	0	0.0%	Reduction in the purchase of materials as a result of reduced work being carried out during the pandemic
Transport	1,622	2,582	960	37.2%	15,451	15,451	0	0.0%	Reduction in fuel and external hires as a result of the pandemic
Third Party	5,861	7,123	1,262	17.7%	36,612	36,612	0	0.0%	Payments to private contractors and internal trading accounts lower due to reduced work being carried out during the pandemic partially offset by increased payments in respect of Homelessness.
Capital Financing	0	0	0	0.0%	1,237	1,237	0	0.0%	Outwith reporting criteria
Income	(4,278)	(8,157)	(3,879)	47.6%	(50,267)	(50,267)	0	0.0%	Reduction in income across many services as a direct result of COVID-19.
Totals	10,878	10,442	(436)	(4.2%)	46,464	46,464	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 30 JUNE 2020

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.

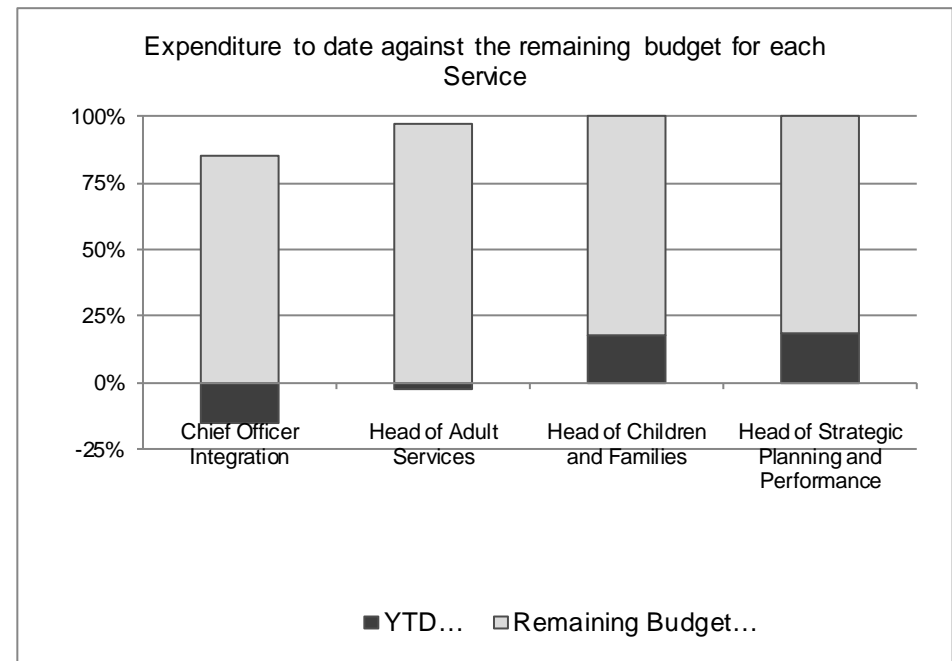
SOCIAL WORK – AS AT 30 JUNE 2020

- The department is currently forecasting an overspend of £2.042m (3.4%) 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 £0.605m (129.6%) against budget due to a range of factors, the most significant are slippage on the delivery of agreed savings and a high demand for services. These are partially offset by a higher than expected recovery of vacancy savings at June.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	1,790	528	1,262	0	1,262
Head of Adult Services	43,760	46,856	(3,096)	0	(3,096)
Head of Children and Families	14,084	14,294	(210)	0	(210)
Head of Strategic Planning and Performance	417	415	2	0	2
Totals	60,051	62,093	(2,042)	0	(2,042)

Year to Date Position



Key Financial Successes:

Reduced the deficit in 2019/20 to £1.141m compared to an outturn deficit in 2018/19 of £3.127m, an improvement of 63.5%.

Key Financial Challenges:

Fully deliver the £3.841m of agreed savings which remain outstanding as at June 2020.

Proposed Actions to address Financial Challenges:

Develop a close working relationship with the HSCP Service Improvement Team in order to effectively support the implementation of a robust performance management mechanism to track the delivery of the savings options.

<p>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.</p>	<p>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.</p>
<p>Support the HSCP through the COVID-19 pandemic. There are additional costs across the HSCP as a direct result as the partnership's response to COVID-19. These costs should be captured and reported to the Scottish Government to avoid additional pressure on the social work budget.</p>	<p>Support from finance to assist the service in capturing all additional costs associated with the response to COVID-19 to ensure these are included on Scottish Government funding returns.</p>

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2020

Business Outcome	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Integration HQ	(380)	(79)	301	(381.0%)	1,790	528	1,262	70.5%	The YTD variance is due to the over-recovery of agreed vacancy savings (£339k) as well as underspends on central repairs partially offset by slippage on the delivery of agreed efficiency savings (£69k). The forecast underspend reflects unallocated demand pressures for Older People and Young Adults, underspends against centrally held contingency funding and over-recovery of vacancy savings (£511k) partially offset by provision for bad debts (£80k) and estimated slippage on the delivery of agreed savings (£218k).
Chief Officer Total	(380)	(79)	301	(381.0%)	1,790	528	1,262	70.5%	
Service Development	76	77	1	1.3%	417	415	2	0.5%	Outwith reporting criteria.
Head of Strategic Planning and Performance Total	76	77	1	1.3%	417	415	2	0.5%	
Older People	805	292	(513)	(175.7%)	29,746	30,626	(880)	(3.0%)	The YTD overspend is mainly due to slippage on the delivery of agreed savings (£405k) and higher than budgeted demand for Homecare. This is offset by underspends in Telecare and a YTD underspend across the CHP budgets due to the reduced admission volume as a result of COVID-19. The full year forecasts for the external residential care budgets have been adjusted based on a gradual return to normal operations over the course of the year. The forecast overspend reflects higher than budgeted demand for homecare (£250k) and slippage on agreed savings (£1.3m). This is offset by higher than expected income from fees and charges in the HSCP care homes, underspends across the external residential care budgets due to the impact from COVID-19, and underspends on payments to other bodies within Telecare.

Physical Disability	(7)	(182)	(175)	96.2%	1,735	2,412	(677)	(39.0%)	The YTD overspend is mainly due to demand driven overspends on third party payments in supported living and residential placements, slippage on agreed savings (£7k) and lower than expected income from fees and charges. The forecast overspend reflects higher than budgeted demand for supported living (£673k) and slippage on agreed savings (£24k) in supported living.
Learning Disabilities	(1,592)	(2,149)	(557)	25.9%	10,118	11,537	(1,419)	(14.0%)	The YTD overspend is due to service demand in supported living and residential care as well as slippage on agreed savings (£261k). The forecast overspend reflects higher than budgeted demand for services in supported living and residential placements as well as slippage on agreed savings (£854k). The forecast overspend has decreased compared to the month 2 forecast due to the end of a significant client residential package.
Mental Health	(386)	(315)	71	(22.5%)	1,998	2,040	(42)	(2.1%)	The YTD position is currently underspent however the forecast year end outturn for mental health services is a £42k overspend. The YTD position is mainly due to outstanding accruals not yet invoiced for and is also impacted by fluctuations in the timing of payments to providers. Forecast variance outwith reporting criteria.
Central/Management Costs	23	(49)	(72)	146.9%	163	241	(78)	(47.9%)	The YTD overspend is due to the YTD slippage on agreed savings (£89k). Offset partially by various minor underspends. The forecast overspend is mainly due to estimated slippage on the delivery of agreed savings (£86k) offset slightly by various minor underspends on areas such as transport related expenditure and supplies and services.
Head of Adult Services Total	(1,157)	(2,403)	(1,246)	51.9%	43,760	46,856	(3,096)	(7.1%)	
Looked After Children	1,526	1,574	48	3.1%	7,184	7,607	(423)	(5.9%)	YTD outwith reporting criteria. The forecast overspend arises due to demand for external residential placements and slippage on agreed savings (£242k) partially offset by underspends in fostering arising due to lower than budgeted service demand.

Child Protection	402	633	231	36.5%	3,437	3,337	100	2.9%	The YTD underspend reflects lower than expected demand for contact and welfare services as well as underspends on staffing costs in area teams. The YTD position also includes outstanding accruals from 2019-20 which have not yet been invoiced which is further skewing the YTD position. The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services as well as staffing underspends in the area teams.
Children with a Disability	136	177	41	23.2%	823	788	35	4.3%	The YTD underspend is as a result of outstanding accruals from 2019-20 as well as the impact on services of COVID-19 and consequent fluctuations in the timing of payments to providers. Forecast variance outwith reporting criteria.
Criminal Justice	17	68	51	75.0%	154	59	95	61.7%	The YTD underspend reflects underspends on staffing, as well as minor underspends on payments to other bodies, printing & stationery and staff travel costs. The forecast underspend arises due to staff vacancies and related reduced staff travel expenses as well as underspends on computer software, rent and utilities.
Central/Management Costs	452	420	(32)	(7.6%)	2,486	2,503	(17)	(0.7%)	Outwith reporting criteria.
Head of Children and Families and Community Justice Total	2,533	2,872	339	11.8%	14,084	14,294	(210)	(1.5%)	
	1,072	467	(605)	(129.6%)	60,051	62,093	(2,042)	(3.4%)	

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2020

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	5,677	6,115	438	7.2%	29,324	28,785	539	1.8%	The YTD underspend arises due to a number of over and underspends across the service. The most significant underspend relates to YTD over-recovery of vacancy savings (£339k), combined with underspends in mental health services, children & families area teams and Criminal Justice. The most significant overspends relate to Older People care homes. The forecast underspend arises mainly due to the expected over-recovery of vacancy savings (£511k) combined with forecast underspends in the above noted areas partially offset by overspends in Older People.
Premises	90	122	32	26.2%	1,049	1,106	(57)	(5.4%)	The YTD underspend arises mainly due to timing and profiling of payments for rental costs and central repairs. The forecast overspend is mainly due to forecast overspends on central repairs, rental costs and electricity charges.
Supplies & Services	498	(396)	(894)	225.8%	(2,152)	726	(2,878)	133.7%	Both the YTD and forecast variances reflect the YTD and overall estimated slippage on the delivery of agreed savings as at June 2020.
Transport	122	144	22	15.3%	696	638	58	8.3%	The YTD underspend arises due to various travel underspends across the service which is to be expected due to the current restrictions on travel due to COVID-19. The forecast year end outturn reflects the continued reduction in travel across the service due to ongoing travel restrictions and an expectation that different ways of working will be adopted as part of the COVID-19 recovery over the longer term.
Third Party	8,577	8,284	(293)	(3.5%)	51,052	51,120	(68)	(0.1%)	The YTD and year end overspend reflects higher than budgeted demand for services. The YTD position is more overspent than the forecast outturn due to centrally held contingency funding underspends not being reflected in the YTD position as well as fluctuations in the timing of payments to providers.
Income	(13,892)	(13,802)	90	(0.7%)	(19,918)	(20,282)	364	(1.8%)	Both the YTD and forecast variances reflect an over recovery of income, mainly due to increased income from fees, charges and recharges.
Totals	1,072	467	(605)	(129.6%)	60,051	62,093	(2,042)	(3.4%)	

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

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

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2020

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Integration HQ	1,790	528	1,262	70.5%	The forecast underspend reflects unallocated demand pressures for Older People and Young Adults, underspends against centrally held contingency funding and over-recovery of vacancy savings (£511k) partially offset by provision for bad debts (£80k) and estimated slippage on the delivery of agreed savings (£218k).
Older People	29,746	30,626	(880)	(3.0%)	The forecast overspend reflects higher than budgeted demand for homecare (£250k) and slippage on agreed savings (£1.3m). This is offset by higher than expected income from fees and charges in the HSCP care homes, underspends across the external residential care budgets due to the impact from COVID-19, and underspends on payments to other bodies within Telecare.
Physical Disability	1,735	2,412	(677)	(39.0%)	The forecast overspend reflects higher than budgeted demand for supported living (£673k) and slippage on agreed savings (£24k) in supported living.
Learning Disabilities	10,118	11,537	(1,419)	(14.0%)	The forecast overspend reflects higher than budgeted demand for services in supported living and residential placements as well as slippage on agreed savings (£854k). The forecast overspend has decreased compared to the month 2 forecast due to the end of a significant client residential package.
Central/Management Costs	163	241	(78)	(47.9%)	The forecast overspend is mainly due to estimated slippage on the delivery of agreed savings (£86k) offset slightly by various minor underspends on areas such as transport related expenditure and supplies and services.
Looked After Children	7,184	7,607	(423)	(5.9%)	The forecast overspend arises due to demand for external residential placements and slippage on agreed savings (£242k) partially offset by underspends in fostering arising due to lower than budgeted service demand.
Child Protection	3,437	3,337	100	2.9%	The forecast underspend arises mainly due to lower than anticipated service demand for contact and welfare services as well as staffing underspends in the area teams.

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

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – 30 JUNE 2020

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 2020
 - agreed in February 2019 that were either not delivered in 2019-20 or have further increases in value in 2020-21 onwards
 - agreed in February 2018 with further increases in value in 2020-21 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 66 savings options, 47 have already been delivered, 7 are on track to be delivered as per their timescale, 4 are being developed, 3 have a potential shortfall and 5 are delayed.

MONITORING OF SERVICE PACKAGE POLICY OPTIONS – 30 JUNE 2020**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 2020
 - agreed in February 2019 that were either not delivered in 2019-20 or have further increases in value in 2020-21 onwards
 - agreed in February 2018 that have either not been delivered yet or have further increases in value in 2020-21 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 2020-21 to 2022-23 and these were agreed by Council in February 2020. Council agreed to policy savings of £1.406m in 2020-21 rising to £1.593m by 2022-23.
- 3.2 The policy savings options not achieved in 2019-20 or those that have further increase in value in 2020-21 onwards total £1.598m in 2019-20 rising to £2.145m by 2021-22.
- 3.3 The policy saving options not achieved in 2018-19 or those that have further increase in value in 2020-21 onwards total £1.116m in 2018-19 rising to £3.206m by 2020-21.
- 3.4 The savings relevant for 2020-21 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.
- 3.5 Savings have been categorised as follows:

Category	Explanation
Delivered	Savings already delivered in full.
On track to be Delivered	Saving is in line with profile however the full saving cannot be guaranteed until later in the year.

Still to be implemented	Planned date of implementation is in the future. Should the implementation date move backwards then this would be classified as delayed.
Being Developed	Further redesign required before option can be implemented.
Potential Shortfall	There is a risk that the original saving will not be achieved in full. Departments are asked to provide further information for any savings within this category.
Delayed	The full saving will not be achieved in line with the original estimated timescale. Departments are asked to provide further information for any savings within this category.

3.6 The table below outlines the progress as at 30 June 2020 for the new policy savings options agreed in February 2020. Further detail is included within Appendix 1.

Category	No of Options	2020-21 £000	2021-22 £000	2022-23 £000
Delivered	17	917.0	962.2	962.2
On Track to be Delivered	3	160.1	236.4	236.4
Still to be Implemented	0	0.0	0.0	0.0
Being Developed	2	196.0	261.6	261.6
Potential Shortfall	1	79.0	79.0	79.0
Delayed	2	54.0	54.0	54.0
Total	25	1,406.1	1,593.2	1,593.2

3.7 For savings options agreed in February 2018 and February 2019, we are reporting on an exception basis. Those that are already delivered or on track to be delivered are not included in the analysis below. Full details of all the savings agreed can be found in Appendices 2 and 3.

Category	No of Options	2020-21 £000	2021-22 £000	2022-23 £000
Being Developed	2	111.0	111.0	111.0
Potential Shortfall	2	280.0	280.0	280.0
Delayed	3	482.5	482.5	482.5
Total	7	873.5	873.5	873.5

3.8 There are three savings categorised as having a potential shortfall and five currently delayed as summarised below. Further information is contained within Appendices 4a to 4g.

