

FINANCIAL REPORTS MONITORING PACK – 31 OCTOBER 2022

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of October 2022. There are five detailed reports, setting out the position as at 31 October 2022, which are summarised in this Executive Summary:

- Revenue Budget Monitoring Report
- Monitoring of Financial Risks
- Capital Plan Monitoring Report
- Treasury Monitoring Report
- Reserves and Balances

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 £0.545m as at the end of October 2022. The key variances are:

- £0.763m overspend from Roads and Infrastructure. The main reasons for this are an under-recovery of income in piers and harbours (£0.440m), an overspend in employee costs due to sickness absence cover and a back payment for an increased tonnage rate for waste disposal from one of our suppliers (£0.304m). These are partially offset by an over-recovery of income in crematoria.
- £0.286m overspend due to a high demand for services and use of agency staff within Social Work
- £0.026m overspend from the elected members pay award being greater than available budget. (The pay award is set nationally via Statutory Instrument and the forecast overspend is due to a 5.2% increase which is above the 2% previously built into the budget).
- £0.493m over-recovery of Council Tax
- £0.037m under-spend against Development and Economic Growth resulting from an over-recovery of income from private water supply appraisals

2.1.3 The forecast overspend does not include the potential impact of the 2022-23 pay settlement which has now concluded for Local Government staff (SJC conditions) with the application of the new pay scale and back pay during November. Please note that the negotiations for teaching staff and chief officers are ongoing. The

Scottish Government has agreed to provide an additional £140m of recurring resource from 2022-23 to support the settlement and a further £120.6m of capital funding in 2022-23 and 2023-24 which will be baselined as General Revenue Grant from 2024-25 onwards. It has been advised that there is an expectation that a proportionate share of the additional funding is passed over to the Health and Social Care Partnership (HSCP), however, this is not a direction and is therefore at the discretion of the Council. There remains a budget pressure that both the Council and the HSCP will require to fund. It is recommended that Members give consideration as to what share of this funding should be passed to the HSCP. If a proportionate share is passed to the HSCP, this would result in a gap for the Council of around £2.1m and for the HSCP £0.5m.

- 2.1.4 There is a year to date underspend of £6.066m. 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.
- 2.1.5 With regard to the ongoing financial impact of COVID-19, there are £8.965m of reserves committed to manage the impact of the pandemic. The detail behind these commitments is contained within Appendix 2 of the Reserves and Balances report.
- 2.1.6 Total policy savings relevant to 2022-23 financial year amount to £1.560m. The table below outlines their progress as at 31 October 2022.

Category	No. of Options	2022-23 £000	2022-23 FTE	2023-24 £000	2023-24 FTE	Future Years £000	Future Years FTE
Delivered	10	367.0	1.4	375.0	1.4	375.0	1.4
On Track to be Delivered	7	471.5	0.5	474.5	0.5	477.5	0.5
Still to be Implemented	1	0.5	0.0	0.5	0.0	0.5	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Potential Shortfall	4	402.5	0.0	402.5	0.0	402.5	0.0
Delayed	2	318.2	0.0	437.8	0.0	437.8	0.0
TOTAL	24	1,559.7	1.9	1,690.3	1.9	1,693.3	1.9

- 2.1.7 For those savings approved prior to February 2022, there are four savings categorised as having a shortfall and two currently delayed.

Health and Social Care Partnership (HSCP) – Financial Update

- 2.1.8 The forecast outturn position at the end of October is an estimated overspend of £0.786m for 2022-23 (£0.286m for Social Work and £0.500m for Health). The Chief Financial Officer of the IJB is confident that the spend will be brought in line with budget by the end of the financial year using slippage from growth projects and anticipated additional funding allocations.

2.2 Monitoring of Financial Risks

- 2.2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.
- 2.2.2 There are 5 Council wide revenue risks identified for 2022-23 currently amounting to £2.323m.
- 2.2.3 There are currently 41 departmental risks totalling £5.090m. Of the 41 departmental risks, one is categorised as almost certain and 4 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.
- 2.2.4 The 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
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	750
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	5	500
Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	3	400

- 2.2.5 There have been 3 changes to the departmental risks since the report as presented to the Policy and Resources Committee on 13 October 2022. These are outlined in paragraph 3.4.1 of the Financial Risks Report.

2.3 Capital Plan Monitoring Report

- 2.3.1 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.
- 2.3.2 At the budget setting meeting on 25 February 2021, the Council agreed to provide a £2.5m provision for the increase in capital contract costs as a result of COVID-19 and following agreement at the Policy and Resources Committee on 14 October 2021, this, plus a further £0.146m, was added to the capital programme. At the budget meeting in February 2022 an additional £3.9m was set aside for further capital contract increases including up to £1.2m for Campbeltown Flood Scheme.
- 2.3.3 There are likely to be further financial pressures facing the capital programme that are not able to be quantified at this stage largely relating to inflationary increases in the construction industry and supply chain issues.
- 2.3.4 Actual net expenditure to date is £15.685m compared to a budget for the year to date of £15.413m giving rise to an overspend for the year to date of £0.272m (1.76%).
- 2.3.5 The forecast outturn for 2022-23 is a forecast net expenditure of £35.549m compared to an annual budget of £45.971m giving rise to a forecast underspend for the year of £10.422m (22.67%).
- 2.3.6 The forecast total net projects costs on the capital plan are £180.363m compared to a total budget for all projects of £179.913m giving rise to a forecast overspend for the overall capital plan of £0.450m (0.25%).
- 2.3.7 In respect of total project performance, there are 160 projects within the capital plan, 151 are complete or on target, 6 are off target and recoverable and 3 projects are off track.

2.4 Treasury Monitoring Report

- 2.4.1 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.
- 2.4.2 The net movement in external borrowing for the period 1 September 2022 to 31 October 2022 was a decrease of £9.5m.
- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. Due to the increase in borrowing

rates it is unlikely that the Council will take out longer term loans in the short to medium term

2.4.4 The levels of investments were £116.2m at 31 October 2022. The average rate of return achieved was 2.508% which compares favourably with the SONIA (Sterling Overnight Index Average) for the same period of 2.186%.

2.5 Reserves and Balances

2.5.1 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.

2.5.2 The Council has a total of £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.

2.5.3 At 31 March 2022, the Council had a total of £103.183m of usable reserves. Of this:

- £2.682m relates to the Repairs and Renewals Fund
- £4.414m relates to Capital Funds
- £96.087m was held in the General Fund, with £88.990m of this balance earmarked for specific purposes.

2.5.4 Of the earmarked balance of £88.990m:

- £46.239m is invested or committed for major initiatives/capital projects
- £6.364m has already been drawn down
- £29.934m is still to be drawn down in 2022-23
- £6.453m is planned to be spent in future years

2.5.5 The table below summarises the estimated Unallocated General Fund Balance as at the end of the financial year:

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 22	2,482
Current Forecast Outturn for 2022-23 as at 31 October 2022		(545)
Estimated Unallocated balance as at 31 March 2023		3,778

2.5.6 It can be seen that, after taking into consideration the Budget Motion and the current forecast outturn for 2022-23, the Council is forecast to have a £3.778m surplus over contingency. The balance does not take into account the 2022-23 pay award now agreed and due to be paid in November. Should Members decide that a proportionate share of the funding is passed to the HSCP, the impact for the Council would be around £2.1m, resulting in a reduced unallocated balance of £1.678m by year end.

2.6 VIREMENTS OVER £0.200m (Revenue)

2.6.1 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.

2.6.2 For the periods September and October, there are 2 virements requiring authorisation:

- £0.219m harvested within Social Work against the vacancy savings target for September
- £0.225m unidentified saving moved from Chief Officer Integration to Adult Services

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 October 2022
- b) Note the financial risks for 2022-23
- c) Note the capital plan monitoring report as at 31 October 2022 and approve the proposed changes to the capital plan outlined in Appendix 4 of that report.
- d) Note the treasury monitoring report as at 31 October 2022
- e) Consider the reserves and balances report as at 31 October 2022
- f) Recommend to Council that the revenue virements over £0.200m during September and October 2022 are approved
- g) Recommend that Members give consideration as to what share of the additional £140m Revenue and £120.6m Capital funding relating to the pay award should be passed to the HSCP. If a proportionate share is passed to the HSCP in 2022-23 this equates to £0.490m and £0.422m respectively.

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2022-23 as at 31 October 2022
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.5.1	Equalities – protected characteristics -	None.
4.5.2	Socio-economic Duty -	None.
4.5.3	Islands -	None.
4.6	Climate Change -	None.
4.7	Risk -	Risks are included in financial risks report.
4.8	Customer Service -	None.

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

For further information contact Anne Blue, Head of Financial Services
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2022-23 Overall Position:

There is an overall forecast overspend of £0.545m as at the end of October 2022. Within Executive Director Kirsty Flanagan, there is a forecast overspend of £0.726m due to an under-recovery of income in Piers and Harbours (£0.440m); an overspend in Waste employee costs due to sickness absence cover and a back-payment for an increased tonnage rate for Waste Disposal from one of our suppliers (£0.304m). These are partially offset with additional income in Crematoria and Private Water Supply Appraisals. Within Social Work, there is a forecast overspend of £0.286m due to a high demand for services and agency staff costs. Central Budgets are projecting a £0.026m overspend resulting from the Elected Members pay award, which is set nationally via Statutory Instrument, being greater than the available budget. There is a projected over-recovery of Council tax of £0.493m

It should be noted that the forecast overspend does not include the potential impact of the 2022-23 SJC pay settlement which will be paid to those employees during November. Note the negotiations for teaching staff and chief officers are ongoing.

There is a year to date overspend of £6.066m. The year to date variances within the departments tend to relate to the timing of income and expenditure and costs to capital not recharged yet.

Key Highlights as at October 2022:

- The 2022-23 SJC pay award will be paid to employees in November period.

Key Financial Successes:

Performance against budget for 2021-22 was an overall net favourable position of £1.630m underspend after adjusting for year-end earmarking. This breaks down as:

- £0.815m net underspend in relation to Council service departmental expenditure
- £0.432m net overspend in relation to other central costs
- £1.247m over-recovery of Council Tax income.

Key Financial Challenges:

Ongoing consideration of the financial impact of COVID on the Council's revenue position.

Achieving a favourable year-end 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.

Proposed Actions to address Financial Challenges:

Continue to identify additional costs as a consequence of COVID to ensure earmarked COVID funds are applied appropriately.

Robust monitoring of the financial position and delivery of savings to ensure budget issues inform the budget monitoring process.