- Potential Shortfall – CS03 – Property Maintenance – delays due to complications with the redundancy and selection process will result in the full 2020-21 savings having a shortfall of £0.012m. The complications have been resolved so the full year savings can be made from 2021-22.
- Potential Shortfall – CSS08/09 Procurement Savings – this saving is dependent upon the number and type of contracts being tendered for which revenue savings can be achieved. The tendered contracts are funded by either revenue or capital. A number of the revenue based contracts are utilising ring fenced funding which means savings cannot be released for other purposes. The COVID-19 pandemic will also have an impact on the delivery of savings, however Procurement will continue to report on the savings/benefits achieved for each contract.
- Potential Shortfall – TB12b Review charges for stadiums to enable improvement work - shortfall in achieving 2020-21 target due to the closure of facilities due to COVID-19 with no clear indication when they can reopen.
- Delayed – DEG05(a) – Building Standards – possible shortfall due to the impact of COVID-19 on the building industry and the number of warrants.
- Delayed (2 savings from same activity) – RAIS09 and TB09 Public Conveniences – The approach now agreed by the EDI Committee December 2018 is being progressed. Alternatives to turnstiles are being progressed including gated options. With this unexpected change, unforeseen delays have been experienced and this has been further exacerbated by the impact of COVID-19 delaying installation of the door entry systems.
- Delayed – TB07 Depots - Create one main depot in key areas to reduce costs – It has become apparent that the operating costs of the single redeveloped site in each town will increase reducing the anticipated saving. COVID-19 has also had a detrimental effect on this savings option as construction works were halted at the site in Oban but have now resumed and a cost pressure has been identified.
- Delayed – TB14 Waste Services; increase commercial income and reduce costs of collection/disposal – as a direct result of COVID-19, commercial trading reduced significantly which has resulted in a corresponding reduction in commercial refuse collection income. It is currently unclear how quickly and to what extent the economy will recover which has a direct link to the refuse collection income.

4. CONCLUSION

- 4.1 This report outlines the progress of the Service Package Policy Options as at 30 June 2020.
- 4.2 66 savings options, 47 have already been delivered, 7 are on track to be delivered as per their timescale, 4 are being developed, 3 have a potential shortfall and 5 are delayed.

5. IMPLICATIONS

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

Kirsty Flanagan
Section 95 Officer
10 July 2020

Policy Lead for Financial Services and Major Projects – Councillor Gary Mulvaney

APPENDICES:

- Appendix 1 – Monitoring of Service Package Policy Options Agreed February 2020
- Appendix 2 – Monitoring of Service Package Policy Options Agreed February 2019
- Appendix 3 – Monitoring of Service Package Policy Options Agreed February 2018
- Appendix 4a – Potential Shortfall – CS03 – Property Officer Team
- Appendix 4b – Potential Shortfall – CSS08/09 – Procurement Savings
- Appendix 4c – Potential Shortfall – TB12b - Stadiums
- Appendix 4d – Delayed – DEG05(a) – Building Standards
- Appendix 4e – Delayed – TB09 / RAIS09 – Public Conveniences
- Appendix 4f – Delayed– TB07 - Depots
- Appendix 4g – Delayed – TB14 - Waste Services

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2020
DETAIL

Appendix 1

POSITION AS AT 30 JUNE 2020

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21	2020-21	2021-22	2021-22	Future Years	Future Years	Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
CE01(a)	Chief Executives Unit	Chief Executive	Community Development / Community Planning Partnership	Reduction in vacant administrative officer post by 0.4 FTE. Removal of funding to TSI to support Community Development. 10% reduction in funding to Fèisean nan Gàidheal	26.9	0.40	26.9	0.40	26.9	0.40	Delivered
FS01	Chief Executives Unit	Head of Financial Services	Revenues & Benefits Internal Audit Accounting & Budgeting	Removal of vacant 1FTE LGE5 Local Tax Assistant Post. Removal of vacant 0.5FTE LGE9 Internal Audit Post. Reduction in posts due to changing processes, efficiencies and reduction in support	183.0	5.10	189.0	5.10	189.0	5.10	Delivered
CS01	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates & Property Development	Remodel Estates Staff Structure (removal of LGE11 post)	57.0	1.00	57.0	1.00	57.0	1.00	Delivered
CS02	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates, Programme Management and Property Services	Remodel business support in Estates, Programme Management and Property Services	54.0	2.00	54.0	2.00	54.0	2.00	Delivered
CS03	Executive Director (Douglas Hendry)	Head of Commercial Services	Property Maintenance	Remodel Property officer team	79.0	2.00	79.0	2.00	79.0	2.00	Potential Shortfall
ED01	Executive Director (Douglas Hendry)	Head of Education	PE Facilities	Removal of centrally held PE budget which is devolved to schools annually	73.0	0.00	73.0	0.00	73.0	0.00	Delivered
ED02	Executive Director (Douglas Hendry)	Head of Education	Enterprise	Removal of budget devolved to schools to enhance teacher posts to PT grade to deliver enterprise. Removal of budget for PPE and equipment required in relation to service delivery by Argyll College	15.6	0.00	25.0	0.00	25.0	0.00	On Track to be Delivered
ED06	Executive Director (Douglas Hendry)	Head of Education	Quality Assurance and Moderation	Remove budget established to support schools in relation to moderation	27.1	1.00	43.5	1.00	43.5	1.00	Delivered
ED07	Executive Director (Douglas Hendry)	Head of Education	Admin and Finance assistants	Aligning all Area Finance Assistants to term time	11.7	3.00	15.6	3.00	15.6	3.00	Being Developed
ED11	Executive Director (Douglas Hendry)	Head of Education	16+ Learning Choices	Removal of vacant 0.1 LGE14 post which was 0.9 grant funded previously (grant now ended)	6.1	0.10	6.1	0.10	6.1	0.10	Delivered
ED15	Executive Director (Douglas Hendry)	Head of Education	Additional Support Needs (activities)	Removal of Additional Support Needs (activities)	5.4	0.00	5.4	0.00	5.4	0.00	Delivered
ED16	Executive Director (Douglas Hendry)	Head of Education	Clerical Assistants (Learning Centres) Primary	Removal of separate clerical assistant budget within Oban Learning Centre (Primary and Secondary) to align with other learning centres.	10.4	0.89	16.7	0.89	16.7	0.89	Delivered
ED18	Executive Director (Douglas Hendry)	Head of Education	Reduction of Education Management Team	Reduction of 2 FTE from the Central Education Management Team	113.0	2.00	151.0	2.00	151.0	2.00	On Track to be Delivered

**MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2020
DETAIL**

Appendix 1

POSITION AS AT 30 JUNE 2020

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21	2020-21	2021-22	2021-22	Future Years	Future Years	Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
ED19	Executive Director (Douglas Hendry)	Head of Education	Community Learning and Development	Further review of Community Learning and Development	184.3	7.00	246.0	7.00	246.0	7.00	Being Developed
ED21	Executive Director (Douglas Hendry)	Head of Education	Early Years Provision	Third Sector Grant removal Review of Early Years staffing	31.5	0.40	60.4	0.40	60.4	0.40	On Track to be Delivered
L&R01	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Support	Procurement	Realign Team	75.0	1.00	75.0	1.00	75.0	1.00	Delivered
CSS01	Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Communications	Remove vacant Communications Apprentice post budget which has also provided corporate PR materials (banners etc)	16.2	0.60	16.2	0.60	16.2	0.60	Delivered
CSS02	Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Customer Service Centre and Registration Services	Restructure Customer Service Centre Staffing to reflect increased digital customer engagement	35.5	2.00	49.0	2.00	49.0	2.00	Delivered
CSS03	Executive Director (Kirsty Flanagan)	Head of Customer Support Services	ICT	Remove 1 ICT Desktop Engineer post, providing cover from other areas	35.0	1.00	38.0	1.00	38.0	1.00	Delivered
DEG01(a)	Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	Economic Growth	Removal of LGE11 post in the European and External Policy Team	51.6	0.00	51.6	1.00	51.6	1.00	Delivered
DEG04	Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	Transformation Projects and Regeneration	Removal of an LGE11 development officer from the Transformation Projects and Regeneration Teams	51.6	1.00	51.6	1.00	51.6	1.00	Delivered
DEG05(a)	Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	Building Standards	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work. Regular service users have been informed of this change.	50.0	0.00	50.0	0.00	50.0	0.00	Delayed
DEG07	Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	Development and Economic Growth	Removal of Building Standards Manager following 3rd tier management review in Development and Economic Growth	69.2	1.00	69.2	1.00	69.2	1.00	Delivered
RAIS03	Executive Director (Kirsty Flanagan)	Head of Roads and Infrastructure Services	Burials and Cremations	Increase burial charges by 20% and cremation fees by 15%	140.0	0.00	140.0	0.00	140.0	0.00	Delivered
RAIS09	Executive Director (Kirsty Flanagan)	Head of Roads and Infrastructure Services	Public Conveniences	Closure of up to 25 public conveniences subject to ongoing monitoring of use and demand, as per the Environmental, Development and Infrastructure Committee decision in December 2018.	4.0	0.00	4.0	0.00	4.0	0.00	Delayed
TOTAL					1,406.1	31.49	1,593.2	32.49	1,593.2	32.49	

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

Appendix 2

POSITION AS AT 30 JUNE 2020

Ref	Dept	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years		Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
PHRS04/07/10	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Biodiversity & Local Development Plan Team & GIS	Reduction of 1 post			63.0	1.0	63.0	1.0	On Track to be Delivered
PHRS12/13	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Homelessness & Housing Strategy	Transfer £100k for staff costs to SHF	100.0	0.0	100.0	0.0	100.0	0.0	Delivered
PHRS14	Executive Director (Kirsty Flanagan)	Roads and Infrastructure	Marine and Coastal Development	Staffing redesign	46.0	1.0	46.0	1.0	46.0	1.0	Delivered
PHRS16	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Trading Standards	Reduction of 0.5 post	11.3	0.5	15.0	0.5	15.0	0.5	Delivered
EDST02	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Business Gateway	23K reduction in grant funding 19/20 Reduction of 1.8 posts in 21/22	23.0	0.0	23.0	0.0	98.0	1.8	Delivered
EDST03	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Growth (EDST MAN)	Reduction of 1 post	49.0	1.0	49.0	1.0	49.0	1.0	Delivered
EDST05	Executive Director (Kirsty Flanagan)	Roads and Infrastructure	Road Safety Unit	Removal of Service	74.0	1.7	99.0	1.7	99.0	1.7	Delivered
RAS09	Executive Director (Kirsty Flanagan)	Roads and Infrastructure	Roads Management	5% Reduction in staffing costs	39.0	1.0	39.0	1.0	39.0	1.0	Delivered
RAS12	Executive Director (Kirsty Flanagan)	Roads and Infrastructure	Street Lighting	11% reduction to controllable budget	50.0	0.0	50.0	0.0	50.0	0.0	Delivered
RAS15	Executive Director (Kirsty Flanagan)	Roads and Infrastructure	Environmental Warden Service	Reduction of 5 FTE. The service would focus on the income generation elements, including commercial waste agreements. This would be at the expense of the enforcement of dog fouling, littering, fly tipping etc.	105.0	5.0	140.0	5.0	140.0	5.0	Delivered
	Cross Cutting	Cross Cutting	Management/Structure Review	Cross cutting bottom up review of current service delivery arrangements to deliver efficiency and management cost reduction.	375.0	6.0	500.0	6.0	500.0	6.0	On Track to be Delivered
CSS03/05	Chief Executive's Unit	Financial Services	Admin of CT/HB, collection of CT and domestic Water and Sewerage charges and CT/NDR debt recovery Scottish Welfare Fund (SWF), the Welfare Reform Working Group (WRWG) and the Anti-Poverty Strategy,	Centralise Housing Benefit processing and re-structure teams	125.0	3.6	200.0	5.6	200.0	5.6	Delivered
CSS04	Chief Executive's Unit	Financial Services	NDR, Sundry Debt, BIDs and MACC billing and collection, and Cash Collection	Increase in income and re-structure team	11.0	1.0	21.0	1.0	21.0	1.0	Delivered

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

POSITION AS AT 30 JUNE 2020

Ref	Dept	Service	Service Package	Description of Option	2019-20	2019-20	2020-21	2020-21	Future Years	Future Years	Status of Implementation
CSS08/09	All Services	All Services	Procurement Savings	Increased focus by Procurement and Commissioning Team on contract and demand management by services. This will require a redesign of the PCT team but will not alter the overall number of FTE. Cashable savings coming from this new approach will be identified and removed from service budgets.	250.0	0.0	250.0	0.0	250.0	0.0	Potential Shortfall
CSS10	Chief Executive's Unit	Financial Services	Creditor Payments / Payment of Members and staff Expenses	Phased removal of posts due to increased use in electronic systems	16.0	1.0	35.0	1.8	35.0	1.8	Delivered
ED02	Executive Director (Douglas Hendry)	Education	Central/ Management Costs	Removal of vacant posts	49.0	1.5	49.0	1.5	49.0	1.5	Delivered
ED05	Executive Director (Douglas Hendry)	Education	Youth and Adult Learning	Review of Youth and Adult Learning Provision	248.0	10.1	330.0	17.1	330.0	17.1	Delivered
ED06	Executive Director (Douglas Hendry)	Education	Music Instruction	Review of Instrumental Music Provision	27.0	1.0	61.0	TBC	61.0	TBC	Being Developed
TOTAL					1,598.3	34.4	2,070.0	44.2	2,145.0	46.0	

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018

DETAIL

POSITION AS AT 30 JUNE 2020

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB01-1	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Review central support to D&I Services	112.5	4.0	150.0	4.0	150.0	4.0	Delivered
TB03-1	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Raise environmental/animal health fees to match other councils	140.0	0.0	140.0	0.0	140.0	0.0	Delivered
TB04-2	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Trading Standards re-design	27.5	0.6	80.1	1.6	80.1	1.6	Delivered
TB04-4	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Advice Services remodelling	0.0	0.0	57.1	1.0	105.1	2.0	Delivered
TB06-1	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Introduce charges for non-statutory pre-application services for all scales of development.	55.0	0.0	60.0	0.0	65.0	0.0	Delivered
TB06-4	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Reduce planning team leadership posts	0.0	0.0	52.0	1.0	52.0	1.0	Delivered
TB06-5	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Planning technician team reduction	35.0	1.0	88.0	2.0	88.0	2.0	Delivered
TB06-9	Executive Director (Kirsty Flanagan)	Development and Economic Growth	3% increase in charges for street names/numbering	13.0	0.0	21.6	0.0	31.6	0.0	Delivered
TB07	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	16.5	0.0	115.5	0.0	172.5	0.0	Delayed
TB08	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.	180.0	(1.0)	180.0	(1.0)	180.0	(1.0)	Delivered

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018

DETAIL

POSITION AS AT 30 JUNE 2020

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB09	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	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	Delayed
TB10	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Ferry service management and cost recovery	55.0	(1.0)	85.0	(1.0)	110.0	(1.0)	Delivered
TB11	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Commercial approach to piers and harbours charging	284.0	0.0	404.0	0.0	524.0	0.0	Delivered
TB12a	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Provision of enhanced funeral and burial services	(10.0)	(1.0)	35.0	(1.0)	50.0	(1.0)	Being Developed
TB12b	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	10.0	0.0	20.0	0.0	30.0	0.0	Potential Shortfall
TB13b	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	10.0	0.0	50.0	0.0	150.0	0.0	On Track to be Delivered
TB13c & T	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Combine Roads and Amenity teams into one team and review the services provided.	82.0	2.0	82.0	2.0	164.0	4.0	Delivered

MONITORING OF SERVICE PACKAGE POLICY OPTIONS AGREED FEBRUARY 2018

DETAIL

POSITION AS AT 30 JUNE 2020

Ref	Dept	Service	Saving	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	Status of Implementation
				£000	FTE	£000	FTE	£000	FTE	
TB14	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Waste services - increase commercial income; reduce costs of collection and disposal	(130.0)	0.0	13.0	0.0	286.0	1.0	Delayed
TB15	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Review existing air service contracts and pursue more commercial opportunities	80.0	(1.0)	160.0	(1.0)	298.0	(1.0)	Delivered
TB16-10	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Redesign Economic Development Service to focus on higher impact activities	0.0	0.0	57.0	1.0	218.0	4.0	Delivered
TB17	Executive Director (Douglas Hendry)	Commercial Services	Identify opportunities for office rationalisation and raising income	27.5	0.0	71.5	0.0	121.5	0.0	On Track to be Delivered
TB19	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Transport redesign and cost reduction	71.0	1.0	81.0	1.0	91.0	1.0	Delivered
TB23	Executive Director (Douglas Hendry)	Education	Adjust janitorial staffing deployment following roll reductions in 8 schools	47.0	2.0	75.0	2.0	75.0	2.0	Delivered
TOTAL				1,116.0	6.6	2,101.8	11.6	3,205.8	18.6	

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Executive Director (Douglas Hendry)																			
Service:	Commercial Services																			
Service Package:	Property Services																			
Savings Reference:	CS03																			
Description of Option:	Remodel Property Officer Team																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2020-21 £000</th> <th>2021-22 £000</th> <th>2023-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>79</td> <td>79</td> <td>79</td> </tr> <tr> <td>Saving Achievable</td> <td>67</td> <td>79</td> <td>79</td> </tr> <tr> <td>Shortfall</td> <td>12</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Saving	2020-21 £000	2021-22 £000	2023-21 £000	Saving approved	79	79	79	Saving Achievable	67	79	79	Shortfall	12	0	0			
	Saving	2020-21 £000	2021-22 £000	2023-21 £000																
	Saving approved	79	79	79																
	Saving Achievable	67	79	79																
Shortfall	12	0	0																	
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 2020-21 savings having a shortfall of around £12k.																			
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 2020-21 and full year savings will be made thereafter.																			

SERVICE PACKAGE SAVING MARKED AS POTENTIAL SHORTFALL

Department:	Cross Council														
Service:	All														
Service Package:	Procurement														
Savings Reference:	CSS08/09														
Description of Option:	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.														
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>250</td> <td>250</td> </tr> <tr> <td>Saving Achievable</td> <td>50</td> <td>0</td> </tr> <tr> <td>Shortfall</td> <td>200</td> <td>250</td> </tr> </tbody> </table>			Saving	2019-20 £000	2020-21 £000	Saving approved	250	250	Saving Achievable	50	0	Shortfall	200	250
Saving	2019-20 £000	2020-21 £000													
Saving approved	250	250													
Saving Achievable	50	0													
Shortfall	200	250													
Reason Why there is a Potential Shortfall in the Saving:	This saving is dependent on the number and type of contracts being tendered for which have the potential to achieve revenue savings through the procurement process. The target was agreed in 2019-20 by the Council however it has proved harder to achieve than was first anticipated and this is likely to be exacerbated by the impact of COVID-19 with tenders not expected to come in below budget.														
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	SMT are giving further consideration as to how this saving can be delivered.														

SERVICE PACKAGE SAVING MARKED AS HAVING A POTENTIAL SHORTFALL

Department:	Executive Director (Kirsty Flanagan)																															
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>10</td> <td>10</td> <td>10</td> </tr> <tr> <td>Shortfall/(Over recovery)</td> <td>0</td> <td>10</td> <td>20</td> </tr> <tr> <td>Split:-</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Due to under usage</td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>Due to Covid</td> <td></td> <td></td> <td>10</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	20	30	Saving Achievable	10	10	10	Shortfall/(Over recovery)	0	10	20	Split:-				Due to under usage			10	Due to Covid			10			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																												
	Saving approved	10	20	30																												
	Saving Achievable	10	10	10																												
	Shortfall/(Over recovery)	0	10	20																												
Split:-																																
Due to under usage			10																													
Due to Covid			10																													
Reason Why there is a Potential Shortfall in the Saving:	<p>Possible shortfall in achieving 2020-21 target due reduction in bookings and closure of facilities due to COVID-19.</p> <p>Reduction in usage is due to more clubs booking all weather pitches at high schools. There is a need for investment to refurbish the assets which should lead to attracting more users.</p> <p>A cost pressure has been identified due to COVID-19. At this point in time it is unclear when these facilities will be able to reopen.</p>																															
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	<p>All costs for events are being pursued to ensure targets are met. Discussions are ongoing with partners in the Oban and Lorn area with regards to Mossfield stadium, to create a sports HUB attract external funding to improve facilities and therefore attract additional events to the arena.</p>																															

SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Executive Director (Kirsty Flanagan)																		
Service:	Development and Economic Growth																		
Service Package:	Building Standards																		
Savings Reference:	DEG05(a)																		
Description of Option:	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work.																		
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2020-21 £000</th> <th>2021-22 £000</th> <th>2022-231 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>50</td> <td>50</td> <td>50</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td>50</td> <td>50</td> </tr> <tr> <td>Shortfall/(Over recovery)</td> <td>50</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Saving	2020-21 £000	2021-22 £000	2022-231 £000	Saving approved	50	50	50	Saving Achievable	0	50	50	Shortfall/(Over recovery)	50	0	0		
	Saving	2020-21 £000	2021-22 £000	2022-231 £000															
	Saving approved	50	50	50															
	Saving Achievable	0	50	50															
Shortfall/(Over recovery)	50	0	0																
Reason Why there is a Potential Shortfall in the Saving:	Possible shortfall in achieving 2020-21 target due to the impact of Corona Virus on the building industry and the number of warrants. Reservations that the type of applications we receive may not realise sufficient additional income using the BCIS guide. This will be kept under review through the budget monitoring process.																		
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	<p>COVID has impacted on warrant and income levels, and indeed the commercial work we were receiving from other local authorities. Economic recovery will take some time and is not fully within our full control. To combat the implications of this the following steps are proposed:</p> <ul style="list-style-type: none"> • There is little if any ability to get these savings back on track in 20-21 but we will continually monitor the situation through budget monitoring. • We will ensure that the BCIS fees are consistently applied • We have written to other local authorities offering our commercial services and seeking clarification on likely demand. This will be ongoing. • If income levels are not being achieved in 21/22, the only option will be to reduce our staffing compliment through not filling vacancies, although this will require careful consideration, or to increase our commercial work. • There is a drive for increased visits for warrants by Building Standards Division, Scottish Government which will create additional work. We are piloting virtual inspections using digital connectivity to find efficiencies to undertake this work, where a virtual inspection is appropriate. 																		

SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Executive Director (Kirsty Flanagan)																		
Service:	Roads and Amenity Services																		
Service Package:	Public Conveniences																		
Savings Reference:	TB09 & RAIS09																		
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>28</td> </tr> <tr> <td>Saving Achievable</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Shortfall</td> <td>10</td> <td>24</td> <td>28</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	10	24	28	Saving Achievable	0	0	0	Shortfall	10	24	28		
	Saving	2018-19 £000	2019-20 £000	2020-21 £000															
	Saving approved	10	24	28															
	Saving Achievable	0	0	0															
Shortfall	10	24	28																
Reason Why there is a Potential Shortfall in the Saving:	<p>The approach now agreed by the EDI Committee December 2018 is being progressed. Alternatives are being progressed including 'non-turnstile' gated options. With this unexpected change, unforeseen delays have been experienced.</p> <p>Due to COVID-19 all the public conveniences have been closed and are only now starting to gradually re-open. However a cost pressure has been identified for the additional cleaning regime which is being put in place to allow this re-opening. The pandemic has also delayed work on installation of the door entry systems which are not expected to be operational until spring 2021, and as such little income generation anticipated until then.</p>																		
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	<p>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.</p>																		

SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Executive Director (Kirsty Flanagan)																			
Service:	Roads and Amenity Services																			
Service Package:	Depots																			
Savings Reference:	TB07																			
Description of Option:	Business cost reduction, income generation and maximisation, service redesign and self-funding																			
Saving:	<table border="1"> <thead> <tr> <th>Saving</th> <th>2018-19 £000</th> <th>2019-20 £000</th> <th>2020-21 £000</th> </tr> </thead> <tbody> <tr> <td>Saving approved</td> <td>25</td> <td>115.5</td> <td>172.5</td> </tr> <tr> <td>Saving Achievable</td> <td>25</td> <td>65</td> <td>65</td> </tr> <tr> <td>Shortfall</td> <td>0</td> <td>50.5</td> <td>107.5</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	25	115.5	172.5	Saving Achievable	25	65	65	Shortfall	0	50.5	107.5			
Saving	2018-19 £000	2019-20 £000	2020-21 £000																	
Saving approved	25	115.5	172.5																	
Saving Achievable	25	65	65																	
Shortfall	0	50.5	107.5																	
Reason Why there is a Potential Shortfall in the Saving:	<p>When this service package was originally developed it was predicated on the total removal of the smaller depot budget in each area, and the remaining depot budget remaining the same. However, as the programme has developed it has become clear that the operating costs of the redeveloped site in each town will increase – greater electricity consumption, newer, larger facilities bringing with them greater NDR payments etc. That means that part of the ‘saving’ for the vacated depots will need to be reallocated against the single depots.</p> <p>The savings package TB07 also set out that the depot rationalisation programme would run beyond the three year savings horizon, and this remains the case.</p> <p>For the reasons stated above, the initial spend and save profile identified in 2018 has experienced variance.</p> <p>It should be noted that COVID-19 has had a detrimental effect on this savings option as construction works were halted at the site in Oban but have now resumed and a cost pressure has been identified.</p>																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	<p>At present the Oban depot consolidation is progressing well, with the redeveloped Jackson’s Quarry site set to open for all services by the end of this calendar year.</p> <p>Attention then turns to Lochgilphead which should be completed by the end of financial year 20/21 and start to realise savings.</p>																			

SERVICE PACKAGE SAVING MARKED AS DELAYED

Department:	Executive Director (Kirsty Flanagan)																			
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>Shortfall</td> <td>-130</td> <td>tbc</td> <td>tbc</td> </tr> </tbody> </table>	Saving	2018-19 £000	2019-20 £000	2020-21 £000	Saving approved	-130	13	286	Saving Achievable	0			Shortfall	-130	tbc	tbc			
	Saving	2018-19 £000	2019-20 £000	2020-21 £000																
	Saving approved	-130	13	286																
	Saving Achievable	0																		
Shortfall	-130	tbc	tbc																	
Reason Why there is a Potential Shortfall in the Saving:	<p>As a direct result of COVID-19 commercial trading reduced significantly which has resulted in a corresponding reduction in commercial refuse collection income.</p> <p>It is currently unclear how quickly and to what extent the economy will recover which has a direct link to our refuse collection income.</p>																			
What steps are being taken to get saving back on track and what alternative savings are offered to reduce the shortfall:	We are continuing to engage with the business community and where possible commercial contracts are being re-established.																			

FINANCIAL RISKS ANALYSIS 2020-21

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.

There are also COVID-19 specific financial risks that have not been captured within this report and instead will be picked up within a separate report which outlines the financial risks for the Council due to additional costs as a result of the immediate response to the COVID-19 pandemic.

1.3 There are 5 Council wide revenue risks identified for 2020-21 currently amounting to £3.897m. 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 three 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 37 departmental risks totalling £3.216m. One of the 37 departmental risks is categorised as likely with no risks categorised as almost certain.

1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2020-21

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 2020-21.

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 is responsible for financial and strategic oversight of these services. It is 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 £0.529m.

- 3.2.2 At the budget meeting on 27 February 2020, the Council agreed 25 new policy savings options that would deliver savings over the period 2020-21 to 2022-23. The savings to be delivered in 2020-21 amount to £1.406m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.141m.
- 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 and 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 2019-20 the Social Work overspend was £1.141m. As at 30 June 2020, the Social Work outturn in 2020-21 is estimated to be a £2.042m overspend. There is a risk that should the HSCP will not be able to recover from this overspend and they would refer to the Council for additional funding.
- 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 2019-20 was an underspend of £0.248m, 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 £0.435m.
- 3.2.5 The Council wide risks are noted within the table below.

Description	Likelihood	Assessed Financial Impact £000
1% variation in Council Tax Income	2	529
10% shortfall on Savings Options	2	141
IJB refer to Council for additional funding to deliver social work services	3	2,042
Energy costs increase by 10% greater than anticipated	2	435
1% variation of General Inflation Risk	2	750
Total		3,897

Capital

- 3.2.6 The finance settlement announcement on 6 February 2020 provided details of the Local Government funding for 2020-21 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 2020-21 includes an estimate of £1.202m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2020. A 10% variation equates to £0.120m and this would require to be managed across the capital programme. There are some known liabilities/risks to the capital programme, however, it was agreed at the budget meeting in February 2020 to use the one-off loans fund reprofiling gain to mitigate these risks.

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	1	125	3	215	0	0	0	0	4	340
Executive Director Douglas Hendry	2	20	4	230	9	789	1	100	0	0	16	1,139
Executive Director Kirsty Flanagan	2	120	3	240	12	1,377	0	0	0	0	17	1,737
Total	4	140	8	595	24	2,381	1	100	0	0	37	3,216

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
Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	300
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300
Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230

3.3.3 The current top three risks in terms of the likelihood 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
Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	3	300
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	300

3.4 Changes to Financial Risks since Budget Pack

3.4.1 There have been four changes to the departmental risks since the financial risks report presented to Council on 27 February 2020, as follows:

- There was a risk relating to Piers and Harbours due to a challenge regarding additional costs for use of linkspan, rope handling and marshalling which arose from an increase in fees and charges agreed by Council in 2017-18 of £0.664m. This risk has been removed since the challenge has been retracted.
- A risk that the cost of delivering 1140 hours of Early Learning and Childcare exceeded government funding has been removed as there is no longer a requirement to deliver 1140 hours by 2020.
- A risk in relation to catering costs for the provision of meals to Early Years Children has been removed since there is no longer a requirement to deliver this in 2020-21. It is now required to be delivered by the beginning of 2021-22.
- A risk in relation there being more than one by-election required outwith the standard election schedule has been downgraded from 'possible' to 'unlikely' recognising that the end of the election cycle is approaching.

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 37 departmental risks identified; only 1 of the 37 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 Scotland Duty - | None. |
| 5.6 | Risk - | Financial risks are detailed within the appendix. |
| 5.7 | Customer Service - | None. |

Kirsty Flanagan
Section 95 Officer
10 July 2020

Policy Lead for Financial Services and Major Projects - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Detail of Department/Service financial risks.

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100
Executive Director Douglas Hendry	Education	Central Repairs	Previously agreed savings result in budget for statutory and emergency repairs only.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	4	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils in terms of Gaelic Education.	Monitoring developments of the implementation of the Act and statutory guidance produced.	3	50
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement.	Scottish Government has given additional funding for 'additional support needs priority for learning" and this has been built into the budget, this will help reduce the demand risk	3	100
Chief Executive's Unit	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	2	125
Chief Executive's Unit	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	85
Chief Executive's Unit	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100
Chief Executive's Unit	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	Outwith direct management control.	3	30

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being underlicensed for software which will be identified via software audits.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100
Executive Director Douglas Hendry	Commercial Services	Property - Central Repairs	Increased demands on central as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only essential repairs.	3	300
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act places duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of funding of £1.2m may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with Education colleagues to implement requirements and closely monitor financial implications. Costs likely to be contained within overall early years funding allocation.	3	100
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	3	150

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges. This estimate does not include the additional risk to food cost and uptake from the changes to food and drink standards in schools.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	2	34
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends.	3	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	100
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	One Council property team now in place.	3	50

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20
Executive Director Douglas Hendry	Commercial Services	Leisure Trust - Management Fee	Increase in RPI - inflation on Employee Costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI - requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	25
Executive Director Kirsty Flanagan	Development and Economic Growth	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Council have procured self provision fuel tank at Oban Airport and site works are underway. This will reduce external commercial fuel costs.	3	30
Executive Director Kirsty Flanagan	Development and Economic Growth	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities e.g. through website and Facebook, provision of marketing materials and regular awareness raising events. It is hoped that the supply of fuel at the facility will attract more customers.	2	10
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Introduction of Universal Credit has an impact on the level and method of benefits recovered for temporarily accommodated individuals.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application.	3	25
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner.	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Continue to monitor Development Management income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase planning fees to a sustainable level.	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	3	75
Executive Director Kirsty Flanagan	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20
Executive Director Kirsty Flanagan	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of UK withdrawal from EU, 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
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2020

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 30 June 2020	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert , road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	300
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27
					37	3,216

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2020

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 30 June 2020. 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.

Within the report, where applicable, any impact on the financial position as a result of the COVID-19 pandemic has been identified and reported.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £544k compared to a budget for the year to date of £516k giving rise to an overspend for the year to date of £28k (5.4%).
- **Forecast Outturn for 2020-21** – forecast net expenditure for the full financial year is £25,399k compared to an annual budget of £33,379k giving rise to a forecast underspend for the year of £7,980k (23.9%). £6,137k of this underspend is specifically linked to delays due the COVID-19 pandemic.
- **Total Capital Plan** – the forecast total net project costs on the total capital plan are £204,963k compared to a total budget for all projects of £202,849k giving rise to a forecast overspend for the overall capital plan of £2,114k (1.04%). £318k of this overspend is specifically linked to additional costs as a result of the COVID-19 pandemic.

1.3 Project Delivery:

- **Asset Sustainability** – Out of 87 projects there are 80 projects (92%) on track and 7 projects (8%) off track but recoverable.
- **Service Development** - Out of 27 projects there are 26 projects (96%) on track and 1 project off track (4%).
- **Strategic Change** – Out of 28 projects there are 21 projects (75%) on track, 6 projects (21%) off track but recoverable and 1 project (4%) off track.