Continue to work closely with the CFO of the IJB to ensure that early indication of any potential adverse financial outturn is known and

	corrective action is agreed as appropriate to reduce the risk to the Council.
Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2022-23 budget was agreed in February 2022 there are still budget gaps in future years.	The Council will continue to progress savings options identified in 2021-22 that require further development and seek to identify further savings through themed reviews and business process reviews.
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 regularly 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 on these areas.
Ongoing requirement to fund unavoidable inflationary increases in areas like utility costs, fuel, food etc. This is impacted further by the availability of supply as a result of the COVID-19 pandemic, UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities to name a few influencing factors.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.
Cost of living crisis impacting on pay inflation negotiations which could result in pay awards above what is deemed affordable.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

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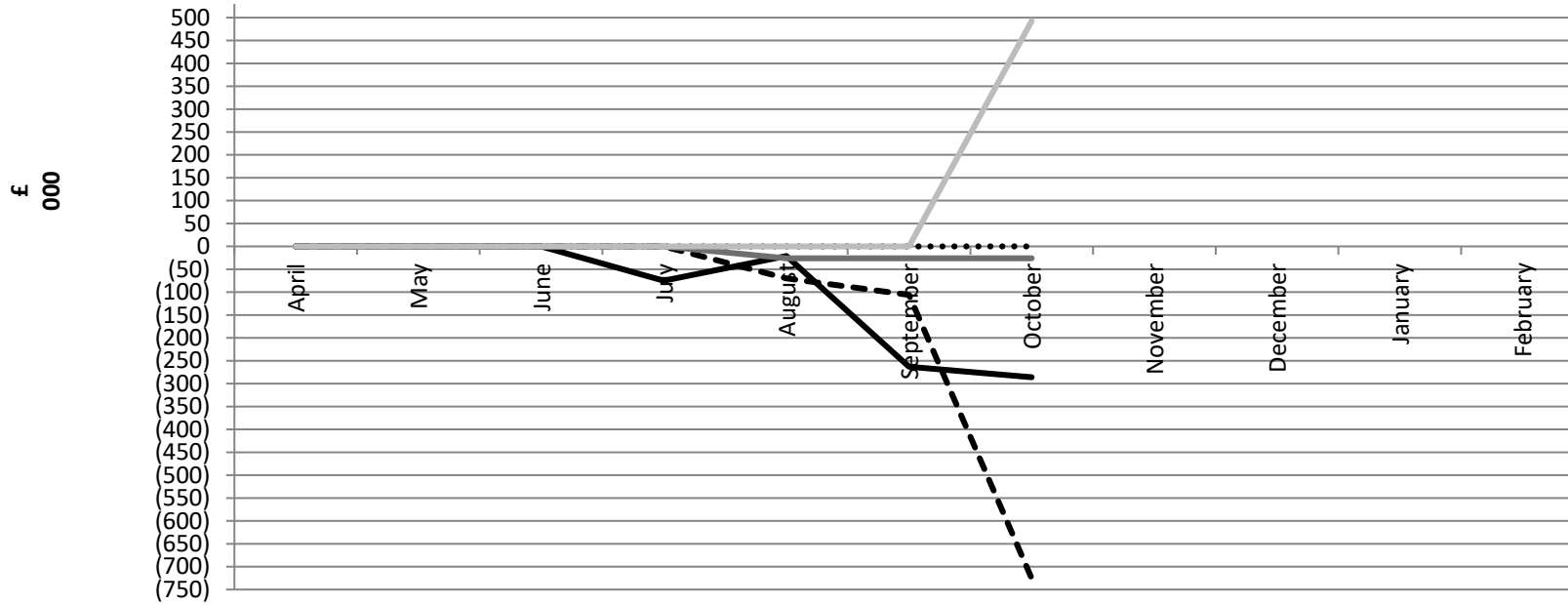
Forecast Outturn Position

There is a forecast overspend of £0.545m for 2022-23 as at the end of October 2022

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	6,466	6,466	0	0	0	
Executive Director (Douglas Hendry)	126,303	126,303	0	0	0	
Executive Director (Kirsty Flanagan)	46,382	47,108	(726)	(106)	(620)	Overspend is due to an under-recovery of income in Piers and Harbours; an overspend in Waste employee costs due to sickness absence and a back-payment for increased tonnage rate for Waste Disposal. These are partially offset with additional income in Crematoria and Private Water Supply Appraisals.
Social Work	72,911	73,197	(286)	(263)	(23)	Overspend due to high demand for services and agency staff
Central Budgets	23,867	23,893	(26)	(26)	0	Overspend due to Elected Members pay award being higher than available budget
Financed By	(275,929)	(276,422)	493	0	493	Projected over-recovery of Council tax
Total	0	545	(545)	(395)	(150)	

Forecast outturn position for each Department from the start of the financial year

Underspend



Overspend

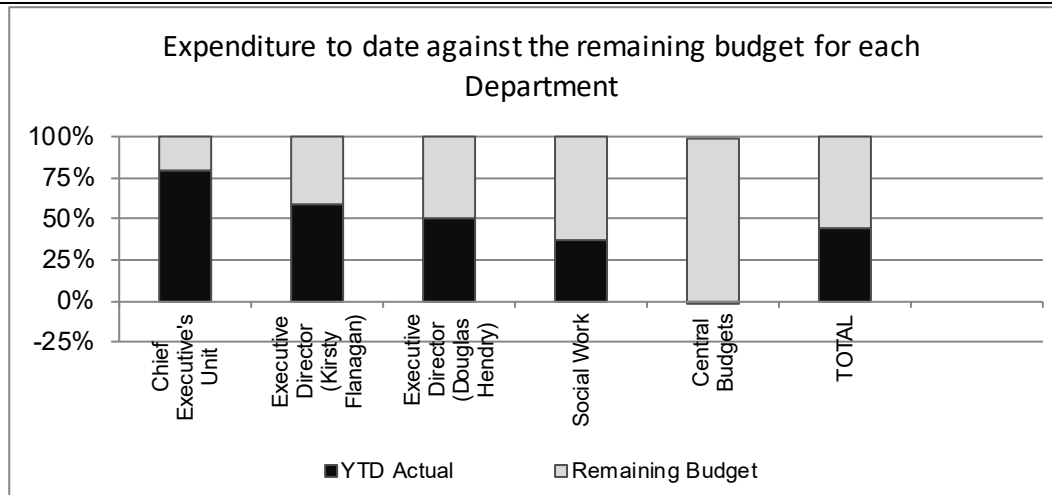
- Chief Executive's Unit
- - - Executive Director (Kirsty Flanagan)
- Executive Director (Douglas Hendry)
- Social Work
- Central Budgets
- Financed By

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

Year to Date Position

The year to date position as at the end of October 2022 is an underspend of £6.066m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	5,122	5,122	0	
Executive Director (Douglas Hendry)	64,372	65,281	909	The YTD underspend is mainly due to underspends in employee budgets within school and learning centres. Under the Scheme of Devolved School Management, schools are permitted flexibility at the end of the year so no forecast variance is required. The remaining variances are profile related and will be refined through November
Executive Director (Kirsty Flanagan)	27,587	24,993	(2,594)	The YTD overspend is mainly due to income behind profile in the Roads Operational Holding Account due to Capital project timing which is difficult to profile and also an under-recovery of income in Piers and Harbours
Social Work	27,298	27,366	68	The YTD underspend is largely due to demand for services across Children and Families and timing of payments across Adult Services
Central Budgets	(225)	7,458	7,683	The YTD underspend can be attributed to timings of payments and profiling issues
Funding	(151,667)	(151,667)	0	
Total Net Expenditure	(27,513)	(21,447)	6,066	



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 OCTOBER 2022

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	5,122	5,122	0	0.0%	6,466	6,466	0	0.0%
Executive Director (Kirsty Flanagan)	27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)
Executive Director (Douglas Hendry)	64,372	65,281	909	1.4%	126,303	126,303	0	0.0%
Social Work	27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)
Total Departmental Budgets	124,379	122,762	(1,617)	(1.3%)	252,062	253,074	(1,012)	(0.4%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(385)	837	1,222	146.0%	2,019	2,045	(26)	(1.3%)
Joint Boards	626	872	246	28.2%	1,496	1,496	0	0.0%
Non-Controllable Costs	(466)	5,749	6,215	108.1%	20,352	20,352	0	0.0%
Total Central Budgets	(225)	7,458	7,683	103.0%	23,867	23,893	(26)	(0.1%)
TOTAL NET EXPENDITURE	124,154	130,220	6,066	4.7%	275,929	276,967	(1,038)	(0.4%)
<u>Financed By</u>								
Aggregate External Finance	(115,301)	(115,301)	0	0.0%	(216,785)	(216,785)	0	0.0%
Local Tax Requirement	(36,366)	(36,366)	0	0.0%	(55,262)	(55,755)	493	(0.9%)
Contributions to General Fund		0	0	0.0%	2,482	2,482	0	0.0%
Earmarked Reserves		0	0	0.0%	(6,364)	(6,364)	0	0.0%
Total Funding	(151,667)	(151,667)	0	0.0%	(275,929)	(276,422)	493	(0.2%)
(Deficit)/Surplus for Period	(27,513)	(21,447)	6,066		0	545	(545)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 OCTOBER 2022

	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	90,582	91,540	958	1.1%	171,745	172,610	(865)	(0.5%)
Premises Related Expenditure	10,337	9,864	(473)	(4.8%)	16,713	16,864	(151)	(0.9%)
Supplies and Services	15,174	14,331	(843)	(5.9%)	25,687	26,078	(391)	(1.5%)
Transport Related Expenditure	7,944	6,940	(1,004)	(14.5%)	17,271	17,421	(150)	(0.9%)
Third Party Payments	87,474	89,424	1,950	2.2%	169,143	170,059	(916)	(0.5%)
Capital Financing	2,708	0	(2,708)		14,039	14,039	0	0.0%
TOTAL EXPENDITURE	214,219	212,099	(2,120)	(1.0%)	414,598	417,071	(2,473)	(0.6%)
Income	(241,732)	(233,546)	8,186	(3.5%)	(414,598)	(416,526)	1,928	(0.5%)
(Deficit)/Surplus for Period	(27,513)	(21,447)	6,066		0	545	(545)	

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 31 OCTOBER 2022

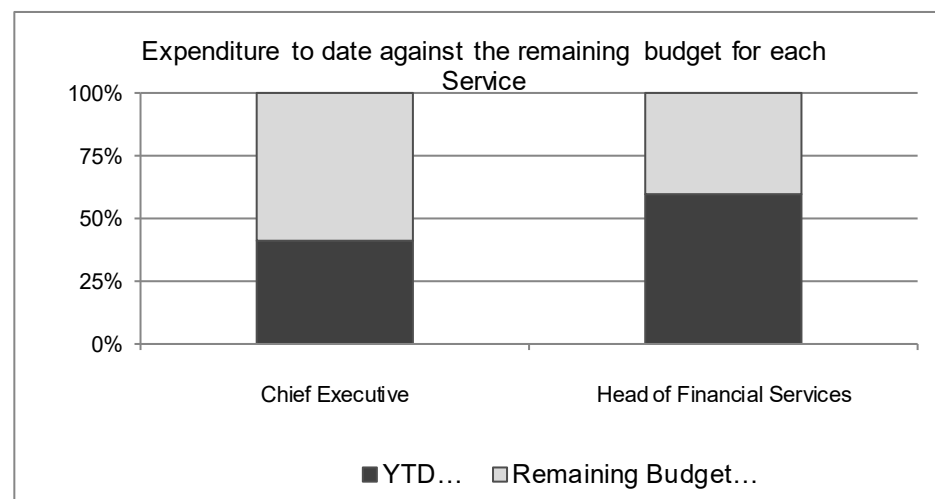
The department is currently forecasting spend in line with budget.

The department has a year to date spend in line with budget.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	970	970	0	0	0
Head of Financial Services	5,496	5,496	0	0	0
Totals	6,466	6,466	0	0	0

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2021-22 outturn position was an underspend of £0.018m. This resulted from an overall underspend of £2.013m offset by earmarking of £1.769m due to auto-carry forwards including unspent grants and COVID-19 funding and £0.226m of unspent budget earmarkings.

Key Financial Challenges:

To continue to deliver a high quality support service function during a time of substantial uncertainty and challenge arising from continuing reductions in funding whilst costs are increasing due to high inflation and service demand caused by world events including the COVID-19 pandemic and the conflict in Ukraine.

Proposed Actions to address Financial Challenges:

Ensure the team is operating as efficiently and effectively as possible to enable continued support to departments with reduced resources by building resilience through knowledge sharing across the team and maximising the benefits to the service from the implementation of the Oracle Fusion Financial Ledger System.

Carry out a business process review of the Revenues and Benefits function to determine if there is scope to deliver the service in a more cost effective manner.