Of the 13 projects that are off track but recoverable, 3 are specifically linked to delays due to the COVID-19 pandemic. 1 of the projects that is off target has an overspend due to the COVID-19 pandemic along with other issues.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Changes during June relate to Strategic Timber Transport Scheme grant for Roads Reconstruction (£1,227k).

Due to the COVID-19 outbreak it is anticipated there will be a significant impact on the estimated capital receipts in 2020-21. It is hoped this will correct itself over the subsequent two years and therefore overall there would be no impact to the longer term capital programme. The position will continue to be monitored on an ongoing basis, however there is an estimated delay of £926k in capital receipts during 2020-21 as a result of this.

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2020

2 INTRODUCTION

- 2.1 This provides an update on the position of the capital budget as at 30 June 2020. 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.

Within the report, where applicable, any impact on the financial position as a result of the COVID-19 pandemic have been identified and reported.

3 RECOMMENDATIONS

- 3.1 Note the contents of this report, the financial summaries as detailed in Appendix 8 and approve the proposed changes to the capital plan detailed in Appendix 4.

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £544k compared to a budget for the year to date of £516k giving rise to an overspend for the year to date of £28k (5.4%).

4.2 Project/Department Position

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

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	374	389	(15)
Service Development	226	231	(5)
Strategic Change	(84)	(76)	(8)
Total	516	544	(28)
Service:			
ICT	(3)	(3)	0
Education	88	86	2
Live Argyll	1	5	(4)
Health & Social Care Partnership	96	100	(4)
Shared Offices	11	18	(7)
Roads & Infrastructure	360	360	0
Development & Economic Growth	92	98	(6)
CHORD	(129)	(121)	(8)
Total	516	544	(28)

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

5 FORECAST OUTTURN 2020-21

5.1 Overall Position

Forecast net expenditure for the full financial year is £25,399k compared to an annual budget of £33,379k giving rise to a forecast underspend for the year of £7,980k (23.9%).

Of this forecast variance of £7,980k, the quantity that is specifically linked to delays due the COVID-19 pandemic totals £6,394k, offset by an anticipated overspend due to COVID-19 of £257k taking the total impact of COVID-19 to £6,137k. As detailed in Appendix 4, it is proposed that the £6,394k of budget linked to the COVID-19 delays are slipped to future years to reflect the updated timescales.

5.2 Project/Department Position

The table below shows the forecast expenditure and budget for the year by project type and service. It also shows how the variance of £7,980k is split between the variances due to COVID-19 and non COVID-19 related variances.

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance COVID-Related £'000	Forecast Variance Non COVID-Related £'000	Total Forecast Variance £'000
Asset Sustainability	17,071	12,701	3,460	910	4,370
Service Development	3,148	653	2,534	(39)	2,495
Strategic Change	13,160	12,045	143	972	1,115
Total	33,379	25,399	6,137	1,843	7,980
Service:					
ICT	792	792	0	0	0
Education	9,699	4,629	3,824	1,246	5,070
Live Argyll	513	526	0	(13)	(13)
Health & Social Care Partnership	1,162	1,299	0	(137)	(137)
Shared Offices	2,960	3,059	0	(99)	(99)
Roads & Infrastructure	7,580	3,023	2,570	1,987	4,557
Development & Economic Growth	1,706	1,706	0	0	0
CHORD	8,967	10,365	(257)	(1,141)	(1,398)
Total	33,379	25,399	6,137	1,843	7,980

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

6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total net project costs on the total capital plan are £204,963k compared to a total budget for all projects of £202,849k giving rise to a forecast overspend for the overall capital plan of £2,114k (1.04%).

Of this capital plan variance of £2,114k, the quantity that is specifically linked to additional costs due the COVID-19 pandemic totals £318k.

6.2 Project/Department Position

The table below shows the forecast expenditure and budget for the total capital plan by project type and service. It also shows how the variance of £2,114k is split between additional costs due to COVID-19 and non COVID-19 related overspends.

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance COVID-19 Related £'000	Capital Plan Variance Non COVID-19 Related £'000	Total Capital Plan Variance £'000
Asset Sustainability	40,262	40,498	(27)	(209)	(236)
Service Development	61,664	62,144	(7)	(473)	(480)
Strategic Change	100,923	102,321	(284)	(1,114)	(1,398)
Total	202,849	204,963	(318)	(1,796)	(2,114)
Service:					
ICT	4,872	4,872	0	0	0
Education	40,715	41,161	(30)	(416)	(446)
Live Argyll	2,944	2,957	(3)	(10)	(13)
Health & Social Care Partnership	3,508	3,645	0	(137)	(137)
Shared Offices	20,556	20,655	(1)	(98)	(99)
Roads & Infrastructure	26,515	26,536	(20)	(1)	(21)
Development & Economic Growth	51,838	51,838	0	0	0
CHORD	51,901	53,299	(264)	(1,134)	(1,398)
Total	202,849	204,963	(318)	(1,796)	(2,114)

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

7 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 142 projects within the Capital Plan, 127 are Complete or On Target, 13 are Off Target and Recoverable and 2 are Off Track.

7.2 Project Position

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

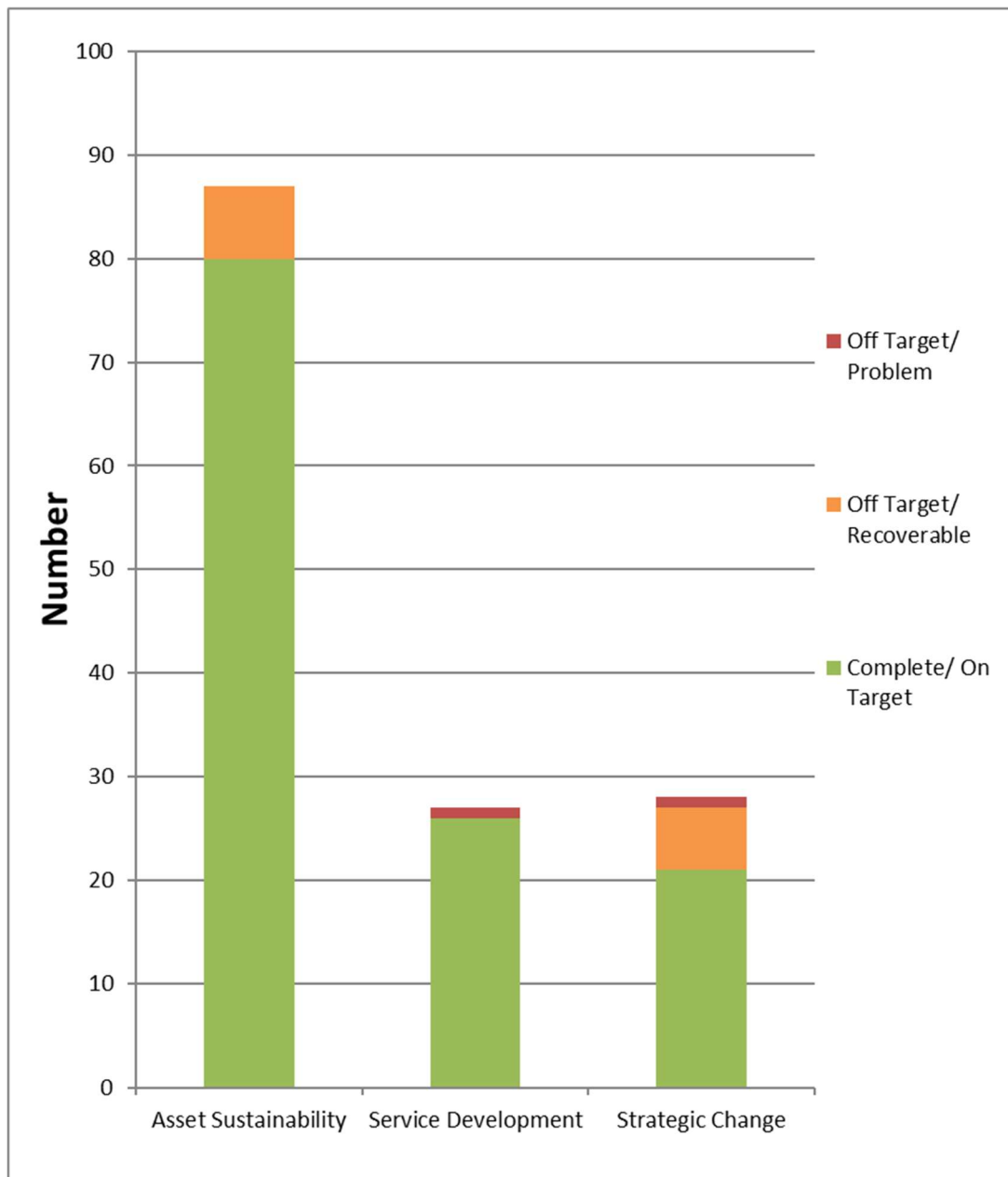
13 projects are off target but recoverable, 3 of which are specifically linked to delays due to the COVID-19 pandemic. 2 projects are off target and a problem, 1 of which is linked to overspends due to the COVID-19 pandemic along with other issues out-with.

Project Type:	Complete / On Target	Off Target/ Recoverable		Off Target/ Problem		Total
		COVID - 19 Related	Non-COVID - 19 Related	COVID -19 Related	Non-COVID - 19 Related	
Asset Sustainability	80	2	5	0	0	87
Service Development	26	0	0	0	1	27
Strategic Change	21	1	5	1	0	28
Total	127	3	10	1	1	142
Service:						
ICT	7	0	0	0	0	7
Education	18	0	4	0	1	23
Live Argyll	19	0	0	0	0	19
Health & Social Care Partnership	15	0	2	0	0	17
Shared Offices	32	0	2	0	0	34
Roads & Infrastructure	25	3	2	0	0	28
Development & Economic Growth	8	0	0	0	0	8
CHORD	5	0	0	1	0	6
Total	127	3	10	1	1	142

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

7.3 Chart of Performance Status

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



8 OFF TRACK PROJECTS

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

Project Type	Project	What is Off Track?	Explanation
Strategic Change	CHORD Rothesay	Total Project Expenditure	Additional costs due to contractor going into administration and being unable to engage in new contractor due to COVID-19 plus additional works due to asbestos.
Service Development	Early Learning and Childcare	Total Project Expenditure	Acceptable solutions to Early Years requirements are proving more expensive than anticipated and in the future may also include an element of increased cost due to the impact of Covid-19, however this is not known at this stage.

9 STRATEGIC CHANGE PROJECTS

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

10 CHANGES TO CAPITAL PLAN

10.1 The table below shows proposed changes to the Capital Plan at summary level which include slippages, accelerations and virements. Explanations relating to the specific projects involved can be seen in Appendix 4.

Of these proposed amendments, £6,394k of the 2020-21 figure is specifically linked to changes due the COVID-19 pandemic.

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

Department	Prev. Agreed Changes 2020-21 £'000	2020-21		2021-22	2022-23	Total Capital Plan
		£'000	£'000	£'000	£'000	£'000
		COVID-19 Related	Non-COVID-19 Related			
Asset Sustainability	0	(3,460)	(1,146)	4,070	536	0
Service Development	0	(2,534)	0	2,454	80	0
Strategic Change	0	(400)	(2,113)	2,513	0	0
Total	0	(6,394)	(3,259)	9,037	616	0
Service:						
ICT	0	0	0	0	0	0
Education	0	(3,824)	(1,251)	4,972	103	0
Live Argyll	0	0	0	0	0	0
Health & Social Care Partnership	0	0	0	0	0	0
Shared Offices	0	0	0	0	0	0
Roads & Infrastructure	0	(2,570)	(2,008)	4,065	513	0
Development & Economic Growth	0	0	0	0	0	0
Major Projects	0	0	0	0	0	0
Total	0	(6,394)	(3,259)	9,037	616	0

11 FUNDING

11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. Changes during June relate to Strategic Timber Transport Scheme grant for Roads Reconstruction (£1,227k).

Due to the COVID-19 outbreak it is anticipated there will be a significant impact on the estimated capital receipts in 2020-21. It is hoped this will correct itself over the subsequent two years and therefore overall there would be no impact to the longer term capital programme. The position will continue to be monitored on an ongoing basis, however there is an estimated delay of £926k in capital receipts during 2020-21 as a result of this.

12 APPENDICES

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

Kirsty Flanagan
Section 95 Officer

**Councillor Gary Mulvaney, Depute Council Leader – Policy Lead for
Financial Services and Major Projects**

APPENDIX 1 – Year to Date Finance Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
Variances Less than £50k			(28)	Total value of non-material variances less than +/-£50k
Total			(28)	

APPENDIX 2 – Forecast Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Roads Reconstruction	7,186	5,186	2,000	0	2,000	Due to Covid-19, Pre-Surface Dressing and Surface Dressing Contracts which are normally delivered over summer months have not been possible.
Environmental Projects	200	15	170	15	185	External funding being sought from Rural Tourism Infrastructure Fund to cover additional costs, which has been delayed due to Covid-19.
Block Allocation - RIS	663	0		663	663	Unable to utilise full block allocation, part slipped to fund other projects in future years.
Street Lighting LED Replacement	830	430	400	0	400	Project is currently suspended due to Covid-19. Restart of site works is no longer possible with internal team due to lack of resources and will now need to be tendered to be provided externally. Hopeful restart end of the calendar year.
Harbour Investment Programme	4,639	3,340	0	1,299	1,299	Due to the high number of planned schemes and competing demands work had to be prioritised, resulting in slippage for some schemes, also link span painting has been delayed until next year to allow for better weather window. This slippage is not related to Covid-19.
Primary Schools	1,625	878	310	437	747	Slippage due to Covid-19 circa £310k. Remainder of variance due to savings on 19-20 projects - funding available as contingency on other Primary School projects.
Block Allocation - Education	2,910	1,930	980	0	980	Due to Covid-19, works are unable to be carried out during school summer holidays as originally planned, budget to be slipped into future years.

Early Learning and Childcare	4,259	1,725		2,534	0	2,534	Due to Covid-19, works are unable to be carried out during school summer holidays as originally planned, budget to be slipped into future years.
Dunoon Primary	693	301		0	392	392	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Replacement of Oban High	842	320		0	522	522	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Campbeltown Schools Redevelopment	319	479		0	-160	-160	Additional costs due to asbestos claim – budget to be vired form underspends in other school projects.
Kirn Primary School	296	236		0	60	60	Underspend to be vired to Campbeltown School Redevelopment
Lorn Resource Centre	13	139		0	-126	-126	Introduction of additional works, may also include an element of increased cost due to the impact of Covid-19
Kilmory Castle	(50)	0		0	-50	-50	Overspend carried forward from 2019-20 – budget to be found from block allocation.
CHORD Rothesay	523	1,921		-257	-1,141	-1,398	Additional costs due to contractor going into administration and additional works due to asbestos.
Variances Less than £50k					-68	-68	
Total				6,137	1,843	7,980	

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 Related to COVID-19 £'000	Capital Plan Variance Non Related to COVID-19 £'000	Total Capital Plan Variance £'000	Explanation
CHORD Rothesay	13,845	15,243	(259)	(1,139)	(1,398)	Additional costs due to contractor going into administration and additional works due to asbestos.
Early Learning and Childcare	7,686	8,127	0	(441)	(441)	Acceptable solutions to Early Years requirements are proving more expensive than anticipated and may also include an element of increased cost due to the impact of Covid-19, however this is not known at this stage.
Campbeltown Schools Redevelopment	1,970	2,130	0	(160)	(160)	Additional costs due to asbestos claim – budget to be vired form underspends in other school projects.
Replacement of Oban High	3,350	3,250	0	100	100	Underspend to be vired to Campbeltown School Redevelopment
Kirn Primary School	10,179	10,119	0	60	60	Underspend to be vired to Campbeltown School Redevelopment
Lorn Resource Centre	13	139	0	(126)	(126)	Introduction of additional works, may also include an element of increased cost due to the impact of Covid-19
Kilmory Castle	0	(50)	0	(50)	(50)	Overspend carried forward from 2019-20 – budget to be found from block allocation.
Other Variances			(59)	(40)	(99)	Total value of non-material variances less than +/-£50k
Total			(318)	(1,796)	(2,114)	

SLIPPAGES AND ACCELERATIONS						
Project	2020-21 Slippage Related to COVID-19 £'000	2020-21 Slippage Related to Non COVID-19 £'000	2021-22 £'000	2022-23 £'000	Recommendation	Explanation
Flood Prevention	0	(46)	46		Slip budget into 21-22	Resources have been unavailable to manage project.
Roads Reconstruction	(2,000)	0	2,000		Slip budget into 21-22	Due to Covid-19, Pre-Surface Dressing and Surface Dressing Contracts which are normally delivered over summer months have not been possible.
Environmental Projects	(170)	0	170		Slip budget into 21-22	External funding being sought from Rural Tourism Infrastructure Fund to cover additional costs, which has been delayed due to Covid-19.
Block Allocation - RIS	0	(663)	150	513	Slip budget into future years	Part of the 2020-21 block allocation slipped to fund other projects in future years.
Street Lighting LED Replacement	(400)	0	400		Slip budget into 21-22	Project is currently suspended due to Covid-19. Restart of site works is no longer possible with internal team due to lack of resources and will now need to be tendered to be provided externally. Hopeful restart end of the calendar year.
Harbour Investment Programme PB	0	(1,299)	1,299		Slip budget into 21-22	Due to the high number of planned schemes and competing demands work had to be prioritised, resulting in slippage for some schemes, also link span painting has been delayed until next year to allow for better weather window. This slippage is not related to Covid-19.
Primary Schools	(310)	(437)	724	23	Slip budget into 21-22	Slippage due to Covid-19 circa £310k. Remainder of variance due to savings on 19-20 projects - available as contingency on other Primary School projects.