Work collaboratively with other services of the Council to identify opportunities to improve the operational and financial efficiency of services and to support evidence based decision making.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Executive	194	194	0	0.0%	383	383	0	0.0%	Outwith Reporting Criteria
Community Planning & Development	275	296	21	7.1%	587	587	0	0.0%	Outwith Reporting Criteria
	469	490	21	4.3%	970	970	0	0.0%	
Accounting & Budgeting	1,361	1,364	3	0.2%	2,400	2,400	0	0.0%	Outwith Reporting Criteria
Internal Audit & Fraud	157	157	0	0.0%	225	225	0	0.0%	Outwith Reporting Criteria
Revenues & Benefits	2,476	2,505	29	1.2%	2,119	2,119	0	0.0%	Outwith Reporting Criteria
Scottish Welfare Fund	659	606	(53)	(8.8%)	752	752	0	0.0%	Earmarkings to be drawn down to offset the overspend
	4,653	4,632	(21)	(0.5%)	5,496	5,496	0	0.0%	
	5,122	5,122	0	0.0%	6,466	6,466	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 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	2,821	2,797	(24)	(0.9%)	5,300	5,300	0	0.0%	Outwith reporting criteria.
Supplies and Services	222	249	27	10.8%	678	678	0	0.0%	Profiling ahead of spend for Printing and Stationery and numerous other accumulating variances
Transport	7	19	12	63.2%	32	32	0	0.0%	Underspend on staff travel budgets.
Third Party	11,735	14,280	2,545	17.8%	25,270	25,270	0	0.0%	An underspend of £2.598m on Housing benefits (offset against income) offset by numerous accumulating variances coming to an overspend of £0.053m
Income	(9,663)	(12,223)	(2,560)	20.9%	(24,814)	(24,814)	0	0.0%	An overspend of £2.598m on Housing Benefits (offset against third party payments) offset by numerous accumulating variances coming to an underspend of £0.038m
Totals	5,122	5,122	0	0.0%	6,466	6,466	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 31 OCTOBER 2022

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 31 OCTOBER 2022

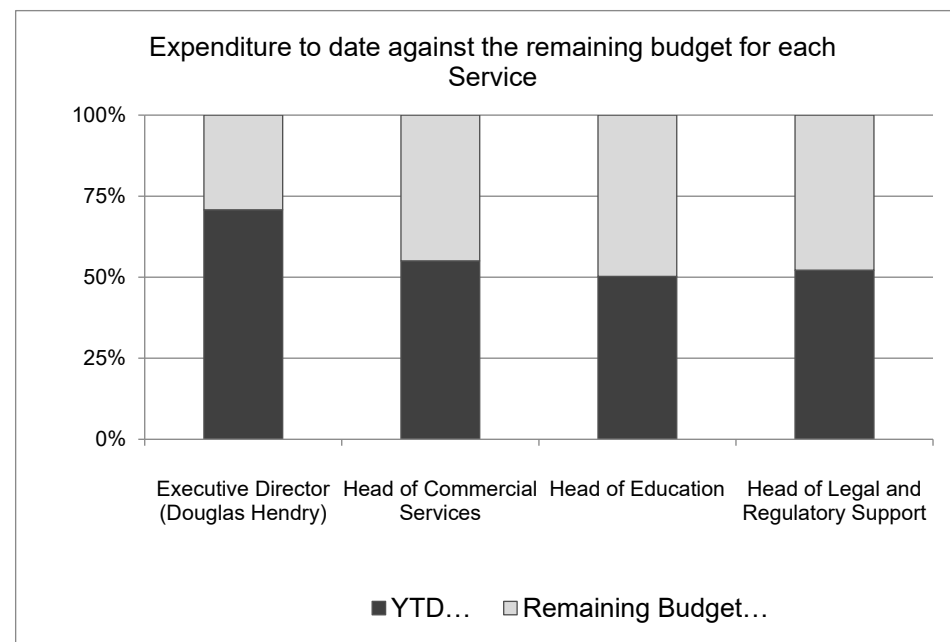
The department is currently forecasting spend in line with budget.

The department has a year to date (YTD) underspend of £0.909m (1.4%). The year to date underspend position is mainly due to underspends in employee budgets within schools and learning centres. Under the Scheme of Devolved School Management schools are permitted flexibility at the end of the year so no forecast variance is required. The remaining variances are mainly profile related and will be refined through November.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	274	274	0	0	0
Head of Commercial Services	9,703	9,703	0	0	0
Head of Education	97,222	97,222	0	0	0
Head of Legal and Regulatory Support	19,104	19,104	0	0	0
Totals	126,303	126,303	0	0	0

Year to Date Position



Key Financial Successes:

The 2021-22 year-end consolidated outturn position was an under spend of £0.223m after adjusting for earmarkings. This was due to the effective contract management of NPDO and Hub School contracts, including a lower than expected insurance premium as a result of the annual renegotiation of insurance costs. The costs of COVID were contained and minimised where possible across departments, with staff from all areas of the service assisting in planning, implementing and delivering a wide range of additional services in schools and communities and helping businesses through the return from lockdown.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The ongoing impact of COVID-19	Costs are being contained where possible.
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.
Manage the impact of the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020, on the cost of producing school meals and also the uptake.	Monitor and report on the impact on costs and on income as the year progresses.
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 delivery of free school meals for 1140 hours of Early Learning and Childcare and the phased universal free school meals expansion in Primary Schools.	Effective working with partners and support with implementation of service delivery method. Continual monitoring and review of budgets.
Legislative/policy requirements not fully funded by Scottish Government which may put additional burdens on the Council. For example, the introduction of free school meal payments for holidays.	Analysis of new obligations and whether they incur additional costs not met through increased grant.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare. The initial funding from Scottish Government was based on individual implementation plans with funding confirmed up to March 2022. The ring fenced grant has been reduced in 2022-23 and an exercise is required to ensure that the service can be delivered efficiently and effectively within this reduced funding allocation.	Robust service costings, financial monitoring and timely reporting to ensure the service can continue to deliver the service within the financial resources available.
Impact of high inflationary uplifts within the NPDO/HUB School contracts.	Ensuring continued effective contract management of NPDO/HUB Schools to minimise the impact of high inflationary uplifts.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Douglas Hendry)	Central/Management Costs	194	212	18	8.5%	274	274	0	0.0%	Outwith Reporting Criteria
		194	212	18	8.5%	274	274	0	0.0%	
Head of Commercial Services	Catering	121	208	87	41.8%	957	957	0	0.0%	YTD underspend due to timing of costs relating to school holidays partially offset by overspends elsewhere within catering.
Head of Commercial Services	Central/Management Costs	640	578	(62)	(10.7%)	1,018	1,018	0	0.0%	YTD overspend in Cleaning and Catering HQ due to staff costs - virements/journals to be processed in November in relation to staff movements which will offset the majority of this. Costs relating to Our Modern Workspace project to be transferred to capital.
Head of Commercial Services	CHORD	48	37	(11)	(29.7%)	20	20	0	0.0%	YTD overspend in CHORD due to income profiling.
Head of Commercial Services	Cleaning	(23)	10	33	330.0%	375	375	0	0.0%	YTD underspend mainly due to timing of income and an underspend within staff costs due a reduction in the use of casual cleaning staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	3,447	3,398	(49)	(1.4%)	5,814	5,814	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Events & Commercial Catering	97	48	(49)	(102.1%)	113	113	0	0.0%	The YTD overspend is due to an under recovery of income caused by the closure of the Civic Centre Café and reduced footfall within Kilmory Canteen. There is also an under recovery of income within Events as a result of the slow recovery from the pandemic.

Head of Commercial Services	Property Portfolio	(132)	(137)	(5)	3.7%	(194)	(194)	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Property Services	571	363	(208)	(57.3%)	548	548	0	0.0%	The YTD overspend is largely due to a £165k variance within Renewable Energy due to income profiling and the profiling of Property Services charges.
Head of Commercial Services	Shared Offices	571	615	44	7.2%	1,052	1,052	0	0.0%	Outwith Reporting Criteria
		5,340	5,120	(220)	(4.3%)	9,703	9,703	0	0.0%	
Head of Education	Additional Support for Learning	5,398	5,432	34	0.6%	9,900	9,900	0	0.0%	Outwith Reporting Criteria
Head of Education	Central/Management Costs	1,103	1,032	(71)	(6.9%)	1,893	1,893	0	0.0%	YTD overspend due to recurring overspends in licencing costs and under-recovery of rental income. Earmarked reserve to be drawn down to cover additional staff costs which will reduce YTD overspend.
Head of Education	Community Learning & Development	3	3	0	0.0%	9	9	0	0.0%	Outwith Reporting Criteria
Head of Education	COVID	589	590	1	0.2%	1,206	1,206	0	0.0%	Outwith Reporting Criteria
Head of Education	Early Learning & Childcare	75	179	104	58.1%	8,638	8,638	0	0.0%	The YTD underspend is due to the timing of receipt and processing of our ELC Partner Provider invoices and recharge for prepared meals.
Head of Education	Primary Education	19,844	19,941	97	0.5%	35,303	35,303	0	0.0%	YTD underspend largely due to underspends within primary schools staffing budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at yearend, therefore no forecast variance has been processed in relation to this.
Head of Education	Pupil Support	1,392	1,326	(66)	(5.0%)	2,422	2,422	0	0.0%	There is a YTD overspend of £73k in Schools Residential Placements, offset by other small YTD underspends. It is likely

										that this will continue to be a pressure in 2022/23 and a forecast projection is currently being developed.
Head of Education	Schools - Central Services	1,039	1,040	1	0.1%	2,827	2,827	0	0.0%	Outwith Reporting Criteria
Head of Education	Secondary Education	19,426	20,164	738	3.7%	35,024	35,024	0	0.0%	YTD underspend largely due to underspends within secondary schools staffing budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at yearend, therefore no forecast variance has been processed in relation to this.
		48,869	49,707	838	1.7%	97,222	97,222	0	0.0%	
Head of Legal & Regulatory Support	Central/Management Costs	126	129	3	2.3%	256	256	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	93	97	4	4.1%	173	173	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Elections	214	205	(9)	(4.4%)	386	386	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance	340	357	17	4.8%	773	773	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	285	287	2	0.7%	538	538	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Legal Services	234	230	(4)	(1.7%)	650	650	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	NPDO and Hub Schools	7,673	7,896	223	2.8%	14,474	14,474	0	0.0%	YTD underspend due to profiling of Third Party Payments associated income from recharge to Education, as well as staff vacancies within Contract Management Team.
Head of Legal & Regulatory Support	Procurement, Commercial and	542	592	50	8.5%	1,132	1,132	0	0.0%	Outwith Reporting Criteria