Block Allocation - Education	(980)	0	980		Slip budget into 21-22	Due to Covid-19 works are unable to be carried out during school summer holidays, budget to be slipped into future years.
Early Learning and Childcare	(2,534)	0	2,454	80	Slip budget into 21-22	Due to Covid-19 works are unable to be carried out during school summer holidays, budget to be slipped into future years.
Dunoon Primary School	0	(392)	392		Slip budget into 21-22	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Replacement of Oban High School	0	(422)	422		Slip budget into 21-22	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Total Slippages and Accelerations	(6,394)	(3,259)	9,037	616		
Net Impact of Changes	(6,394)	(3,259)	9,037	616		

CAPITAL PROGRAMME FUNDING

Appendix 5

Funding	Current Year (2020-21)					2021-22				2022-23				Future Years
	Approved Capital Funding £'000	Carry Forwards from 19-20 £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Slippage / Acceleration £'000	Additional Funding £'000	Updated Capital Funding Available £'000	Slippage / Acceleration £'000
General Capital Grant	9,661	(980)	0	0	8,681	12,278	0		12,278	12,278			12,278	
Transfer to Revenue for Private Sector Housing Grant (PSHG)	(1,033)	0	0	0	(1,033)	(1,033)	0		(1,033)	(1,033)			(1,033)	
Capital Receipts	1,202	0	(667)	0	535	1,202	333		1,535	1,202	334		1,536	
Flooding Allocation	155	0	0	0	155	0	0		0	0			0	
Ring Fenced Capital Grant	0	2,080	0	0	2,080	0	0		0	0			0	
Restricted Funding/Ring Fenced Capital Grant	3,075	443	0	1,227	4,745	5,180	0		5,180	10			10	
Funded by Reserves	6,985	0	0	0	6,985	0	0		0	0			0	
Insurance	0	40	0	0	40	68	0		68	0			0	
Harbour Investment Programme	4,200	439	(1,299)	0	3,340	8,900	1,299		10,199	14,590			14,590	
Prudential Borrowing	15,650	2,039	(7,687)	0	10,002	1,252	7,405		8,657	8	282		290	
Loans Fund	0	0	0	0	0	0	0		0	0			0	
Loans Fund Review	5,048	0	0	0	5,048	2,217	0		2,217	461			461	
Capital Funding	44,943	4,061	(9,653)	1,227	40,578	30,064	9,037	0	39,101	27,516	616	0	28,132	0

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding		Funding Type	Month Reported
Roads STTS	1,227	Grant Funding	Jun-20
Total	1,227		

OFF TRACK PROJECT

Appendix 6

Project Name: Early Learning and Childcare**Project Manager:** Brian Gray**Risk:** High**Initial Start Date:** 2017-18**Proposed End Date:** 2022-23**How was this project initially funded?** Grant Funded from SG**Please detail any additional funding.** n/a**Previously Reported Committee and Date:** n/a**Next Reported Committee and Date:** n/a**Why is the project classified as off target?**

Anticipated overspend

What has caused the issue outlined above?

Acceptable solutions to Early Years requirements are proving more expensive than anticipated and in the future may also include an element of increased cost due to the impact of Covid-19. However this is not known at this stage therefore none of this overspend has been designated as COVID-19 related at this stage.

What action will be taken to rectify this issue?

The service is investigating as to whether the additional costs can be met in part from the Education Revenue budget where there may be some spare capacity.

What are the implications of the action proposed?

Possible reduction in revenue budget in order to support capital expenditure.

OFF TRACK PROJECT

Appendix 6

Project Name: Rothesay Pavilion**Project Manager:** Jonathan M Miles**Risk:** High**Initial Start Date:** 29th November 2017**Proposed End Date:** June 2020 – due to COVID-19 will run beyond this date

How this project was initially 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.

Please detail any additional funding. N/A**Total Approved Budget: £13,844,959.****Previously Reported Committee and Date:** Business Continuity 11th June 2020**Next Reported Committee and Date:** n/a**Why is the project classified as off target?**

The project is classified as off track as it is running behind schedule.

What has caused the issue outlined above?

Asbestos removal works created delays in the project timeline as well as additional costs. The impact of COVID-19 has been significant as the contractor undertaking the works has now gone into administration, this has resulted in additional consultant costs due to work being halted on site and being unable to engage a new contractor due to lockdown restrictions.

What action will be taken to rectify this issue?

The service are currently looking into how this project can be delivered taking into consideration the current remaining budget.

What are the implications of the action proposed?

The actions being considered will aim to mitigate further financial and time risks as far as possible.

Strategic Change Projects - Cumulative Spend, Start/Finish Dates and Project Risks

APPENDIX 7

Strategic Change Projects	Capital Expenditure				Dates		Project Risks Identified	Risks
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date		Explanation if not Green
CHORD Rothesay	8,104	1,921	-1,398	15,243	01/04/2015	31/03/2020	Red	Additional costs due to contractor going into administration and additional works due to asbestos. There are also additional costs linked to the COVID-19 pandemic.
Street Lighting LED Replacement	2,700	430	0	0	01/08/2016	31/03/2020	Amber	Project is currently suspended due to Covid-19. Restart of site works is no longer possible with internal team due to lack of resources.
Harbour Investment Programme	1,802	3,340	0	0	01/04/2017	31/03/2028	Amber	Due to Covid-19 and lack of resources, there has been a delay in design preparation which has resulted in tender delays.
Dunoon Primary	7,170	301	0	10,869	18/12/2014	30/04/2020	Amber	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Replacement of Oban High	2,496	320	100	3,250	24/04/2014	31/01/2019	Amber	Ongoing negotiations with Contractor due to delays in completing final works resulting in delays to payments.
Campbeltown Schools Redevelopment	1,649	479	-160	2,130	16/02/2012	30/11/2018	Amber	Additional costs due to asbestos claim – budget to be vired form underspends in other school projects.
Kim Primary School	9,878	236	60	10,119	24/04/2014	31/10/2017	Amber	Underspend to be vired to Campbeltown School Redevelopment
Campbeltown Flood Scheme	181	336	0	0	01/08/2016	31/03/2023	Green	
TIF - Oban Airport Business Park	447	141	0	0	22/01/2015	31/12/2017	Green	
TIF - Lorn/Kirk Road	1,959	32	0	0	22/01/2015	31/03/2019	Green	
CHORD Oban	7,129	790	0	7,957	27/10/2016	31/03/2020	Green	
Helensburgh Waterfront Deveopment	1,387	9,010	0	19,511	01/04/2017	30/09/2020	Green	
CHORD Dunoon	12,238	161	0	12,522	03/02/2012	09/03/2018	Green	
Carbon Management - Group Heating Conversion Project	1,938	10	0	1,948	01/02/2016	31/03/2019	Green	
CHORD - Helensburgh	6,483	400	0	6,887	29/09/2011	30/04/2015	Green	
Helensburgh Office Rationalisation	11,500	338	0	11,838	25/04/2013	31/03/2019	Green	
Carbon Management - Non Education	14	36	0	50	01/04/2015	31/03/2019	Green	
Carbon Management Business Cases	201	60	0	261	01/02/2014	31/03/2022	Green	
NPDO Schools Solar PV Panel Installations	761	183	0	944	26/06/2014	31/03/2019	Green	
Non NPDO Schools Solar PV Panel Installations	400	88	0	488	20/03/2014	31/03/2019	Green	
Carbon Management Fuel Conversions	107	0	0	107	01/02/2014	31/03/2017	Green	
Carbon Management Capital Property Works 2016/17	19	20	0	39	01/02/2016	31/03/2022	Green	
Kilmory Biomass Carbon Management	956	0	0	956	20/09/2012	31/03/2019	Green	
Oil to Gas Heating Conversions	182	5	0	187	01/02/2012	31/03/2019	Green	
Campbeltown Office Rationalisation	595	1	0	596	01/02/2015	31/03/2019	Green	
Rothesay Office Rationalisation	0	10	0	10	01/09/2018	31/03/2019	Green	
TIF - North Pier Extension	214	346	0	0	06/12/2017	06/12/2018	Green	
Dunoon Pier OBC	2,844	0	0	2,844	03/02/2012	26/02/2016	Green	
Strategic Change Total	83,354	18,994	-1,398	108,756				

Project Risk Classifications:

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

Amber - Risks are increasing but are still manageable.

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

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL

Appendix 8

FINANCIAL SUMMARY - NET EXPENDITURE

30 June 2020

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Executive Director Douglas Hendry	123	138	(15)	8,684	7,193	1,491	18,111	18,347	(236)
Executive Director Kirsty Flanagan	251	251	0	14,605	11,726	2,879	28,721	28,721	0
Asset Sustainability Total	374	389	(15)	23,289	18,919	4,370	46,832	47,068	(236)
Service Development Projects									
Executive Director Douglas Hendry	53	53	0	4,449	1,933	2,516	13,608	14,067	(459)
Executive Director Kirsty Flanagan	173	178	(5)	2,384	2,405	(21)	63,779	63,800	(21)
Service Development Total	226	231	(5)	6,833	4,338	2,495	77,387	77,867	(480)
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	0	0	319	479	(160)	1,970	2,130	(160)
Dunoon Primary	16	16	0	693	301	392	10,869	10,869	0
Replacement of Oban High	4	4	0	842	320	522	3,350	3,250	100
Kirn Primary School	0	0	0	296	236	60	10,179	10,119	60
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	0	0	0	107	107	0
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	10	10	0	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	338	338	0	11,838	11,838	0
Rothesay Office Rationalisation	0	0	0	10	10	0	10	10	0
Campbeltown Flood Scheme	23	23	0	336	336	0	1,063	1,063	0
Street Lighting LED Replacement	2	2	0	830	430	400	3,900	3,900	0
Harbour Investment Programme	277	277	0	4,639	3,340	1,299	90,942	90,942	0
TIF - Lorn/Kirk Road	0	0	0	32	32	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	346	346	0	560	560	0
TIF - Oban Airport Business Park	0	0	0	141	141	0	590	590	0
CHORD - Helensburgh	0	0	0	400	400	0	6,887	6,887	0
CHORD Dunoon	0	8	(8)	161	161	0	12,522	12,522	0
CHORD Oban	36	36	0	790	790	0	7,957	7,957	0
CHORD Rothesay	66	66	0	523	1,921	(1,398)	13,845	15,243	(1,398)
Helensburgh Waterfront Development	15	15	0	9,010	9,010	0	19,511	19,511	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	439	447	(8)	20,109	18,994	1,115	206,583	207,981	(1,398)
Total Expenditure	1,039	1,067	(28)	50,231	42,251	7,980	330,802	332,916	(2,114)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	0	0	0	0	0	0
Executive Director Kirsty Flanagan	0	0	0	(6,218)	(6,218)	0	(6,570)	(6,570)	0
Asset Sustainability Total	0	0	0	(6,218)	(6,218)	0	(6,570)	(6,570)	0
Service Development Projects									
Executive Director Douglas Hendry	0	(2)	2	(1,700)	(1,700)	0	(7,302)	(7,302)	0
Executive Director Kirsty Flanagan	0	1	(1)	(1,985)	(1,985)	0	(8,421)	(8,421)	0
Service Development Total	0	0	0	-3,685	-3,685	0	-15,723	-15,723	0
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(277)	(277)	0	(4,639)	(4,639)	0	(90,942)	(90,942)	0
01 TIF - Lorn/Kirk Road	0	0	0	(393)	(393)	0	(2,297)	(2,297)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(297)	(297)	0	(1,305)	(1,305)	0
Rothesay CHORD	(246)	(246)	0	(1,620)	(1,620)	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
Strategic Change Total	(523)	(523)	0	(6,949)	(6,949)	0	(105,660)	(105,660)	0
Total Income	(523)	(523)	0	(16,852)	(16,852)	0	(127,953)	(127,953)	0
Net Total	516	544	(28)	33,379	25,399	7,980	202,849	204,963	(2,114)

MONITORING REPORT									Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN									30 June 2020
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Flood Prevention	1	1	0	50	4	46	154	154	0
Helensburgh Flood Mitigation	0	0	0	47	47	0	297	297	0
Bridge Strengthening	8	8	0	483	483	0	1,683	1,683	0
Roads Reconstruction	0	0	0	7,186	5,186	2,000	16,154	16,154	0
Lighting	0	0	0	264	264	0	514	514	0
Furnace Coastal Protection	0	0	0	0	0	0	0	0	0
Astro Pitch Repairs	0	0	0	2	2	0	2	2	0
Oban Play Park	0	0	0	200	15	185	575	560	15
Environmental Projects	0	0	0	1	1	0	1	1	0
Public Convenience Upgrades	0	0	0	82	82	0	82	82	0
Cemetery Houses	0	0	0	10	25	(15)	10	25	(15)
Fleet Management	232	232	0	4,670	4,670	0	6,022	6,022	0
Plant & Machinery CFCE	0	0	0	0	0	0	0	0	0
Footway Improvements	0	0	0	53	53	0	303	303	0
Glengorm - Capping	12	12	0	85	85	0	85	85	0
Castle Lodge, Dunoon - Building Works	0	0	0	0	0	0	0	0	0
Eilean Dhiura Ferry Engine Replacement	0	0	0	100	100	0	100	100	0
EV Quick Chargers	0	0	0	142	142	0	142	142	0
Hermitage Park	0	0	0	0	0	0	0	0	0
Block Allocation - RIS	0	0	0	663	0	663	50	50	0
Server Sustainability	0	0	0	3	3	0	98	98	0
PC Replacement	(2)	(2)	0	496	496	0	1,080	1,080	0
Telecomms Network	0	0	0	49	49	0	339	339	0
Computer Network Security	0	0	0	0	0	0	0	0	0
MS Exchange & Doc Sharing	0	0	0	19	19	0	19	19	0
Corporate GIS Portal Rollout	0	0	0	0	0	0	0	0	0
Block Allocation - ICT	0	0	0	0	0	0	1,011	1,011	0
Asset Sustainability Total	251	251	0	14,605	11,726	2,879	28,721	28,721	0
Service Development Projects									
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0
Campbeltown Old Quay	0	0	0	43	43	0	1,424	1,424	0
Lisimore Ferry	0	0	0	100	100	0	500	500	0
Millpark Depot Demolition	0	0	0	0	0	0	126	126	0
Oban Depot Development Project	82	82	0	108	108	0	1,600	1,600	0
Lochalphead Depot Rationalisation	0	0	0	(12)	0	(12)	0	12	(12)
Witchburn Road Demolition	0	0	0	(9)	0	(9)	146	155	(9)
Safe Streets, Walking and Cycling (CWSS)	0	3	(3)	590	590	0	2,220	2,220	0
SPT - bus infrastructure	0	0	0	95	95	0	1,500	1,500	0
Cycleways - H&L (FSPT)	0	2	(2)	20	20	0	2,426	2,426	0
Town Centre Funds	92	92	0	1,208	1,208	0	1,291	1,291	0
Rural Growth Deal	0	0	0	0	0	0	50,000	50,000	0
Applications Projects	(1)	(1)	0	225	225	0	2,325	2,325	0
Service Development Total	173	178	(5)	2,384	2,405	(21)	63,779	63,800	(21)
Strategic Change Projects									
Campbeltown Flood Scheme	23	23	0	336	336	0	1,063	1,063	0
Street Lighting LED Replacement	2	2	0	830	430	400	3,900	3,900	0
Harbour Investment Programme	277	277	0	4,639	3,340	1,299	90,942	90,942	0
TIF - Lorn/Kirk Road	0	0	0	32	32	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	346	346	0	560	560	0
TIF - Oban Airport Business Park	0	0	0	141	141	0	590	590	0
Strategic Change Total	302	302	0	6,324	4,625	1,699	99,225	99,225	0
Total Expenditure	726	731	(5)	23,313	18,756	4,557	191,725	191,746	(21)
INCOME									
Asset Sustainability									
Fleet Management - PB	0	0	0	(4,670)	(4,670)	0	(5,022)	(5,022)	0
EV Quick Chargers	0	0	0	(142)	(142)	0	(142)	(142)	0
Roads Reconstruction	0	0	0	(1,227)	(1,227)	0	(1,227)	(1,227)	0
Oban Play Park	0	0	0	(64)	(64)	0	(64)	(64)	0
Helensburgh Flood Mitigation	0	0	0	0	0	0	0	0	0
Hermitage Park	0	0	0	(115)	(115)	0	(115)	(115)	0
Sale of Plant and Machinery	0	0	0	0	0	0	0	0	0
Sale of Vehicles	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	0	0	0	(6,218)	(6,218)	0	(6,570)	(6,570)	0
Service Development Projects									
Safe Streets, Walking and Cycling	0	0	0	(212)	(212)	0	(1,444)	(1,444)	0
SPT	0	0	0	(100)	(100)	0	(1,343)	(1,343)	0
Cycleways - H&L (FSPT)	0	1	(1)	(21)	(21)	0	(2,544)	(2,544)	0
Town Centre Funds	0	0	0	0	0	0	(1,291)	(1,291)	0
Millpark Depot Demolition Insurance	0	0	0	(52)	(52)	0	(53)	(53)	0
Oban Depot Development Project	0	0	0	(1,350)	(1,350)	0	(1,350)	(1,350)	0
Oban Depot Development Project Equipment	0	0	0	(250)	(250)	0	(250)	(250)	0
Witchburn Road Demolition	0	0	0	0	0	0	(146)	(146)	0
Service Development Total	0	1	(1)	(1,985)	(1,985)	0	(8,421)	(8,421)	0
Strategic Change Projects									
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(277)	(277)	0	(4,639)	(4,639)	0	(90,942)	(90,942)	0
01 TIF - Lorn/Kirk Road	0	0	0	(393)	(393)	0	(2,297)	(2,297)	0
Strategic Change Total	(277)	(277)	0	(5,032)	(5,032)	0	(93,509)	(93,509)	0
Total Income	(277)	(276)	(1)	(13,235)	(13,235)	0	(108,500)	(108,500)	0
Net Departmental Total	449	455	(6)	10,078	5,521	4,557	83,225	83,246	(21)