	Contract Management									
Head of Legal & Regulatory Support	Trading Standards & Advice Services	462	449	(13)	(2.9%)	722	722	0	0.0%	Outwith Reporting Criteria
		9,969	10,242	273	2.7%	19,104	19,104	0	0.0%	
		64,372	65,281	909	1.4%	126,303	126,303	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 (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	50,973	52,221	1,248	2.4%	96,642	96,642	0	0.0%	<p>Non-Education: The YTD underspend of £14k is due to an £88k overspend within Commercial Services Catering HQ to be offset by budget from Period Products and HPN Compliance, offset by an underspend of £102k within Legal and Regulatory Services caused by delays in recruitment in Procurement and Contract Management.</p> <p>Education: The YTD underspend of £1.234m is due to employee budgets within schools and learning centres. Under the Scheme of Devolved School Management schools are permitted flexibility at the end of the year so no forecast variance is required.</p>
Premises	4,092	3,583	(509)	(14.2%)	7,217	7,217	0	0.0%	<p>Non-Education: YTD overspend of £88k largely due to profiling of refuse collection budgets and contractor costs for surplus properties.</p> <p>Education: YTD overspend of £421k is in part due to demolition costs for Hermitage PS and other school estate property adaptations not covered by CRA budgets. Overspend will be partially reduced by earmarked reserves to be drawn down for disability alterations at various locations and position will be monitored in relation to potential recovery of insurance monies in respect of Hermitage PS.</p>
Supplies and Services	6,389	6,823	434	6.4%	12,325	12,325	0	0.0%	<p>Non-Education: The YTD overspend of £45k is due to the profiling of catering purchases which will be refined through November and an overspend within tools and equipment offset by income from Live Argyll.</p> <p>Education: The YTD underspend of £479k is mainly due to the profiling of Pupil Equity Funding Expenditure Budget Allocations from Scottish Government which will be refined through November. This underspend is offset slightly by overspends in subscriptions and licensing budgets.</p>
Transport	202	174	(28)	(16.1%)	338	338	0	0.0%	<p>Non-Education: Nil variance</p> <p>Education: The YTD overspend of £28k is due to staff travel costs including acting posts and additional costs of school to college transport/ASN support.</p>
Third Party	23,718	23,584	(134)	(0.6%)	40,455	40,455	0	0.0%	<p>Non-Education: YTD overspend of £68k largely due Schools Residential Placements. It is likely that this will continue to be a pressure in 2022/23 and a forecast projection is currently being developed. Profiling of school meal vouchers also contributing to YTD overspend.</p> <p>Education: The YTD overspend of £66k is largely down to profiling of NPDO third party payments.</p>
Income	(21,002)	(21,104)	(102)	0.5%	(30,674)	(30,674)	0	0.0%	<p>Non-Education: The £259k YTD over-recovery is mainly due to NPDO recharges to Education and income from Live Argyll offset by costs elsewhere. This is partially offset by YTD under recovery within Renewable Energy due to income profiling and accruals.</p> <p>Education: The £361k YTD under recovery of income is mainly due profiling of School Meals income and an accrued income claim for Developing Our Young Workforce which has been submitted but funding not received as yet. There is also an under recovery of schoolhouse rental income.</p>
Totals	64,372	65,281	909	1.4%	126,303	126,303	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 (DOUGLAS HENDRY) – RED VARIANCES AS AT 31 OCTOBER 2022

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 31 OCTOBER 2022

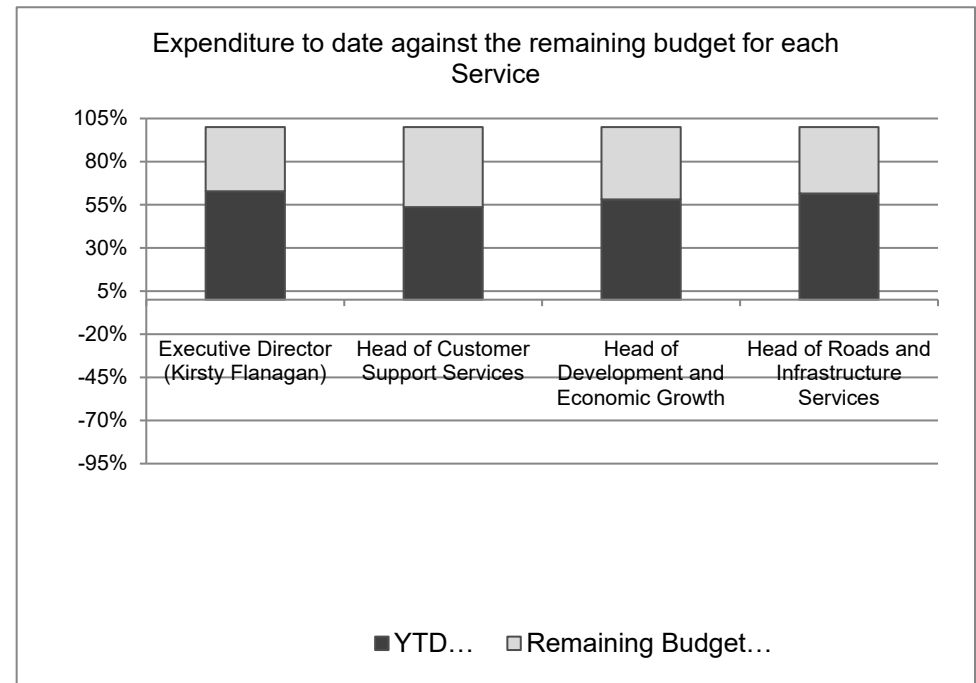
The department is currently forecasting an overspend of £0.726m (1.6%) for the year. This is due to an under-recovery of income in Piers and Harbours (£0.440m); an overspend in Waste employee costs due to sickness absence cover and a back-payment for an increased tonnage rate for Waste Disposal from one of our suppliers (£0.304m). These are partially offset with additional income in Crematoria and Private Water Supply Appraisals.

The department has a year to date overspend of £2.594m (10.4%). This is mainly due to income being behind profile in the Roads Operational Holding Account due to Capital project timing which is difficult to profile and under-recovery of income in Piers and Harbours.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	234	234	0	0	0
Head of Customer Support Services	7,842	7,842	0	0	0
Head of Development and Economic Growth	9,583	9,546	37	37	0
Head of Roads and Infrastructure Services	28,723	29,486	(763)	(143)	(620)
Totals	46,382	47,108	(726)	(106)	(620)

Year to Date Position



Key Financial Successes:

At the end of financial year 2021-22 the department showed an overall underspend of £0.574m after taking into account all earmarkings. The main underspends were due to the over-recovery of vacancy savings, additional income in Environmental Health from Private Water Supply Appraisals and additional Planning Fee income which was partially offset by the under-recovery of Building Warrant income. Overall there was a favourable net position.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The impact of COVID-19	Costs are being monitored and contained where possible.
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Dangerous buildings costs as there is no budget for this expenditure and the council has no control over the demand for the service.	Building Standards, Legal Services and Financial Services 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"> • The introduction of the Deposit Return Scheme • 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 the 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.	Close monitoring of Winter Maintenance and reporting of the financial implications through the budget monitoring process. The Council agreed the winter policy, setting out the intervention level and locations to be treated. The number of treatments is 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 meteorological service which is collaboratively procured by West of Scotland local authorities.
Rising cost of materials across the service will result in a reduction in activity or overspends. Specifically there have been significant increases in the price of salt and bitumen in recent months.	Costs are monitored regularly and contained as much as possible, with any unavoidable overspends highlighted as soon as known.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Kirsty Flanagan)	Central/Management Costs	147	136	(11)	(8.1%)	234	234	0	0.0%	Outwith Reporting Criteria.
		147	136	(11)	(8.1%)	234	234	0	0.0%	
Head of Customer Support Services	Central/Management Costs	102	94	(8)	(8.5%)	164	164	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Communications	124	166	42	25.3%	308	308	0	0.0%	Bord na Gaidhlig income received in advance of expenditure against a zero budget.
Head of Customer Support Services	Customer Service Centres	753	668	(85)	(12.7%)	1,305	1,305	0	0.0%	Under-recovery of income in the Print Room.
Head of Customer Support Services	HR	1,182	1,147	(35)	(3.1%)	2,099	2,099	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	ICT	2,080	2,116	36	1.7%	3,935	3,935	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Registrars	(31)	(13)	18	(138.5%)	31	31	0	0.0%	Income received ahead of profiled budget, this will be monitored closely in the coming months.
		4,210	4,178	(32)	(0.8%)	7,842	7,842	0	0.0%	
Head of Development & Economic Growth	Airports	707	709	2	0.3%	1,162	1,162	0	0.0%	Outwith Reporting Criteria.
Head of Development	Building Control	(164)	(67)	97	(144.8%)	(110)	(110)	0	0.0%	Building warrant income received ahead

& Economic Growth										of profiled budget, this will be monitored closely in the coming months, plus vacancy savings.
Head of Development & Economic Growth	Central/Management Costs	259	320	61	19.1%	574	574	0	0.0%	Delay in Ordnance Survey - One Scotland Mapping invoice being received.
Head of Development & Economic Growth	Culture & Heritage	111	62	(49)	(79.0%)	216	216	0	0.0%	Expenditure for Events and Festivals - earmarked reserve to be drawn down to cover.
Head of Development & Economic Growth	Development Management	(482)	46	528	1147.8%	224	224	0	0.0%	Additional Planning Fee income which is planned to be used to fund additional resources.
Head of Development & Economic Growth	Development Policy	229	191	(38)	(19.9%)	366	366	0	0.0%	Additional expenditure on Local Development Plan requires earmarked reserves to be drawn down to cover.
Head of Development & Economic Growth	Economic Development	1,261	2,229	968	43.4%	2,534	2,534	0	0.0%	Income for Islands Infrastructure Fund and Place Based Investment received in advance of payments.
Head of Development & Economic Growth	Environmental Health	600	557	(43)	(7.7%)	1,205	1,168	37	3.1%	Additional income received for Appraisal of Water Supplies.
Head of Development & Economic Growth	Environmental Initiatives	82	60	(22)	(36.7%)	113	113	0	0.0%	Profile of third party payment.
Head of Development & Economic Growth	Housing	2,843	2,738	(105)	(3.8%)	3,080	3,080	0	0.0%	Expenditure payments for HEEPS incurred prior to grant income being received which is partially offset by an underspend in Private

										Sector Housing Grant payments.
Head of Development & Economic Growth	Private Landlords	(8)	0	8	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Transportation Policy	129	117	(12)	(10.3%)	219	219	0	0.0%	Profile of third party payments.
		5,567	6,962	1,395	20.0%	9,583	9,546	37	0.4%	
Head of Roads & Infrastructure Services	Amenity	2,295	2,127	(168)	(7.9%)	2,819	2,838	(19)	(0.7%)	Forecast variance relates to an over-recovery if income in Crematoria offset with overspends in employee costs, under-recovery of income in Parks for Hire of Facilities income, Pest Control for external income and Public Convenience income.
Head of Roads & Infrastructure Services	Car Parking	(418)	(366)	52	(14.2%)	(623)	(623)	0	0.0%	Underspend in Car Park Maintenance.
Head of Roads & Infrastructure Services	Central/Management Costs	1,724	1,657	(67)	(4.0%)	2,803	2,803	0	0.0%	Annual recharge in Marine Management profiled incorrectly - budget to be re-profiled.
Head of Roads & Infrastructure Services	Depots	205	181	(24)	(13.3%)	(469)	(469)	0	0.0%	Rental income slightly behind profiled budget, this should be rectified as we progress through the year.
Head of Roads & Infrastructure Services	Fleet & Transport	5,013	4,815	(198)	(4.1%)	8,562	8,562	0	0.0%	Delay in Fleet Hire recharge resulting in overspend, this will be rectified once recharges are fully processed.