MONITORING REPORT							Appendix 8		
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY							30 June 2020		
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
EXPENDITURE									
Asset Sustainability									
Education	15	15	0	4,841	3,114	1,727	10,710	10,710	0
Live Argyll	1	5	(4)	490	490	0	1,662	1,662	0
Health and Social Care Partnership	96	100	(4)	1,108	1,245	(137)	2,208	2,345	(137)
Shared Offices	11	18	(7)	2,245	2,344	(99)	3,531	3,630	(99)
Asset Sustainability Total	123	138	(15)	8,684	7,193	1,491	18,111	18,347	(236)
Service Development Projects									
Ardrishaig Primary Pre 5 Unit	0	0	0	(2)	0	(2)	0	2	(2)
Bowmore Primary School - Pre 5 Unit	0	0	0	(3)	0	(3)	28	31	(3)
Clyde Cottage - 600 hour provision	0	0	0	40	40	0	505	505	0
Craignish Primary School - Pre 5 Extension	0	0	0	25	25	0	417	417	0
Iona Primary School - Pre 5 Unit	0	0	0	36	36	0	474	474	0
Islay High and Rosneath Primary School Pitches	0	0	0	9	9	0	700	700	0
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	23	23	0	388	388	0
Park Primary Extension/Pre Fives Unit	0	0	0	5	5	0	346	346	0
Tarbert High School - Biomass enabling work	0	0	0	0	0	0	0	0	0
Sandbank Gaelic Pre Five Unit	0	0	0	16	16	0	507	507	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	25	25	0
Early Learning and Childcare	53	53	0	4,259	1,725	2,534	7,686	8,127	(441)
Riverside Leisure Centre Refurbishment	0	0	0	(13)	0	(13)	1,232	1,245	(13)
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0
Service Development Total	53	53	0	4,449	1,933	2,516	13,608	14,067	(459)
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	0	0	319	479	(160)	1,970	2,130	(160)
Dunoon Primary	16	16	0	693	301	392	10,869	10,869	0
Replacement of Oban High	4	4	0	842	320	522	3,350	3,250	100
Kirm Primary School	0	0	0	296	236	60	10,179	10,119	60
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	0	0	0	107	107	0
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	10	10	0	1,948	1,948	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	338	338	0	11,838	11,838	0
Rothesay Office Rationalisation	0	0	0	10	10	0	10	10	0
CHORD Oban	36	36	0	790	790	0	7,957	7,957	0
CHORD Rothesay	66	66	0	523	1,921	(1,398)	13,845	15,243	(1,398)
CHORD - Helensburgh	0	0	0	400	400	0	6,887	6,887	0
CHORD Dunoon	0	8	(8)	161	161	0	12,522	12,522	0
Helensburgh Waterfront Deveopment	15	15	0	9,010	9,010	0	19,511	19,511	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	137	145	(8)	13,785	14,369	(584)	107,358	108,756	(1,398)
Total Expenditure	313	336	(23)	26,918	23,495	3,423	139,077	141,170	(2,093)
INCOME									
Asset Sustainability									
Education	0	0	0	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0	0	0	0
Health and Social Care Partnership	0	0	0	0	0	0	0	0	0
Shared Offices	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	0	0	0	0	0	0	0	0	0
Service Development Projects									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(478)	(478)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(494)	(494)	0
Early Years 1140 Hours	0	(2)	2	(1,700)	(1,700)	0	(6,300)	(6,300)	0
Service Development Total	0	(2)	2	(1,700)	(1,700)	0	(7,302)	(7,302)	0
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(297)	(297)	0	(1,305)	(1,305)	0
Rothesay CHORD	(246)	(246)	0	(1,620)	(1,620)	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
Strategic Change Total	(246)	(246)	0	(1,917)	(1,917)	0	(12,151)	(12,151)	0
Total Income	(246)	(248)	2	(3,617)	(3,617)	0	(19,453)	(19,453)	0
Net Departmental Total	67	88	(21)	23,301	19,878	3,423	119,624	121,717	(2,093)

CAPITAL PLAN 2020-21
Overall Summary

APPENDIX 9

Service	Previous Years £000's	2020-21 £000s	2021-22 £000's	2022-23 £000s	Future Years £000s	Total £000s
Education	30,781	6,324	8,001	3,023	0	17,348
Shared Offices	15,596	2,960	725	561	0	4,246
Major Projects	41,024	10,884	7,352	1,462	0	19,698
ICT	1,327	792	1,519	1,234	0	3,545
RIS	11,425	15,511	20,356	20,728	57,950	114,545
DEG	8,325	2,432	0	0	50,000	52,432
HSCP	1,246	1,162	539	561	0	2,262
Live Argyll	1,259	513	609	563	0	1,685
Overall Total	110,983	40,578	39,101	28,132	107,950	215,761

Education

Category	Service	Project	Previous				Future Years £000s	Total £000s
			Years £000's	2020-21 £000s	2021-22 £000's	2022-23 £000s		
Asset Sustainability	Education	Asbestos Control/Removal Works	0	7	0	0	0	7
		Block Allocation - Education	0	1,930	3,900	2,920	0	8,750
		Free School Meals	0	14	0	0	0	14
		Homeless Houses - Housing Quality Standard	0	1	0	0	0	1
		Internal Refurbishment Budget	0	17	0	0	0	17
		Pre-5's/Nurseries	0	1	0	0	0	1
		Primary Schools	0	878	750	23	0	1,651
		School Houses - Housing Quality Standard	0	2	0	0	0	2
		Secondary Schools	0	264	3	0	0	267
Asset Sustainability Total			0	3,114	4,653	2,943	0	10,710
Service Development	Education	Ardrishaig Primar School - Pre Five Extension	2	-2	0	0	0	-2
		Bowmore Primary School - Pre Five Unit	31	-3	0	0	0	-3
		Clyde Cottage - 600 hours provision	465	40	0	0	0	40
		Craignish Primary School - Pre Five Extension (600 hours funding)	392	25	0	0	0	25
		Early Learning and Childcare	3,347	1,725	2,534	80	0	4,339
		Iona Primary School - Pre Five Unit (600 hours funding)	438	36	0	0	0	36
		Islay High & Rosneath PS Pitches	691	9	0	0	0	9
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	365	23	0	0	0	23
		Park Primary Extension and Pre Fives Unit	341	5	0	0	0	5
		Sandbank Gaelic Pre Five Unit	491	16	0	0	0	16
Service Development Total			6,563	1,874	2,534	80	0	4,488
Strategic Change	Education	Campbeltown Schools Redevelopment	1,651	319	0	0	0	319
		Dunoon Primary School	10,176	301	392	0	0	693
		Kirn Primary School	9,883	296	0	0	0	296
		Replacement of Oban High School	2,508	420	422	0	0	842
Strategic Change Total			24,218	1,336	814	0	0	2,150
Overall Total			30,781	6,324	8,001	3,023	0	17,348

Category	Service	Project	Previous				Future	
			Years £000's	2020-21 £000s	2021-22 £000's	2022-23 £000s	Years £000s	Total £000s
Asset Sustainability	Shared Offices	Argyll House, Dunoon	0	98	0	0	0	98
		Asbestos Capital Property Works	0	57	0	0	0	57
		Block Allocation	0	585	561	561	0	1,707
		Bowmore Area Office	0	73	3	0	0	76
		Burnett Building	0	136	3	0	0	139
		Capital Property Works	0	29	0	0	0	29
		Castle House, Dunoon	0	10	0	0	0	10
		Cleaner Energy	0	500	0	0	0	500
		Dolphin Hall	0	-49	0	0	0	-49
		Dunoon Office Rationalisation	0	220	7	0	0	227
		Fire Risk Assessment Works	0	60	0	0	0	60
		Hill Street Dunoon Rewire	0	32	1	0	0	33
		Joint Valuation Board	0	39	0	0	0	39
		Kilmory Castle	0	-50	0	0	0	-50
		Legionella Control Works	0	197	150	0	0	347
		Lorn House, Oban	0	22	0	0	0	22
		Manse Brae District Office	0	152	0	0	0	152
		Manse Brae Roads Office	0	2	0	0	0	2
		Oban Municipal Buildings	0	18	0	0	0	18
		Old Quay Offices, Campbeltown	0	15	0	0	0	15
Rothesay Office Rationalisation	0	30	0	0	0	30		
Tobermory Area Office	0	44	0	0	0	44		
Whitegates Office, Lochgilphead	0	25	0	0	0	25		
Asset Sustainability Total			0	2,245	725	561	0	3,531
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	1
		Carbon Management - Group Heating Conversion Project (Prudentia)	1,938	10	0	0	0	10
		Carbon Management Business Cases (FPB)	201	60	0	0	0	60
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	20
		Helensburgh Office Rationalisation (FPB,REC)	11,500	338	0	0	0	338
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	88
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	183
		Oil to Gas Heating Conversions (FPB)	182	5	0	0	0	5
		Rothesay Office Rationalisation	0	10	0	0	0	10
Strategic Change Total			15,596	715	0	0	0	715
Overall Total			15,596	2,960	725	561	0	4,246

Category	Service	Project	Previous	2020-21	2021-22	2022-23	Future	Total
			Years £000's	£000s	£000's	£000s	Years £000s	£000s
Strategic Change	Major Projects	CHORD - Dunoon	12,361	161	0	0	0	161
		CHORD - Helensburgh -Public Realm Imprv	6,487	400	0	0	0	400
		CHORD - Oban	7,167	790	0	0	0	790
		CHORD - Rothesay	13,322	523	0	0	0	523
		Helensburgh Waterfront Development	1,687	9,010	7,352	1,462	0	17,824
Strategic Change Total			41,024	10,884	7,352	1,462	0	19,698
Overall Total			41,024	10,884	7,352	1,462	0	19,698

Category	Service	Project	Previous	2020-21	2021-22	2022-23	Future	Total
			Years £000's	£000s	£000's	£000s	Years £000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	0	1,011	0	1,011
		MS Exchange & Doc Sharing	0	19	0	0	0	19
		PC Replacement	0	496	584	0	0	1,080
		Server Sustainability	0	3	95	0	0	98
		Telecomms Network	0	49	290	0	0	339
Asset Sustainability Total			0	567	969	1,011	0	2,547
Service Development	ICT	Applications Projects	1,327	225	550	223	0	998
Service Development Total			1,327	225	550	223	0	998
Overall Total			1,327	792	1,519	1,234	0	3,545

Category	Service	Project	Previous	2020-21	2021-22	2022-23	Future Years	Total
			Years £000's	£000s	£000's	£000s	£000s	£000s
Asset Sustainability	RIS	Astro Pitch Repairs	0	2	0	0	0	2
		Block Allocation	0	0	50	0	0	50
		Bridge Strengthening	0	483	700	500	0	1,683
		Cemetery Houses	0	10	0	0	0	10
		Eilean Dhiura Ferry Engine Replacement	0	100	0	0	0	100
		Environmental Projects	0	30	545	0	0	575
		EV Quick Chargers	0	142	0	0	0	142
		Fleet Management	0	4,670	352	1,000	0	6,022
		Flood Prevention	0	4	150	0	0	154
		Footway Improvements	0	53	0	250	0	303
		Glengorm - Capping	0	85	0	0	0	85
		Helensburgh Flood Mitigation	0	47	240	10	0	297
		Lighting	0	264	0	250	0	514
		Oban Play Park	0	1	0	0	0	1
Public Convenience Upgrades	0	82	0	0	0	82		
Roads Reconstruction	0	5,186	6,840	4,128	0	16,154		
Asset Sustainability Total			0	11,159	8,877	6,138	0	26,174
Service Development	RIS	Campbeltown Old Quay	1,381	43	0	0	0	43
		Lismore Ferry Replacement	0	100	400	0	0	500
		Lochgilphead Depot Rationalisation	12	-12	0	0	0	-12
		Oban Depot Development	1,424	108	68	0	0	176
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	16
		Witchburn Road Demolition	155	-9	0	0	0	-9
Service Development Total			3,177	246	468	0	0	714
Strategic Change	RIS	Campbeltown Flood Scheme	315	336	412	0	0	748
		Harbour Investment Programme PB	4,863	3,340	10,199	14,590	57,950	86,079
		Street Lighting LED Replacement	3,070	430	400	0	0	830
Strategic Change Total			8,248	4,106	11,011	14,590	57,950	87,657
Overall Total			11,425	15,511	20,356	20,728	57,950	114,545

Category	Service	Project	Previous Years £000's	2020-21 £000s	2021-22 £000's	2022-23 £000s	Future Years £000s	Total £000s
Service Development	DEG	Cycleways - H&L (FSPT)	2,406	20	0	0	0	20
		Rural Growth Deal	0	0	0	0	50,000	50,000
		Safe Streets, Walking and Cycling (CWSS)	1,630	590	0	0	0	590
		SPT - bus infrastructure	1,405	95	0	0	0	95
		Town Centre Funds	83	1,208	0	0	0	1,208
Service Development Total			5,524	1,913	0	0	50,000	51,913
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,138	32	0	0	0	32
		05 TIF - North Pier Extension	214	346	0	0	0	346
		09 TIF - Oban Airport Business Park	449	141	0	0	0	141
Strategic Change Total			2,801	519	0	0	0	519
Overall Total			8,325	2,432	0	0	50,000	52,432

Category	Service	Project	Previous Years				Future Years	Total
			2020-21	2021-22	2022-23	2023-24		
			£000's	£000's	£000's	£000's	£000's	
Asset Sustainability	HSCP	Ardfenaig	0	113	242	0	0	355
		Block Allocation	0	0	0	561	0	561
		Capital Property Works	0	17	142	0	0	159
		Digitalising telecare	0	100	0	0	0	100
		Eadar Glinn	0	151	40	0	0	191
		Glencruitten Hostel	0	38	0	0	0	38
		Gortonvogie	0	12	0	0	0	12
		Greenwood/Woodlands	0	-9	100	0	0	91
		Kilmory Castle Top Floor Toilet Refurb	0	4	0	0	0	4
		Lochgilphead Resource Centre	0	16	0	0	0	16
		Lorn Resource Centre	0	13	0	0	0	13
		Shellach View	0	-2	0	0	0	-2
		Struan Lodge Boiler	0	252	0	0	0	252
		Thomson Home Rothesay	0	109	6	0	0	115
		Tigh An Rudha HFE	0	294	9	0	0	303
Asset Sustainability Total			0	1,108	539	561	0	2,208
Service Development	HSCP	Dunclutha Childrens Home	1,246	54	0	0	0	54
Service Development Total			1,246	54	0	0	0	54
Overall Total			1,246	1,162	539	561	0	2,262

Category	Service	Project	Previous	2020-21	2021-22	2022-23	Future	Total
			Years £000's	£000s	£000's	£000s	Years £000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	29	0	0	0	29
		Campbeltown Community Centre - Fire Alarm and Door Upgrade	0	14	0	0	0	14
		Campbeltown Museum - Burnet Bldg	0	12	0	0	0	12
		Capital Property Works	0	227	561	561	0	1,349
		Dunoon Community Education Centre	0	0	48	2	0	50
		Helensburgh Swimming Pool - Roofing	0	9	0	0	0	9
		Inveraray CARS	0	21	0	0	0	21
		Moat Centre (Roofing)	0	5	0	0	0	5
		Riverside Leisure Centre - Cladding Upgrade	0	30	0	0	0	30
		Rothesay Swimming Pool	0	59	0	0	0	59
		Victoria Halls, Helensburgh	0	84	0	0	0	84
Asset Sustainability Total			0	490	609	563	0	1,662
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	-13	0	0	0	-13
Service Development Total			1,245	-13	0	0	0	-13
Strategic Change	Live Argyll	Carbon Management	14	36	0	0	0	36
Strategic Change Total			14	36	0	0	0	36
Overall Total			1,259	513	609	563	0	1,685

TREASURY MANAGEMENT MONITORING REPORT – JUNE 2020

1. EXECUTIVE SUMMARY

1.1. This report sets out the Council's treasury management position for the period 1 April 2020 to 30 June 2020 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 June 2020, at this stage in the financial year capital expenditure is below target. It is likely that due to delays caused by the COVID-19 pandemic capital expenditure will continue to be below target for the remainder of the year.