Head of Roads & Infrastructure Services	Infrastructure	395	374	(21)	(5.6%)	708	708	0	0.0%	Outwith Reporting Criteria.
Head of Roads & Infrastructure Services	Marine	(2,005)	(3,713)	(1,708)	46.0%	(4,371)	(3,931)	(440)	10.1%	Forecast variance relates to an under-recovery of income in Piers and Harbours. YTD variance also includes grant income budgeted for but not yet received in Ferries.
Head of Roads & Infrastructure Services	Network & Traffic Management	110	44	(66)	(150.0%)	132	132	0	0.0%	Under-recovery of income for Traffic Regulation Orders and New Roads and Street Works Act, this will be monitored closely in the coming months.
Head of Roads & Infrastructure Services	Road Safety	52	61	9	14.8%	143	143	0	0.0%	Small supplies and Services budget has not yet been spent.
Head of Roads & Infrastructure Services	Roads & Lighting	4,816	2,950	(1,866)	(63.3%)	6,178	6,178	0	0.0%	Delays in recharges to capital budget resulting in a reduction in income in the Roads Operational Holding Account, this should be rectified as we continue through the year and the recharges are processed.
Head of Roads & Infrastructure Services	Waste	5,476	5,587	111	2.0%	12,841	13,145	(304)	(2.4%)	Forecast overspend relates to additional expenditure due to increased disposal fees, offset against additional income received for Commercial Refuse.
		17,663	13,717	(3,946)	(28.8%)	28,723	29,486	(763)	(2.7%)	
		27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)	

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 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	18,665	18,841	176	0.9%	35,512	35,575	(63)	(0.2%)	Vacancy savings being kept in Planning to cover Agency Staff costs and Building Control temporarily until staffing changes are developed and costed. Forecast variance relates to additional staffing costs in Waste to cover sickness absence.
Premises	1,277	1,251	(26)	(2.1%)	3,010	3,010	0	0.0%	Outwith Reporting Criteria.
Supplies and Services	6,844	5,798	(1,046)	(18.0%)	10,149	10,152	(3)	(0.0%)	Material expenditure in the Roads Operational Holding Account higher than the profiled budget due to high level of capital expenditure, this will be offset with an increase in income as recharges are processed against capital throughout the year. Forecast variance relates to small overspend for Environmental Health for Sampling costs.
Transport	7,390	6,349	(1,041)	(16.4%)	16,019	16,270	(251)	(1.6%)	Overspend due to vehicle repairs and additional external leases. Forecast variance relates to Waste vehicle repairs and fuel costs.
Third Party	22,244	21,860	(384)	(1.8%)	39,297	39,719	(422)	(1.1%)	Various grant payments made in Economic Development and Housing which are offset against actual income received. Forecast variance relates to Waste Disposal payment regarding increased disposal fees and additional staffing recharges in Amenity and Waste to cover sickness absence.
Capital Financing	0	0	0	0.0%	1,592	1,592	0	0.0%	Outwith Reporting Criteria.
Income	(28,833)	(29,106)	(273)	0.9%	(59,197)	(59,210)	13	(0.0%)	Forecast variance relates to an under-recovery of income in Piers and Harbours offset with an over-recovery of Commercial Refuse Income in Waste. YTD variance also includes a delay in recharges to capital resulting in a reduction in income in the Roads Operational Holding Account offset against income for Islands Infrastructure Fund and Place Based Investment received in advance of payments.
Totals	27,587	24,993	(2,594)	(10.4%)	46,382	47,108	(726)	(1.6%)	

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 31 OCTOBER 2022

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Amenity	(496)	(581)	85	(17.1%)	Additional income in Cardross Crematorium.
Waste Collection	34	8	(50)	(147.1%)	Overspend in vehicle repairs.
Waste Collection	467	55	(81)	(17.3%)	Overspend in fuel.
Waste Collection	(1,692)	(211)	420	(24.8%)	Additional income for Commercial Refuse.
Waste Disposal	189	52	(334)	(176.7%)	Additional expenditure for increase in disposal fees.
Marine	(1,656)	(122)	(439)	26.5%	Under-recovery of income.

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

SOCIAL WORK – AS AT 31 OCTOBER 2022

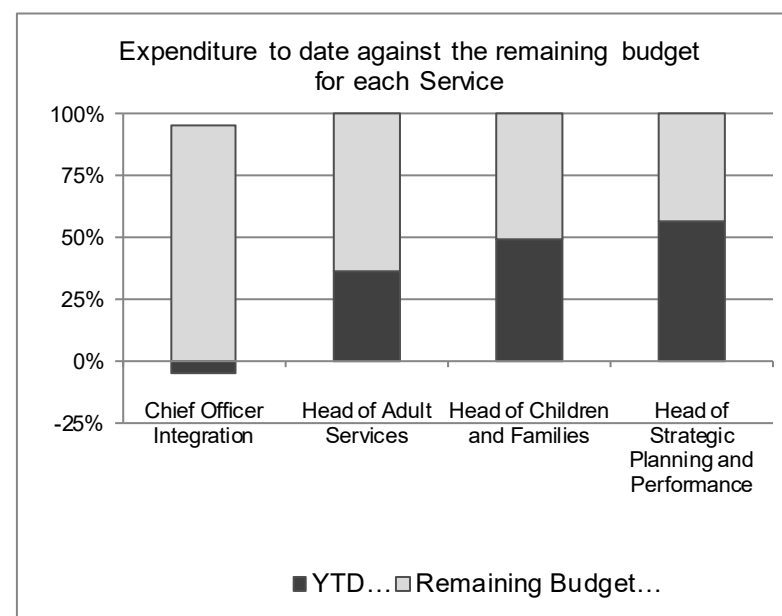
The department is currently forecasting an overspend of £0.286m (0.4%) which is mainly due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

The department has a year to date underspend of £0.068m (0.3%). This is largely due to demand for services across Children and Families and timing of payments across Adult Services.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	2,875	1,068	1,807	1,489	318
Head of Strategic Planning and Performance	436	441	(5)	8	(13)
Head of Health and Community Care	37,466	38,262	(796)	(480)	(316)
Head of Acute and Complex Care	17,052	18,770	(1,718)	(1,637)	(81)
Head of Children and Families	15,082	14,656	426	357	69
Totals	72,911	73,197	(286)	(263)	(23)

Year to Date Position



Key Financial Successes:

Delivered an underspend at the end of 2021/22 after automatic earmarkings and full repayment of £2.759m of debt owed to the Council for prior year deficits. This should allow for future investment and transformation across Social Work with prior year deficits now fully repaid.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the outstanding savings total for 2022/23 of £425k (as at October 2022).	Maintain a close working relationship with the HSCP Service Improvement Team in order to quickly and efficiently identify and assess options for delivering the outstanding savings.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource in the medium to long term.	Support from finance to assist strategic managers to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the next 3 to 5 years.
Support the HSCP through the recovery from the COVID-19 pandemic. There have been additional costs and pressures across the HSCP as a direct result of the partnership's response to COVID-19. These costs are captured and reported to the Scottish Government via Mobilisation Plans.	Support from finance to assist the service in capturing details of all additional costs associated with the response to COVID-19 to ensure these are included in Scottish Government funding returns.
Use of agency staff to support service delivery across Older People services due to recruitment and retention challenges within the service. Year to date spend £0.879m, with a forecast spend of £1.468m at October 2022.	Close working relationship with the HSCP to support the costing of a recovery plan to stabilise the service and ensure it is operationally and financially sustainable.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 OCTOBER 2022

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	Integration Headquarters	166	236	70	29.7%	446	442	4	0.9%	The YTD position is as a result of over-recovery of income for a post recharged to Scottish Government. The forecast variance is outwith reporting criteria.
Chief Officer Integration	Social Work Central Support	(316)	532	848	159.4%	2,429	626	1,803	74.2%	The YTD variance is due to underspends on centrally held funds (£691k) and YTD over-recovery on vacancy savings (£60k) combined with YTD underspends on central repairs (£23k) and over-recovery on income for Covid-19 income loss from charges to clients and general timing of income receipts in year (£61k). The forecast reflects underspends on centrally held funds (£1.185m) combined with forecast over-recovery on vacancy savings (£591k) and additional Covid-19 funding to adjust for lost income from clients (£33k).
		(150)	768	918	189.1%	2,875	1,068	1,807	75.1%	
Head of Strategic Planning & Performance	Management & Central Costs	220	214	(6)	(2.8%)	410	417	(7)	(1.7%)	Outwith reporting criteria
Head of Strategic Planning & Performance	Service Development	26	12	(14)	(116.7%)	26	24	2	7.7%	The YTD position is as a result of budget profiling on Charges to Health Boards. The forecast variance is outwith reporting criteria.
		246	226	(20)	(119.5%)	436	441	(5)	6.0%	
Head of Health and Community Care	Management & Central Costs	216	287	71	24.7%	482	466	16	3.3%	The YTD underspend is as a result of budget profiling on Charges to Other Bodies and Third Party Payments. The forecast variance is outwith reporting criteria.

Head of Health and Community Care	Older People	14,087	13,896	(191)	(1.4%)	36,984	37,796	(812)	(2.2%)	The YTD overspend is a result of overspends on staffing in Homecare and Residential Units (agency), partially offset by timing of payments and income collected for Homecare and Care Home Placements. The forecast overspend reflects demand for Care Home Placements, Respite, Homecare and the use of agency staff. This is partially offset by forecast underspends on Carer's Respite which will be reallocated across respite services in adult care in the following months.
		14,303	14,183	(120)	(0.9%)	37,466	38,262	(796)	(2.1%)	
Head of Acute and Complex Care	Learning Disabilities	3,558	2,566	(992)	(38.7%)	11,953	13,422	(1,469)	(12.3%)	The YTD overspend is due to demand for services within Supported Living combined with slippage against budget savings targets (£203k). This is partially offset by underspends on staff payroll costs in Day Services and YTD spend on Respite due to timing of demand for placements. The forecast overspend reflects higher than budgeted demand for services in Supported Living (£708k) and Joint Residential (£468k) combined with slippage in achievement of budget savings (£305k).
Head of Acute and Complex Care	Management & Central Costs	54	68	14	20.6%	124	119	5	4.0%	The YTD underspend is as a result of budget profiling on Staff Training costs and Payments to Other Bodies. The forecast variance is outwith reporting criteria.
Head of Acute and Complex Care	Mental Health	533	512	(21)	(4.1%)	2,348	2,461	(113)	(4.8%)	Outwith reporting criteria. The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements.
Head of Acute and Complex Care	Physical Disability	1,269	1,167	(102)	(8.7%)	2,627	2,768	(141)	(5.4%)	The YTD overspend is due to demand for services within Supported Living partly offset by underspends on Residential Placements as a result of timing of

										invoice payment. The forecast overspend reflects higher than budgeted demand for services in Supported Living, Residential Placements and Respite.
		5,414	4,313	(1,101)	(30.9%)	17,052	18,770	(1,718)	(18.4%)	
Head of Children & Families	Child Protection	1,540	1,540	0	0.0%	3,244	3,224	20	0.6%	Outwith reporting criteria.
Head of Children & Families	Children with a Disability	452	496	44	8.9%	957	956	1	0.1%	Outwith reporting criteria.
Head of Children & Families	Criminal Justice	77	137	60	43.8%	88	72	16	18.2%	The YTD underspend is as a result of staff turnover and vacancies combined with underspends on staff travel and subsistence as a result and forecast underspends on payments to other bodies. The forecast underspend is on payments to other local authorities combined with staff travel and subsistence partially offset by a forecast overspend on payroll costs.
Head of Children & Families	Looked After Children	3,866	4,113	247	6.0%	7,623	7,203	420	5.5%	The YTD underspend is due to underspends in Fostering and Adoption due to demand for these services combined with underspends on Residential Placements and over-recovery of income in Supporting Young People Leaving Care from the Home Office for UASC. The forecast underspend reflects demand for Fostering, Adoption and Residential Placements as well as over-recovery of income across Supporting Young People Leaving Care for UASC activity from the Home Office. This is partially offset by overspends in the Children's Houses on payroll costs.
Head of Children & Families	Management & Central Costs	1,550	1,590	40	2.5%	3,170	3,201	(31)	(1.0%)	Outwith reporting criteria.

		7,485	7,876	391	5.0%	15,082	14,656	426	2.8%	
GRAND TOTAL		27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)	

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 31 OCTOBER 2022

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	16,363	16,235	(128)	(0.8%)	31,069	31,859	(790)	(2.5%)	Both the YTD overspend and forecast overspend is due to overspends in Residential Units (both children and adults) and across Homecare as a result of use of bank and agency staff. This is partially offset by the forecast over-recovery on vacancy savings (£591k).
Premises	553	528	(25)	(4.7%)	1,140	1,292	(152)	(13.3%)	The YTD variance is outwith reporting criteria. The forecast overspend is as a result of rental costs in Learning Disability Supported Living and utility costs at the Hostels.
Supplies & Services	1,079	791	(288)	(36.4%)	1,331	1,704	(373)	(28.0%)	The YTD overspend reflects slippage on the achievement of budget savings and YTD overspends on small tools and equipment due to timing of purchases at the Equipment Store. The forecast overspend is mainly due to forecast slippage on budget savings (£305k) combined with overspends on staff subsistence at Tigh a Rudha and across various other supplies and services at the Adult Services Residential Units.
Transport	322	371	49	13.2%	631	530	101	16.0%	The YTD underspend is due to various travel underspends across the service which is to be expected due to the changes to travel habits as a result of Covid-19 and the current level of staffing vacancies across the service. The forecast year end outturn reflects the continued reduction in travel costs across the service and an expectation that different ways of working will continue to reduce future spending on travel.
Third Party	28,889	28,487	(402)	(1.4%)	62,041	62,534	(493)	(0.8%)	The YTD and forecast overspend is as a result of demand for purchased care services across Adult Services. This is partially offset by underspends in Fostering, Adoption and Children's Residential Placements as well as underspends on unallocated centrally held funds.
Income	(19,908)	(19,046)	862	(4.5%)	(23,301)	(24,722)	1,421	(6.1%)	Both the YTD and forecast over recovery of income is mainly due to increased income from fees, charges and recharges.
Totals	27,298	27,366	68	0.3%	72,911	73,197	(286)	(0.4%)	

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 31 OCTOBER 2022

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Social Work Central Support	2,429	626	1,803	74.2%	The forecast reflects underspends on centrally held funds (£1.185m) combined with forecast over-recovery on vacancy savings (£591k) and additional Covid-19 funding to adjust for lost income from clients (£33k).
Looked After Children	7,623	7,203	420	5.5%	The forecast underspend reflects demand for Fostering, Adoption and Residential Placements as well as over-recovery of income across Supporting Young People Leaving Care for UASC activity from the Home Office. This is partially offset by overspends in the Children's Houses on payroll costs.
Older People	36,984	37,796	(812)	(2.2%)	The forecast overspend reflects demand for Care Home Placements, Respite, Homecare and the use of agency staff. This is partially offset by forecast underspends on Carer's Respite which will be reallocated across respite services in adult care in the following months.
Physical Disability	2,627	2,768	(141)	(5.4%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living, Residential Placements and Respite.
Learning Disability	11,953	13,422	(1,469)	(12.3%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living (£708k) and Joint Residential (£468k) combined with slippage in achievement of budget savings (£305k).
Mental Health	2,348	2,461	(113)	(4.8%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements.

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

MONITORING OF SAVINGS – AS AT 31 OCTOBER 2022

New policy savings were identified for the three year period 2022-23 to 2024-25 and these were agreed by Council in February 2022. Council agreed to policy savings of £0.280m in 2022-23 rising to £0.286m by 2024-25.

The position of historical policy saving options is as follows:

- 2021/22 – those not delivered or that have further increase in value in 2022-23 onwards total £0.732m
- 2020/21 – those not delivered total £0.050m
- 2019/20 – all delivered
- 2018/19 - those not delivered total £0.498m

The 2022-23 savings 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.

There are four savings categorised as having a potential shortfall and two currently delayed as summarised below:

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB07 – Depots	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The achievement of this saving is being reviewed by officers over the coming weeks and an update will be reported to Members in due course.	£107,500
TB13b Roads and Amenity Services charging (non-statutory services)	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The original proposal was to introduce charges for providing lighting design and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences. Whilst some additional income has been generated through third party works, opportunities are expected to be limited over the foreseeable future due to staff shortages and other competing demands	£100,000
TB12b Stadiums	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Discussions had stalled with partners in the Oban and Lorn area with regard to Mossfield stadium to create a sports Hub, attract external funding to improve facilities and therefore attract additional events to the arena. The users group has now reconvened and will be reporting to the steering group. It should be noted there is generally a downturn in usage of pitches partly due to more clubs booking all weather pitches at high schools and the loss of a well-established club disbanding which will result in the loss of income.	£30,000

DEG05 – Building Standards	Feb-20	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Building market has slowed due to the increase in cost and availability of some materials. Reservations that the type of applications we receive may not realise sufficient additional income using the BCIS guide.	£50,000
TB09 – Public Conveniences	Feb-18	Delayed - The full saving will not be achieved in line with the original estimated timescale.	Tender returns have been received significantly over the available budget and work is underway to profile different options to take this scheme forward in whole or in part.	£24,000
PROP01 - Office Rationalisation	Feb-21	Delayed - The full saving will not be achieved in line with the original estimated timescale	The rationalisation programme has been delayed due to the volume of information required to determine the number of office spaces required for continued service delivery, consultations and change in third party demand for disposals than originally forecast. However, Our Modern Workspace is now well underway with a town by town approach. Savings will be made by a reduction in cleaning, NDR and utilities of mothballed, closed, leased or disposed of office buildings. 2 buildings have been closed and 2 buildings have been leased for other purposes, and all existing buildings except those identified as Hub buildings have not operated to full capacity since 2020 and therefore a reduction in utility consumption has been identified and is currently being costed.	£250,000

All policy saving options previously agreed are noted in the table below for information.

Template Ref	Saving Agreed	Service	Savings Option	2022-23	2022-23	Status of Implementation
				£000	FTE	
Chief Executive's Unit						
FS02	Feb-22	Financial Services	Reduction of vacant 0.4FTE Local Tax Assistant role	10.0	0.40	Delivered
Executive Director Douglas Hendry						
PROP01	Feb-21	Commercial Services	Rationalisation of the Council's property estate over a three year programme to identify properties which can either be disposed of or used to generate commercial income	294.20	4.0	Delayed
TB17	Feb-18	Commercial Services	Identify opportunities for office rationalisation and raising income	121.50	0.0	On Track to be Delivered
CS01	Feb-22	Commercial Services	Climate Change & Resource Efficiency	63.0	0.00	On Track to be Delivered
CS03	Feb-22	Commercial Services	Stretch Targets for One Council Income & Events	20.0	0.00	On Track to be Delivered
ED5	Feb-21	Education	Review and reduce Clerical Support Entitlement using updated school rolls.	121.00	5.7	Delivered
ED01	Feb-22	Education	Removal of Community Learning Development Manager Post	66.5	1.00	Delivered
Executive Director Kirsty Flanagan						
CSS03	Feb-22	Customer Support Services	Restructure of CSP/Registration Team at Helensburgh Civic Centre	19.0	0.50	Delivered
DEG01	Feb-22	Development and Economic Growth	Crown Estate Administration Contribution to Project Delivery	101.0	0.00	On Track to be Delivered
DEG05(a)	Feb-20	Development and Economic Growth	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.	50.00	0.0	Potential Shortfall
DEG02	Feb-21	Development and Economic Growth	Reduction to overtime budget in the provision of fire cover at the airports for weather delayed flights. Arrangements are in place that staff no longer remain at the airport and there is a cut-off period.	22.00	0.0	Delivered
DEG07	Feb-21	Development and Economic Growth	Additional income through fees and charges for s64 Non-Material Amendment Submissions, non e-planning application submissions and property history searches	20.00	0.0	Delivered
DEG10	Feb-21	Development and Economic Growth	Maximise income through additional private water supplies income from risk assessments of supplies and introducing a new charge for the provision of shellfish movement documents	17.50	0.0	Delivered
TB07	Feb-18	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	172.50	0.0	Potential Shortfall
TB13b	Feb-18	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	150.00	0.00	Potential Shortfall
R&I17	Feb-21	Roads and Infrastructure Services	Public transport fare scale increase	76.00	0.0	On Track to be Delivered
R&I03	Feb-21	Roads and Infrastructure Services	Administrative support - rationalise across service	50.00	2.0	Delivered
R&I05	Feb-21	Roads and Infrastructure Services	Design service fees - bringing in line with industry standards and reduce cost of consultancy. Two posts created as a spend to save	50.00	-2.0	On Track to be Delivered
R&I09	Feb-21	Roads and Infrastructure Services	Road inspections find and fix - reduce reactive work by proactivity. Moving to AI technology as technology develops	40.00	1.0	On Track to be Delivered
TB12b	Feb-18	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	30.00	0.0	Potential Shortfall
R&I04	Feb-21	Roads and Infrastructure Services	Fees and charges - commercial waste, TTROs, permits/licenses. Access to debt recovery systems will assist. One post created as a spend to save	25.00	-1.0	Delivered
TB09	Feb-18	Roads and Infrastructure Services	Public Conveniences - Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	24.00	0.0	Delayed
R&I16	Feb-21	Roads and Infrastructure Services	Introduce new fees for electric vehicle charging	16.00	0.0	Delivered
R&I15	Feb-21	Roads and Infrastructure Services	Emergency services support and fuel provision from our fuel supplies	0.50	0.0	Still to be Implemented
TOTAL				1,559.7	11.6	

FINANCIAL RISKS ANALYSIS 2022-23

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 5 Council wide revenue risks identified for 2022-23 currently amounting to £2.323m.
- 1.4 There are currently 41 departmental risks totalling £5.090m. Of the 41 departmental risks, one is categorised as almost certain and 4 are categorised as likely.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2022-23

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 2022-23.

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 Utility costs remain a volatile area and it is difficult to accurately predict how the prices could vary. The outturn in respect of utilities for 2021-22 was an underspend of £0.310m which was partly due to fixed price contracts that had

been secured which have now expired. With the volatility of utilities pricing it is very difficult to predict the impact going forward but a financial risk based on a 20% variation in utility costs amounts to £0.706m.

- 3.2.2 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 £0.553m.
- 3.2.3 At the budget meeting on 24 February 2022, the Council agreed 6 new policy savings options that would deliver savings over the period 2022-23 to 2024-25. The savings to be delivered in 2022-23 amount to £0.280m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.028m.
- 3.2.4 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 the HSCP has 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. As at 31 October 2022, the net HSCP outturn in 2022-23 is estimated to be a £0.786m overspend (£0.286m from Social Work and £0.500m from Health).
- 3.2.5 There is an ongoing requirement to fund unavoidable inflationary cost increases in areas like fuel, food etc. This has been predominantly caused by the lack of availability of supply of labour and materials as a result of the COVID-19 pandemic, the UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities. The Bank of England are currently forecasting that inflation will continue to rise until around Quarter 1 of 2023 where after they forecast that it will start to fall. We will continue to closely monitor the situation and update our financial forecasts using the best information available to us.
- 3.2.6 The Council wide risks are noted within the table below.