1.3. The net movement in external borrowing in the period was a decrease of £1.7m.

1.4. The levels of investments were £109m at 30 June 2020. The rate of return achieved was 0.643% which compares favourably with the target of 7 day LIBID which was -0.067%.

TREASURY MANAGEMENT MONITORING REPORT – JUNE 2020

2. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 April 2020 to 30 June 2020 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 2020. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2020/21 £000's	Forecast 2021/22 £000's	Forecast 2022/23 £000's
CFR at 1 April	296,187	301,023	309,221
Net Capital Expenditure	15,015	19,297	14,880
Less Loans Fund Principal Repayments	(5,606)	(6,284)	(6,851)
Less: NPDO Repayment	(4,573)	(4,815)	(5,097)
Estimated CFR 31 March	301,023	309,221	312,153
Less Funded by NPDO	(119,542)	(114,727)	(109,630)
Estimated Net CFR 31 March	181,481	194,494	202,523
Estimated External Borrowing at 31 March	180,741	189,939	186,662
Gap	740	4,555	15,861

- 3.2. Borrowing is below the Capital Financing Requirement for the period to 30 June 2020. Whilst borrowing rates are still comparatively low the Council has significant cash balances which reduces the need to borrow in the short term.
- 3.3. The Council's Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.
- 3.4. The Council's estimated net capital financing requirement at 30 June is £0.181m. The table below shows how this has been financed. There are substantial internal balances of which £109m is currently invested.

	Position at 31/03/20 £000's	Position at 30/06/20 £000's
Loans	173,639	171,940
Internal Balances	-98,424	-171,650
Less Investments & Deposits	-75,043	-108,992
Total	172	181

- 3.5. During the period from 1 April to 30 June 2020, £1.7m of loans were repaid and no new borrowing was taken, the analysis of the movement in borrowing is shown in the table below:

	Actual £000's
External Loans Repaid 1st April 2020 to 30th June 2020	(1,699)
Borrowing undertaken 1st April 2020 to 30th June 2020	0
Net Movement in External Borrowing	(1,699)

- 3.6. The external borrowing of the Council decreased by £1.7m during the period from 1 April 2020 to 30 June 2020.
- 3.7. The table below summarises the movement in the level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 31st March 2020	562	0.60%
Temp borrowing at 30th June 2020	562	0.00%

Investment Activity

- 3.8. The average rate of return achieved in the Council's investments to 30 June 2020 was 0.643% compared to the average LIBID rate for the same period of -0.067% which demonstrates that the Council continues to achieve a reasonable rate of return on its cash investments in spite of the challenging investment market. At 30 June 2020 the Council had £109m of short term investments at an average rate of 0.643%. 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 Access	297	0.00%	Short Term A-2, Long Term BBB+
Handelsbanken	35 Day Notice	10,000	0.40%	Short Term A-1+, Long Term AA-
Goldman Sachs	185 Day Notice	2,500	1.04%	Short Term A-1, Long Term A+
Goldman Sachs	185 Day Notice	5,000	1.01%	Short Term A-1, Long Term A+
Santander	180 Day Notice	7,500	0.55%	Short Term A-1, Long Term A
Natwest	02/07/2020	5,000	0.97%	Short Term A-2, Long Term A
Qatar National Bank	04/09/2020	5,000	0.50%	Short Term A-1, Long Term A
Qatar National Bank	10/09/2020	2,500	0.50%	Short Term A-1, Long Term A
Qatar National Bank	09/09/2020	2,500	0.48%	Short Term A-1, Long Term A
First Abu Dhabi Bank	07/12/2020	5,000	0.45%	Short Term A-1+, Long Term AA-
Close Bros	14/10/2020	5,000	1.25%	Short Term A-1, Long Term A
Santander	08/12/2020	5,000	0.45%	Short Term A-1, Long Term A
Cherwell District Council	14/07/2020	5,000	0.95%	AA
Lancashire County Council	23/10/2020	5,000	1.00%	AA
Thurrock Borough Council	10/05/2021	5,000	1.05%	AA
Thurrock Borough Council	13/05/2021	5,000	1.05%	AA
Dudley Metropolitan Borough Council	21/04/2021	5,000	1.05%	AA
Fife Council	07/12/2020	5,000	0.45%	AA

Counterparty	Maturity	Amount £000s	Interest Rate	Rating S&P
Clydesdale Bank	Instant Access	297	0.00%	Short Term A-2, Long Term BBB+
Handelsbanken	35 Day Notice	10,000	0.40%	Short Term A-1+, Long Term AA-

Goldman Sachs	185 Day Notice	2,500	1.04%	Short Term A-1, Long Term A+
Goldman Sachs	185 Day Notice	5,000	1.01%	Short Term A-1, Long Term A+
Santander	180 Day Notice	7,500	0.55%	Short Term A-1, Long Term A
Natwest	02/07/2020	5,000	0.97%	Short Term A-2, Long Term A
Qatar National Bank	04/09/2020	5,000	0.50%	Short Term A-1, Long Term A
Qatar National Bank	10/09/2020	2,500	0.50%	Short Term A-1, Long Term A
Qatar National Bank	09/09/2020	2,500	0.48%	Short Term A-1, Long Term A
First Abu Dhabi Bank	07/12/2020	5,000	0.45%	Short Term A-1+, Long Term AA-
Close Bros	14/10/2020	5,000	1.25%	Short Term A-1, Long Term A
Santander	08/12/2020	5,000	0.45%	Short Term A-1, Long Term A
Cherwell District Council	14/07/2020	5,000	0.95%	AA
Lancashire County Council	23/10/2020	5,000	1.00%	AA
Thurrock Borough Council	10/05/2021	5,000	1.05%	AA
Thurrock Borough Council	13/05/2021	5,000	1.05%	AA
Dudley Metropolitan Borough Council	21/04/2021	5,000	1.05%	AA
Fife Council	07/12/2020	5,000	0.45%	AA
MMF - AberdeenStandard	Call	4,261	0.24%	AAA
MMF - Legal and General	Call	2	0.24%	AAA
MMF - CCLA	Call	10,000	0.26%	AAA
MMF - Aviva	Call	9,432	0.26%	AAA
Total		108,992		

- 3.9. 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.

Economic and Interest Rate Forecasts

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

Prudential Indicators

- 3.11. The prudential indicators for 2020-21 are attached in Appendix 3.

4. CONCLUSION

4.1. In the period from 1 April 2020 to 30 June 2020, the Council's borrowing decreased by £1.7m, it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £109m is currently invested. The investment returns were 0.643% which is above the target of -0.067%.

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
Section 95 Officer
9 July 2020

Policy Lead for Financial Services and Major Projects – Councillor Gary Mulvaney

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

Appendix 1 – Economic Background (at 30-06-20)

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

UK. Economic growth 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. The overall growth rate in quarter 1 was -2.2%, -1.7% y/y. However, the main fall in growth did not occur until April when it came in at -24.5% y/y after the closedown of whole sections of the economy. What is uncertain, however, is the extent of the damage that will have been done to businesses by the end of the lockdown period, how consumer confidence and behaviour may be impacted afterwards, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover to what was formerly regarded as normality. However, some changes during lockdown are likely to be long lasting e.g. a shift to online purchasing, working from home, etc. The lockdown has also had a sharp effect in depressing expenditure by consumers which means their level of savings have increased and debt has fallen. This could provide fuel for a potential surge in consumer expenditure once some degree of normality returns.

Although the UK left the EU on 31 January 2020, we still have much uncertainty as to whether there will be a reasonable trade deal achieved by the end of 2020. At the end of June, the UK government rejected extending the transition period beyond 31 December 2020. This has increased the chances of a no-deal **Brexit**. However, the most likely outcome is expected to be a slim deal on trade in order to minimise as much disruption as possible. However, uncertainty is likely to prevail until the deadline date which will act as a drag on recovery.

After the Monetary Policy Committee left the Bank Rate unchanged at 0.75% in January 2020, the onset of the coronavirus epidemic in March forced it into making two emergency cuts in Bank Rate first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. In June, the MPC decided to add a further £100bn of QE purchases of gilts, but to be implemented over an extended period to the end of the year. The total stock of QE purchases will then amount to £745bn. It is not currently thought likely that the MPC would go as far as to cut Bank Rate into negative territory, although the Governor of the Bank of England has said all policy measures will be considered. The Governor also recently commented about an eventual tightening in monetary policy – namely that he favours unwinding QE before raising interest rates. Some forecasters think this could be as far away as five years.

The Government and the Bank were also very concerned to stop people losing their jobs during this lockdown period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months to the end of June while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lockdown period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services.

The furlough scheme was subsequently extended for another three months to October, but with employers having to take on graduated increases in paying for employees during that period. The Bank of England expects the unemployment rate to double to 8%.

The Government measures to support jobs and businesses will result in a huge increase in the annual budget deficit for the current year, from about 2% to nearly 17%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lockdown is ended. Economic statistics during June were giving a preliminary indication that the economy was recovering faster than previously expected. However, it may be a considerable time before economic activity recovers fully to its previous level.

Inflation. The annual inflation rate dropped to 0.5% in May from 0.8% in April and could reach zero by the end of the year. Inflation rising over 2% is unlikely to be an issue for the MPC over the next two years as the world economy will be heading into a recession; this has caused a glut in the supply of oil which initially fell sharply in price, although the price has recovered somewhat more recently. Other UK domestic prices will also be under downward pressure; wage inflation was already on a downward path over the last half year and is likely to continue that trend in the current environment where unemployment will be rising significantly. In May's Monetary Policy Report, the Bank of England predicted that inflation would hit their 2% target by 2022. This was in the context of its forecast that GDP would rise by 3% in 2022 after a recovery during 2021. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

USA. Growth in quarter 1 of 2020 fell by an annualised 5.0% and will fall sharply in quarter 2. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be covered. In addition there was \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

Non-farm payrolls unexpectedly increased by 2.5 million jobs in May, beating market expectations of an 8 million fall, and after declining by a record 20.7 million in April. The figures suggest that the economic recovery in the US may happen much faster than initially expected. Some states started reopening in mid-May after a two-month shutdown but a few have had to reimpose localised lockdowns since then.

EUROZONE. The Eurozone economy shrank by 3.6% on quarter in the first three months of 2020. So far, the ECB has been by far the most important institution in helping to contain the impact of coronavirus and the crisis on financial markets. Since 12th March, it has implemented a range of new policies including providing additional cheap loans for commercial banks and easing capital requirements for the banking sector. But most importantly, the ECB has stepped up and reformed its asset purchase programmes. So far, it has increased its planned asset purchases for this year by €1,470bn on top of the €20bn per month which it was already committed to. The new purchases consist of an additional €120bn within the existing Public Sector Purchase Programme (PSPP), and

€1,350bn in the Pandemic Emergency Purchase Programme (PEPP). At its 4 June monetary policy meeting, the ECB Governing Council also committed to continue net asset purchases under the PEPP until at least the end of June 2021 and to continue to reinvest maturing principal payments under the PEPP until at least end-2022. It has also made clear that it would not hesitate to top up PEPP as much as needed to contain the risk of a crisis.

Just as important as the size of the PEPP is its flexibility. Whereas previous asset purchase programmes adhered to strict issuer limits, the PEPP was designed to be flexible across “time, asset classes and jurisdictions”. This means that the ECB can act in the interests of the euro-zone as a whole rather than having to treat each national bond market equally. However, while this overall programme will provide protection over the next year or so, some vulnerable countries, particularly Italy, already started the crisis with a high level of debt to GDP and the crisis will make that level even worse at the same time as GDP growth prospects will have worsened. This leaves a big question over ‘what happens after then when financial markets will be concerned that those debt levels are unsustainable?’

What is currently missing is a major coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure. The EU’s recently-proposed rescue fund, (officially designated “Next Generation EU”), is a major first step towards financial integration in the EU. However, it is striking just how small this package is as the proposed €500 billion of grants amount to about 0.6% of average annual euro-zone GDP (over the seven-year budget period). It will therefore supply relatively little support to the weaker and more vulnerable countries within the EU. This has therefore left individual national governments to implement a patchwork of support measures within each country. This shows up how far away the EU is from being an effective fiscal union.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lockdown of the country and a major contraction of economic activity in February-March 2020. The Chinese economy shrank 6.8% y/y in Q1 2020, following 6% y/y growth in Q4 of 2019. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems. The post Covid government measures to stimulate more infrastructure investment are likely to result in an increase in inefficient low reward investment.

JAPAN has been struggling to stimulate consistent significant GDP growth for years 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. Japan appears to have escaped the worst effects of the virus - as yet.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019. This year, coronavirus is the inevitable big issue which is going to sweep around most countries in the world and have a major impact in causing a world recession in growth in 2020.

Appendix 2 – Interest Rate Forecast (at 30-06-20)

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

The above table is based on PWLB certainty rates – gilt yields plus 180bps.

Uncertainty over Brexit caused the MPC to leave Bank Rate unchanged during 2019 and at its January 2020 meeting. However, since then the coronavirus outbreak has transformed the economic landscape: in March, the MPC took emergency action twice to cut Bank Rate first to 0.25%, and then to 0.10%. It is now unlikely to rise for the next two years pending a protracted recovery of the economy from this huge set back.

Our central assumption is that there will be some form of muddle through agreement on a reasonable form of Brexit trade deal but the coronavirus outbreak could affect the timing of reaching a deal. As there is so much uncertainty around the impact of, and pace of recovery from this outbreak, the above forecasts currently only cover two years, not three as provided in the past.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a falling trend during the last year up until the coronavirus crisis hit western economies. Since then, we have seen gilt yields fall sharply to unprecedented lows

as investors panicked during March in selling shares in anticipation of impending recessions in western economies and moved cash into safehaven assets i.e. government bonds. However, major western central banks started massive quantitative easing purchases of government bonds which has acted to maintain downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds; in normal times this would have caused bond yields to rise sharply. At the close of the day on 30 June, all gilt yields from 1 to 5 years were slightly negative while even 25-year yields were at only 0.71 and 50 year at 0.54%. Equity markets have enjoyed a rebound since the lows of March as confidence has started to return among investors that the worst is over and recovery is now on the way.

However, HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then at least partially reversed for some forms of borrowing on 11 March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4 June but the date has since been put back to 31 July. It is clear that the Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

As the interest forecast table for PWLB certainty rates (gilts plus 180bps) above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2020-21	2020-21	2021-22	2022-23
(1). EXTRACT FROM BUDGET				
	Forecast Outturn £'000	Original Estimate £'000	Forecast Outturn £'000	Forecast Outturn £'000
Capital Expenditure				
Non - HRA	15,015	19,189	19,297	14,880
TOTAL	15,015	19,189	19,297	14,880
Ratio of financing costs to net revenue stream				
Non - HRA	5.83%	5.83%	5.84%	5.89%
Net borrowing requirement				
brought forward 1 April *	296,187	298,658	307,668	309,221
carried forward 31 March *	301,023	307,668	309,221	312,153
in year borrowing requirement	4,836	9,010	1,553	2,932
In year Capital Financing Requirement				
Non - HRA	4,836	9,010	1,553	2,932
TOTAL	4,836	9,010	1,553	2,932
Capital Financing Requirement as at 31 March				
Non - HRA	301,023	307,668	309,221	312,153
TOTAL	301,023	307,668	309,221	312,153

PRUDENTIAL INDICATOR	2020-21	2021-22	2022-23
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	205	215	212
other long term liabilities	127	122	117
TOTAL	332	337	329
Operational boundary for external debt -			
borrowing	200	210	207
other long term liabilities	124	119	114
TOTAL	324	329	321
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2020/21	upper limit	lower limit
	under 12 months	30%
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	100%	0%

RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2020

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 £270.479m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2020 the Council had a total of £55.892m of usable reserves. Of this:
- £1.843m relates to the Repairs and Renewals Fund
 - £4.379m relates to Capital Funds
 - £49.670m was held in the General Fund, with £43.375m of this balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £43.375m:
- £27.305m is invested or committed for major initiatives/capital projects
 - £0.724m has already been drawn down
 - £10.512m is still to be drawn down in 2020-21
 - £4.834m is planned to be spent in future years

Appendix 1 provides further information on the unspent budget earmarkings.

- 1.5 The Council's General Fund contingency level is set at 2% of net expenditure for 2020-21 which equates to £4.969m. At the beginning of the financial year there was £1.326m of unallocated General Fund Balance (over and above contingency). After taking into consideration the current forecast outturn for 2020-21, the Council is forecast to have a £0.716m deficit balance by the end of the year.

RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2020**2. INTRODUCTION**

- 2.1 This report outlines current balances on 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 are examples of unusable reserves.

3.2 Reserve Balances at 31 March 2020

- 3.2.1 The balances on each type of reserve at 31 March 2020 are set out in the two tables below, updated as per Unaudited Accounts for 2019-20.

Unusable Reserves	£000
Revaluation Reserve	126,560
Capital Adjustment Account	221,163
Financial Instruments Adjustment Account	(2,850)
Pensions Reserve	(67,346)
Accumulated Absences Account	(7,048)
Total Unusable Reserves	270,479

Usable Reserves	£000
Repairs and Renewals Fund	1,843
Capital Fund and Usable Capital Receipts Reserve	4,379
General Fund	49,670
Total Usable Reserves	55,892
Total Reserves	326,371

- 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 2020 can be analysed as follows:

	Balance 31/03/20 £000
Balance on General Fund as at 31 March 2019	49,480
Increase to General Fund balance at end of 2019-20	190
Earmarked Balances	(43,375)
Contingency allowance at 2% of net expenditure	(4,969)
Unallocated balance as at 31 March 2020	1,326

- 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 2020, 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 31/03/2020 £000	Invested or committed for major initiatives /capital projects £000	Drawn-down to 2020-21 Budget as at 30/06/20 £000	Still to be drawn-down in 2020-21 £000	Planned Spend Future Years £000	Balance No Longer Required £000
Strategic Housing Fund	7,500	7,500				
Investment in Affordable Housing	4,000	4,000				
Capital Projects	7,452	7,452				
Lochgilphead and Tarbert Regeneration	2,376	2,346	30			
Inward Investment Fund	883	883				
Rural Resettlement Fund	152	152				
Asset Management Investment	2,551	2,551				
Piers and Harbours Investment Fund	608	608				
Scottish Government Initiatives	951		118	597	236	
Transformation	73			73		
CHORD	213			213		
DMR Schools	917			917		
Energy Efficiency Fund	218			218		
Existing Legal Commitments	644			22	622	
Unspent Grant	3,281		450	2,630	201	
Unspent Third Party Contribution	137			118	19	
Previous Council Decision - Other	2,967	1,813		477	677	
Redundancy Provision	2,100			600	1,500	
Supporting Organisational Change	500			250	250	
Spend to Save Route Optimisation	100			100		
Unspent Budget	5,752		126	4,297	1,329	
Totals	43,375	27,305	724	10,512	4,834	0

3.3.5 At the Council meeting on 27 February 2020, it was agreed that the one-off re-profiling gain of £20.561m generated by the loans fund review should be used partly to create a provision for the increasing principal repayments over the next 10 years (£7.649m) with the remainder of the gain (£12.912m) used to fund the known liabilities/cost pressures. The table below shows what has been drawn down against the one-off gain and the remaining balance.

	Agreed Allocation	Transferred to Earmarked Reserves 19-20	Drawn down to 20-21 Budget	Balance Remaining
	£000	£000	£000	£000
Provision for the increasing principal repayments	7,649			7,649
Provision to Support Organisational Change	500	(500)		0
Estimated Cost of 2020-21 redundancies that are part of budget savings proposals	600	(600)		0
Future Redundancies Provision	1,500	(1,500)		0
Spend to Save Route Optimisation	100	(100)		0
Funding Gap in Capital Programme	2,619			2,619
Capital Programme Intolerable Red Risks	574			574
Campbeltown Flood Prevention Scheme	1,406			1,406
Significant Strategic Change Projects	5,013			5,013
2020-21 Revenue Budget Contribution	600		(600)	0
	20,561	(2,700)	(600)	17,261

- 3.3.6 The Council's General Fund contingency is set at 2% of net expenditure for 2020-21 and amounts to £4.969m. At the beginning of the financial year there was £1.326m of unallocated General Fund Balance (over and above contingency). After taking into consideration the balances no longer required, the agreed supplementary estimates, the current forecast outturn for 2020-21 and the estimated loans fund review savings, the Council is forecast to have a £0.716m deficit by the end of the year.

	£000
Unallocated balance as at 31 March 2020	1,326
Current Forecast Outturn for 2020-21 as at 30 June 2020	(2,042)
Estimated Unallocated balance as at 31 March 2021	(716)

- 3.3.7 The estimated significant overspend on Social Work for 2020-21 is the main reason that the Council is forecasting that it will have used all of its unallocated balance and be using £0.716m of contingency. The HSCP has contributed to a local mobilisation plan cost return and the Scottish Government has "in principle" approved all mobilisations plans and the reported overspend within Social Work is included within the mobilisation plan. If it becomes apparent that the Scottish Government will not cover the full costs within the mobilisation plan, the position on the unallocated General Fund balance will be reviewed to establish whether a recovery plan will be required to bring spending back in line with budget. There is a separate report on the agenda concerning the forecast in-year deficit for the Council.

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 2020 the estimated unallocated General Fund, after taking into consideration the forecast outturn for 2020-21 is a £0.716m deficit. In the event that the HSCP are funded for the impact of COVID-19 on the delivery of savings (as outlined at 3.3.7 above) there would be no need to utilise the contingency and therefore no requirement to implement a recovery plan beyond the work outlined in the Budget Update 2020-21 report which features as a separate agenda item to the Business Continuity Committee. Officers will continue to monitor the projected forecast outturn on an ongoing basis to determine whether a recovery plan will be required to restore the Council's contingency balance back up to 2%.

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 £4.969m (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
Section 95 Officer
10 July 2020

Policy Lead for Financial Services and Major Projects - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 30 June 2020

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 20/21	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2020/21	Amount Planned to be Spent in 2021/22	Amount Planned to be Spent from 2022/23 onwards
001	Chief Executives Unit	Financial Services	CIPFA, equipment and the conversion of paper client records to the CIVICA Electronic Document Management System	40,817			40,817	40,817	0	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 (Homecare/Adult care etc) to digital. This will be done by employing a temporary admin assistant. Once complete the efficiencies of information flow and access will generate savings within the finance team.	40,817	0	0
002	Chief Executives Unit	Financial Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	18,595	0	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14. This money was allocated to support the Community Learning and Development Team to provide courses to support Universal Credit claimants 2019/2020 to support the recruitment of casual tutors and the purchase and upgrade of laptops. The monies were not utilised however it will now be required to top up the Scottish Welfare Fund and DHP monies for 2020/2021 which will be under more pressure due to Covid-19.	18,595	0	0
003	Executive Director (Douglas Hendry)	Commercial Services	Rothsay Pavilion Essential repairs	306,400			306,400	306,400	0	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
004	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	84,688			84,688	84,688	0	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which will be imposed from 1st April 2017. It was agreed that £150,000 be earmarked from the favourable 2016-17 outturn position to fund these appeals. The balance of £84,688 is still required for 2020/21 as NDR valuation appeals have been lodged but have not been heard yet. We will not know the level of savings, and in turn the corresponding charge to us, until the appeals are concluded which should be later on this year.	84,688	0	0
005	Executive Director (Douglas Hendry)	Commercial Services	Management of Asbestos	78,156			78,156	78,156	0	Providing asbestos management on an ongoing basis by employing 2.5 FTE to ensure compliance with all regulatory requirements.	78,156	0	0
006	Executive Director (Douglas Hendry)	Commercial Services	Provision of Mobile Catering Vans	68,950			68,950	68,950	0	For the purchase of two mobile catering vans that can be used for the provision of school meals, lunches for council workers and refreshments at a range of community events. Due to the unique rural character of Argyll and Bute, the van will act as a means of effective travel between several locations. Income will be generated from using these vans and forms part of the Catering and Cleaning Innovations Project. The order for both mobile catering vans was placed with Vantastec on 26 February 2020 and the manufacture process is currently underway with payment due on receipt of the completed vans.	68,950	0	0
007	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	40,211			40,211	40,211	0	For Site Investigation works in relation to Tweeddale Street Car Park, Oban and Oban Airport Business Park to explore commercial opportunities to develop the sites and gain revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations and work commenced in March 2020. As the works will cross into 20/21, it is requested that the funds are earmarked so that payment can be made to the contractors on the satisfactory completion of the works.	40,211	0	0
008	Executive Director (Douglas Hendry)	Education	Change in Teachers Pension - Uplift in Employer Contribution	230,000	118,000		112,000	0	112,000	Reports to Policy and Resources Committee earlier in the year outlined the change in teachers pensions anticipated income and expenditure and also the delay in the implementing the new employer contribution rate within 2019. Due to the delay a surplus was created in 2019-20 and it was approved that this be used to help reduce the cost in future years. £0.118m was planned to be used in 2020-21 with the remaining £0.112 used in 2021-22 and this position remains.	118,000	112,000	0
009	Executive Director (Douglas Hendry)	Education	Skype for Business for Education	138,325			138,325	138,325	0	To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively.	138,325	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 20/21	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2020/21	Amount Planned to be Spent in 2021/22	Amount Planned to be Spent from 2022/23 onwards
010	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150			109,150	109,150	0	Funding earmarked to support trainee development and Modern Apprenticeship Opportunities based on priority workforce risk areas. The money will be allocated for 20/21 following a review of the workforce planning risk matrix against updated workforce plans. Workforce planning conversations with 3rd tier managers are currently ongoing. This will identify the priority areas of spend for trainees/apprentices and training.	109,150	0	0
011	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	57,939			57,939	57,939	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	57,939	0	0
012	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	38,108			38,108	38,108	0	In order to maximise the opportunities and efficiencies of digital learning, this funding is being used for a temporary Digital Learning Officer who will develop new digital materials and systems to optimise and improve digital learning.	38,108	0	0
013	Executive Director (Kirsty Flanagan)	Customer Support Services	Transformation and Budget Reconstruction	31,705			31,705	31,705	0	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. Due to delays in recruitment this money will not be drawn down until 2020-21 for 2 LGE 6 employees.	31,705	0	0
014	Executive Director (Kirsty Flanagan)	Customer Support Services	Living Wage Consolidation Team	2,345			2,345	2,345	0	Implementation of the living wage project due to start May/June 20 and be completed by April 2021. This will fund printing and postage and other non staffing costs.	2,345	0	0
015	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Rothsay Pavilion Charity	750,000			750,000	375,000	375,000	Agreed at Council meeting February 2020, £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	375,000	375,000	0
016	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	670,986			670,986	670,986	0	Currently we are reviewing this commitment. There is a need to deliver remaining Lorn Arc outcomes to secure £2.6m of potential income over the life of the TIF. Focus is currently on the development of the Oban Strategic Development Framework, the Half Way roundabout and Oban airport Business Park. A meeting was held with Scottish Futures Trust and the Scottish Government in the 1st quarter of 2020 where it was agreed that the Council would approach the Scot Gov to request amendment of the current TIF agreement to allow further investment in projects beyond next year. A letter has been sent and we are waiting for a reply.	670,986	0	0
017	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	80,000			80,000	20,000	60,000	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019-20. Grant contract issued. Proposed payment of £20k per annum starting 2020/21 (2023/24 final payment of £20k)	20,000	20,000	40,000
018	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Kintyre Recycling Limited	66,000			66,000	66,000	0	Agreed at Council meeting February 2020, one off allocation to Kintyre Recycling Limited for 20/21	66,000	0	0
019	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Fyne Futures	60,000			60,000	60,000	0	Agreed at Council meeting February 2020, one off allocation to Fyne Futures for 20/21	60,000	0	0
020	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Argyll and the Isles Tourism Co-operative	30,000	7,500		22,500	22,500	0	Agreed at Council meeting February 2020, one off allocation to Argyll and the Isles Tourism Co-operative for 20/21	30,000	0	0
021	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Development Policy	19,910			19,910	19,910	0	To be used in support of delivering the LDP in general: including developing IT and GIS capabilities required to support publishing the LDP.	19,910	0	0
022	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban Strategic Development Framework	12,979			12,979	12,979	0	The Destination and origin survey is underway for a contract price of £62.5k. Work will be complete by the end of the calendar year following analysis of results.	12,979	0	0
023	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	3G pitches / Tarbert Sports Pitches	592,218			592,218	80,420	511,798	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26.	80,420	80,420	431,378
024	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Waste Management	194,361			194,361	0	194,361	Will be used towards long term waste management strategy/model, including but not limited to scoping work for the creating of a waste transfer station.	0	194,361	0
025	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Replacement Parking Machines	121,695			121,695	121,695	0	Delivery of parking machines delayed due to Covid-19 lockdown therefore unspent budget required to be carried forward to cover cost when they are finally delivered.	121,695	0	0
026	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Amenity Services introduction of management information system	36,786			36,786	36,786	0	WDM project now progressing with new Team Leader in post. This earmarking will be utilised in year for development work within the WDM system and for tablets/devices for teams on the ground.	36,786	0	0
027	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Street Lighting Survey	31,815			31,815	31,815	0	This earmarking will be utilised to fund the introduction of an apprentice electrician over a 4 year period and the remainder will be utilised to fund training and support for the Trainee Street Lighting Engineer.	31,815	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Remaining Balance	Still to be drawdown in 20/21	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2020/21	Amount Planned to be Spent in 2021/22	Amount Planned to be Spent from 2022/23 onwards
028	Non Departmental / Chief Executive's Unit	Across Services / Chief Executive's Unit	Information Management (Balance of Funding)	209,844			209,844	209,844	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	209,844	0	0
029	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	121,538			121,538	121,538	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	121,538	0	0
030	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitilisation of Title Deeds)	92,000			92,000	92,000	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	92,000	0	0
031	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Development and Economic Growth	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	76,618			76,618	76,618	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	76,618	0	0
032	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	1,000,000	0	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	1,000,000		0
033	Non Departmental	Non Departmental	Roads Capital Investment	264,000			264,000	264,000	0	Agreed at Council meeting February 2020, a transfer of £264k to Administration priorities to support Roads Capital Investment	264,000	0	0
034	Non Departmental	Non Departmental	Community Resilience Fund	76,447			76,447	0	76,447	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	76,447
				5,752,586	125,500	0	5,627,086	4,297,480	1,329,606		4,422,980	781,781	547,825