Description	Likelihood	Assessed Financial Impact £000
Energy costs increase by 20% greater than anticipated	3	706
1% variation in Council Tax Income	2	553
10% shortfall on Savings Options	2	28
IJB refer to Council for additional funding to deliver social work services	3	286
1% variation of General Inflation Risk	4	750
Total		2,323

Capital

- 3.2.7 The finance settlement announcement on 20 December 2021 provided details of the Local Government funding for 2022-23 and there is therefore certainty as to what our funding is in respect of General Capital Grant and the specific capital grants already distributed.
- 3.2.8 The capital plan for 2022-23 includes an estimate of £1.387m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2022. A 10% variation equates to £0.139m and this would require to be managed across the capital programme.
- 3.2.9 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty are being experienced as well as disruptions to the supply chain and longer lead times, particularly in relation to the construction sector and material availability. This can be attributed to a number of factors such as the COVID-19 pandemic, UK exit from the European Union, invasion of Ukraine and sanctions on Russian owned entities to name a few.
- 3.2.10 The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.
- 3.2.11 While it has been possible to estimate the impact of these pressures on some projects, and therefore include those projections within the capital monitoring report, for others it has been more difficult and an overspend has not been forecast at this stage but there are likely to be further significant financial impacts not yet reported within the following projects:
- Rothesay Pavilion
 - Harbour Investment Programme
 - Helensburgh Waterfront Development
 - Universal Free School Meals
- 3.2.12 For those liabilities/risks to the capital programme that were known at the start of 2022-23 it was agreed at the budget meeting in February 2022 to use amounts from the Unallocated General Fund, the 2021-22 Revenue Surplus, COVID-19 specific funding and additional borrowing 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	1	125	0	0	2	115	0	0	1	500	4	740
Executive Director Douglas Hendry	2	20	7	545	9	870	4	380	0	0	22	1,815
Executive Director Kirsty Flanagan	3	160	3	240	9	2,135	0	0	0	0	15	2,535
Total	6	305	10	785	20	3,120	6	880	1	500	41	5,090

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
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	750
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	5	500
Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	3	400

3.3.3 The other risks classified as likely are:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT
				£000
Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	4	150
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.	4	100
Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	4	100
Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	4	30

3.4 Changes to Financial Risks since last report

3.4.1 There have been 3 changes to the departmental risks since the financial risks report was presented to the Policy and Resources Committee on 13 October 2022, as follows:

- The risk in relation to increased tipping fees has been removed as the risk has been realised. The forecast variance has been added to the ledger for overspends and cost pressure added for future years.
- The risk in relation to street lighting has been reduced to possible as consideration is currently being given by officers to funding availability and the programme of works. Due to mitigations put in place the risk may not be as likely to materialise as previously expected.
- The risk in relation to Roads Materials – Bitumen has been reduced to possible due to the mitigating actions in place meaning the risk may not be as likely to materialise.

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.

3.6 Potential Future Risks

- 3.6.1 At the Policy and Resource meeting on 13th October 2022, it was discussed that the Dunbartonshire and Argyll and Bute Valuation Joint Board would be publishing new NDR rates for 2023-24 at the end of November. There is a risk of increased NDR costs across the Council's buildings and schools in 2023-24 year.
- 3.6.2 Within Customer Support Services, there is a risk in relation to the cost of additional bandwidth required to deliver the Education Digital Strategy due to a more digitalised learning curriculum. It is uncertain when this risk will arise.

4 CONCLUSION

- 4.1 This report summarises the key financial risks facing the Council. There are a number of Council wide risks and 41 departmental risks identified; one is categorised as almost certain and 6 are categorised as likely. 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. |
| 5.5.1 | Equalities – protected characteristics - | None. |
| 5.5.2 | Socio-economic Duty - | None. |
| 5.5.3 | Islands - | None. |
| 5.6 | Climate Change - | None. |
| 5.7 | Risk - | Financial risks are detailed within the appendix. |
| 5.8 | Customer Service - | None. |

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Detail of Department/Service financial risks

For further information contact Anne Blue, Head of Financial Services
anne.blue@argyll-bute.gov.uk

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Chief Executive's Unit	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	5	500	5	500
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.	1	125	1	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	3	85
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	3	30
Executive Director Douglas Hendry	Commercial Services	Property - Central Repairs	Increased demands on central repairs 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	3	300
Executive Director Douglas Hendry	Commercial Services	Catering Costs – Changes to Food and Drink in Schools Standards	The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools. The proposed changes were published in June 2019 and were implemented from Easter 2021. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Thus far, there has been an increase in costs and a reduction in demand for school meals.	There is a need to work with Education colleagues to ensure the maximum uptake of school meals in secondary schools is achieved. This is very challenging given the reduction in secondary school meal uptake due to COVID.	4	150	4	150
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.	2	100	2	100
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.	4	100	4	100

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools	The Scottish Government may not give the local authority adequate funds to support the policy	Catering Manager sits on National Operational Delivery Group	2	100	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	3	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	2	25	2	25
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	2	20
Executive Director Douglas Hendry	Education	Central Repairs	Increased demands on budget as a result of increase in statutory and emergency repairs and increases in supplier/contractor charges.	Regular liaison with Property Services re prioritisation and commitment of in-year spend.	2	100	2	100
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, resulting in an additional resource requirement. The effect of COVID-19 has further increased demand on this service.	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	3	100
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	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has been required to deliver 1140 hours of Early Learning and Childcare since August 2021. The Scottish Government has committed to funding this and the Council has altered the implementation plan to align it to the Scottish Government funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	Continuous monitoring and review of the implementation plan, usage and resources.	3	100	3	100

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DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	Education (Scotland) Act 2000 was enacted March 2016. This places additional requirements on Councils to carry out assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. May lead to additional staffing requirements.	Monitoring developments of the implementation of the Act and statutory guidance produced and adhered too.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate to conclude final capital contract payments due.	Monitoring claims and mitigation through robust challenge of any additional claims.	2	150	2	150
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	4	100	4	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of Covid-19 and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	3	75	3	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services - Litigation	Increased number of litigation cases.	Ensure Legal Services are gateway to access all legal advice and that advice is sought at earliest opportunity.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO/Hub DBFM contract management efficiencies	Reduction in ability to generate contract management efficiencies.	Monitoring annual efficiencies generated and mitigation through robust contract management and application of contract specifications/requirements.	2	50	2	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	45	3	45
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends and reporting the financial impact in the budget monitoring.	4	30	4	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals increasing costs through increases in the running costs.	Maximise the use of council facilities/resources for panel session in the first instance.	1	10	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	1	10
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
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. Reduction in demand creates a budget pressure on environmental health budget.	Monitor income and resources required for export health certificates/attestations required to support the export market. Continue with food safety regulation activities associated and support at 3rd country audits. Pursue debt rigorously with key customers through seeking regular payments.	2	130	2	130

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fees reduced by Scottish Government	Scottish Government reducing planning fees due to poor performance by the Planning Authority. Details of national Planning Performance Co-ordinator and Fee Reform still awaited.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	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.	Current income levels are looking more positive, however, we are dependent on some high value applications coming in which if don't materialise, will impact the overall position. Will continue to monitor Development Management income and expenditure tightly and investigate further income generation streams.	1	50	1	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and 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	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	3	50	3	50
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	10	1	10
Executive Director Kirsty Flanagan	Development and Economic Growth	Airfields and Air Services - usage	The PSO for the existing air service to Coll and Colonsay operating from Connel Airport is due for renewal in October 2023. Possibility that this will create a budget pressure for a new contract to be established to serve the needs of the island communities.	Tenders have been received and are currently at the evaluation process with Procurement. Once this process is complete, a more definitive position will be known.	2	10	2	10
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. The recent storm damage to Bute Sea Wall is likely to cost in excess of £1m to repair so the value on this risk has been updated for 22-23 in recognition of the potential costs associated with this risk	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 OCTOBER 2022

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 August 2022		As at 31 October 2022	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Residual Waste H&L and Tiree	There is a potential increase to tipping fees and haulage costs for H&L residual waste. The Council's supplier Barr Environmental (contract to end of 2023) lost a tribunal relating to the underpayment of landfill tax, which may have led to the Council having to source alternatives at a higher cost. Barr appealed the decision which was heard in the Spring and they won the case which should have reduced or eliminated this financial risk. However, the Scottish Government laid an Amendment Order on Friday 1 July 2022 which came into force at 1700 on 1 July which indicates that Landfill tax will be due on materials previously not chargeable and we have now received notification of an increase in the cost which officers are currently assessing	Officers currently assessing the potential impact on the Council.	4	655		
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Materials - Bitumen	Increased cost of asphalt material due to price of crude oil rising. Discussions emerging from the industry about possible rationing of bitumen which, if applied, will affect our programmes due to availability	Increased costs are currently being managed but with further increases likely, this is being closely monitored by managers to evaluate the impact.	4	400	3	400
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	365	3	365
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	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.	4	100	3	100
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers.	3	40	3	40
					42	5,745	41	5,090

CAPITAL BUDGET MONITORING REPORT – 31 OCTOBER 2022

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the position of the capital budget as at 31 October 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £15,685k compared to a budget for the year to date of £15,413k giving rise to an overspend for the year to date of £272k (1.76%).
- **Forecast Outturn for 2022-23** – forecast net expenditure for the full financial year is £35,549k compared to an annual budget of £45,971k giving rise to a forecast underspend for the year of 10,422k (22.67%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £180,363k compared to a total budget for all projects of £179,913k giving rise to a forecast overspend for the overall capital plan of £450k (0.25%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 93 projects there are 92 projects (99%) on track, 1 project (1%) off track but recoverable and no projects off track (0%).
- **Service Development** - Out of 41 projects there are 37 projects (90%) on track, 3 projects (7.5%) off track but recoverable and 1 projects (2.5%) off track.
- **Strategic Change** – Out of 26 projects there are 22 projects (85%) on track, 2 projects (7.5%) are off track but recoverable and 2 projects (7.5%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding since the last report is for Kilmory Business Park Phase 2AA from HIE and Rural Community Growth Fund.

1.5 The Council is projecting £1,387k of capital receipts this financial year. To date, no receipts have been received and we are anticipating that we will not receive the full amount budgeted for 2022-23, however, this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. This will be closely monitored throughout the year.

CAPITAL BUDGET MONITORING REPORT – 31 OCTOBER 2022

2.0 INTRODUCTION

- 2.1 This report provides an update on the position of the capital budget as at 31 October 2022. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.
- 2.2 Following the decision at Policy and Resources Committee on 9 December 2021, the Rothesay Pavilion project is on pause whilst potential funding options are being considered. The financial information included within this report therefore excludes amounts relating to Rothesay Pavilion.
- 2.3 A £1m cost pressure was identified during 2021-22 in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this. It was agreed at Environment, Development and Infrastructure Committee on 2 June 2022 that the Chair would approach the Scottish Government with a view to securing additional resources to support the scheme.
- 2.4 Project Managers were asked to identify specific Covid-19 impacts on the capital programme. At the budget meeting on 25 February 2021, the Council agreed to provide £2.5m of funding and following agreement at the Policy and Resources Committee on 14 October 2021, this, plus a further £0.146m, was added to the capital programme.

Furthermore, at the budget meeting on 24 February 2022, an additional £3.9m was set aside for future capital contract increases. This includes up to £1.2m for Campbeltown Flood Scheme, the final costs of which are estimated to be £15.215m. The Scottish Government will fund 80% of scheme costs with the Council expected to contribute an estimated £3.043m.

- 2.5 The impact of the pandemic along with the UK exit from the European Union, the Russian invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.

As a result of this it should be noted that there are likely to be other significant financial impacts which are not quantifiable at this stage, as follows:

- Rothesay Pavilion – project currently paused due to increased costs as a result of the main contractor being placed into administration in March 2020.

- Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from increased fees and charges).
- Helensburgh Waterfront Development – commercial negotiations are ongoing with the main contractor to determine the financial impact.
- Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from Scottish Government (delay not mentioned as part of Resource Spending Review).
- Other general construction inflationary increases.

3.0 RECOMMENDATIONS

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

4.0 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £15,685k compared to a budget for the year to date of £15,413k giving rise to an overspend for the year to date of £272k (1.76%).

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	9,304	9,233	71
Service Development	2,035	2,045	(10)
Strategic Change	4,074	4,407	(333)
Total	15,413	15,685	(272)
Service:			
ICT	620	641	(21)
Education	3,233	3,158	75
Live Argyll	181	167	14
Health & Social Care Partnership	136	146	(10)
Shared Offices	119	75	44
Roads & Infrastructure	6,941	7,040	(99)
Development & Economic Growth	922	868	54
CHORD	3,261	3,590	(329)
Total	15,413	15,685	(272)

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

5.0 FORECAST OUTTURN 2022-23

5.1 Overall Position

Forecast net expenditure for the full financial year is £35,549k compared to an annual budget of £45,971k giving rise to a forecast underspend for the year of £10,422k (22.67%).

5.2 Project/Department Position

The table below shows the forecast expenditure and budget for the year by project type and service.

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance COVID-19 Related £'000	Forecast Variance Non COVID-19 Related £'000	Forecast Variance £'000
Asset Sustainability	25,172	25,172	0	0	0
Service Development	4,627	3,746	0	881	881
Strategic Change	16,172	6,631	0	9,541	9,541
Total	45,971	35,549	0	10,422	10,422
Service:					
ICT	1,299	1,299	0	0	0
Education	6,240	6,252	0	(12)	(12)
Live Argyll	554	567	0	(13)	(13)
Health & Social Care Partnership	570	570	0	0	0
Shared Offices	4,197	4,213	0	(16)	(16)
Roads & Infrastructure	26,632	15,760	0	10,872	10,872
Development & Economic Growth	2,560	2,602	0	(42)	(42)
CHORD	3,919	4,286	0	(367)	(367)
Total	45,971	35,549	0	10,422	10,422

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

6.0 TOTAL PROJECT COSTS

6.1 Overall Position

Forecast total net project costs on the total capital plan are £180,363k compared to a total budget for all projects of £179,913k giving rise to a forecast overspend for the overall capital plan of £450k (0.25%).

6.2 Project/Department Position

The table below shows the forecast expenditure and budget for the total capital plan by project type and service.

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	52,010	52,010	0	0	0
Service Development	19,248	19,315	0	(67)	(67)
Strategic Change	108,655	109,038	0	(383)	(383)
Total	179,913	180,363	0	(450)	(450)
Service:					
ICT	5,007	4,997	0	10	10
Education	41,976	41,988	0	(12)	(12)
Live Argyll	3,368	3,381	0	(13)	(13)
Health & Social Care Partnership	4,222	4,222	0	0	0
Shared Offices	21,507	21,523	0	(16)	(16)
Roads & Infrastructure	54,711	54,763	0	(52)	(52)
Development & Economic Growth	5,284	5,284	0	0	0
CHORD	43,838	44,205	0	(367)	(367)
Total	179,913	180,363	0	(450)	(450)

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

7.0 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 160 projects within the Capital Plan, 151 are Complete or On Target, 6 are Off Target and Recoverable and 3 are Off Track.

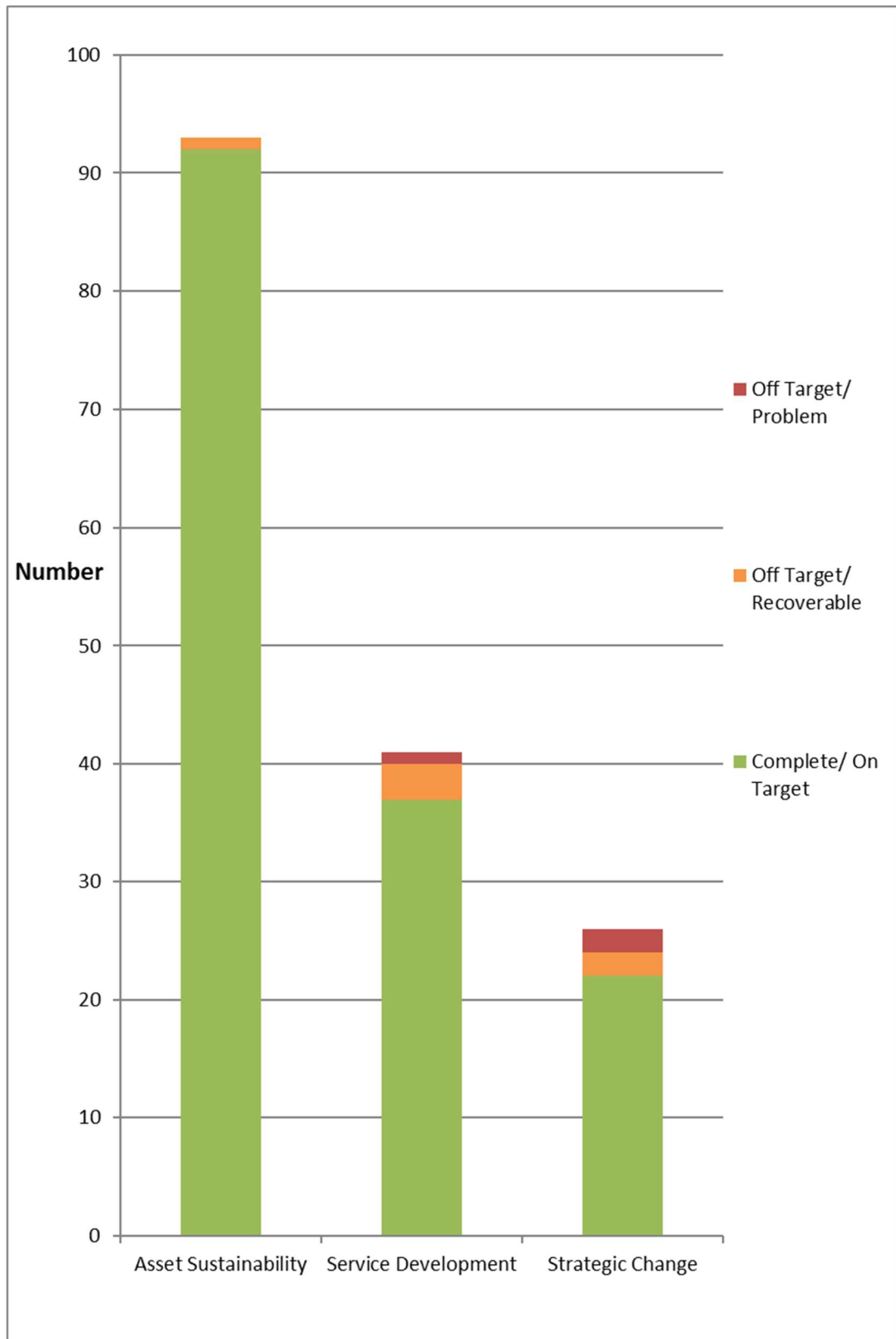
7.2 Project Position

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

Project Type:	Complete / On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	92	1	0	93
Service Development	37	3	1	41
Strategic Change	22	2	2	26
Total	151	6	3	160
Service:				
ICT	7	0	0	7
Education	29	1	0	30
Live Argyll	27	1	0	28
Health & Social Care Partnership	18	1	0	19
Shared Offices	21	0	0	21
Roads & Infrastructure	32	1	2	35
Development & Economic Growth	15	1	0	16
CHORD	2	1	1	4
Total	151	6	3	160

7.3 Chart of Performance Status

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



8.0 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
Major Projects	Helensburgh Waterfront Development	Current Year and total project expenditure	Overspend due to multiple global issues as well as delays in connection to mains electricity supply which led to temporary power supplies to maintain the timeliness of the program. Elements relating to COVID-19 currently being projected and will be updated for next update.
Service Development	Fleet Management	Current year expenditure	Supplier shortages has caused expected 22-23 expenditure to slip into 23-24.
Strategic Change	Harbour Investment Program	Current year expenditure	Project tenders fell through for a number of projects in the program which were anticipated to be underway in 22-23. Budget to slip into future years.

9.0 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 each 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.

10.0 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.

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

Department	Prev. Agreed Changes 2022-23 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	Total Capital Plan £'000
Asset Sustainability	(497)	0	0	0	0	0
Service Development	127	(958)	958	0	0	0
Strategic Change	(18,941)	(9,924)	(790)	(1,175)	11,889	0
Total	(19,311)	(10,882)	168	(1,175)	11,889	0
Service:						
ICT	(219)	0	0	0	0	0
Education	143	0	0	0	0	0
Live Argyll	(681)	0	0	0	0	0
Health & Social Care Partnership	(1,537)	0	0	0	0	0
Shared Offices		0	0	0	0	0
Roads & Infrastructure	(17,236)	(10,924)	210	(1,175)	11,889	0
Development & Economic Growth	(760)	42	(42)	0	0	0
Major Projects	979	0	0	0	0	0
Total	(19,311)	(10,882)	168	(1,175)	11,889	0

11.0 FUNDING

- 11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding since the last report is for Kilmory Business Park Phase 2AA from HIE and Rural Community Growth Fund.
- 11.2 The Council is projecting £1,387k of capital receipts this financial year. To date, no receipts have been received and we are anticipating that we will not receive the full amount budgeted for 2022-23, however, this appears to be a delay rather than a permanent reduction and over the life of the entire capital programme there is no overall impact. This will be closely monitored throughout the year.

12.0 IMPLICATIONS

- 12.1 Policy – Monitors progress against the capital plan.
- 12.2 Financial – Monitors funding and commitments of the capital plan.
- 12.3 Legal – Available funding may not address all Statutory and Regulatory requirements in relation to Health and Safety.
- 12.4 HR – Available funding may have an impact on the sustainability of the Property Design Team and Infrastructure Design Team.
- 12.5 Fairer Scotland Duty – None.
 - 12.5.1 Equalities – protected characteristics – None.
 - 12.5.2 Socio-economic Duty – None.
 - 12.5.3 Islands – None.
- 12.6 Climate Change – The Council is committed to addressing climate change via projects within the capital plan.
- 12.7 Risk – There are risks around increasing capital contract costs and the level and timing of capital receipts.
- 12.8 Customer Service – None.

Kirsty Flanagan
Executive Director / Section 95 Officer
7 Novemeber 2022

Policy Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

For further information contact: Anne Blue, Head of Financial Services

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

APPENDIX 1 – Year to Date Financial Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
Helensburgh Waterfront Development	2,895	3,255	(360)	Overspend on project, details provided in Variance report.
Other variances under £50k			88	Total value of non-material variances less than +/-£50k
Total			(272)	

APPENDIX 2 – Outturn Variance Explanations

Listed below are the projects where the current year 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
Harbour Investment Program	15,550	5,626	0	9,924	9,924	Tenders for projects have fallen through and lead to a delay in project progress in 22-23. Slipped into 23-24
Fleet Management	2,187	1,187	0	1,000	1,000	Supplier shortages have caused delays to when purchases can be fulfilled. Slipped into 23-24
Helensburgh Waterfront Development	2,895	3,262	0	(367)	(367)	Overspend on project, details provided in Variance Report
Other variances under £50k			0	135	135	Total value of non-material variances less than +/- £50k.
Total			0	10,422	10,422	

APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'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
Helensburgh Waterfront Development	22,924	22,557	0	(367)	(367)	Overspend on project, details provided in Variance Report
Other variances under £50k				(83)	(83)	Total value of non-material variances less than +/- £50k. Project Managers are working to reduce these small individual overspends by identifying underspends elsewhere within the capital plan.
Total				(450)	(450)	

APPENDIX 4 – Changes to Capital Plan and Financial Impact
OVERALL COST CHANGES

Project	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
						No overall cost changes this reporting period.	
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS

Project	2022-23 £'000	2023-24 £'000	2024-25 £'000	Future Years £'000	2022-23 Slippage Related to COVID-19 £'000	2022-23 Slippage Related to Non COVID- 19 £'000	Total 2022-23 £'000	Recommendation	Explanation
Fleet Management	(1,000)	1,000	0	0	0	(1,000)	(1,000)	Slip budget into future years.	Supplier lead times causing delays. Expenditure has slipped from 2022-23 into 2023-24
Harbour Investment Program	(9,924)	(790)	(1,175)	11,889	0	(9,924)	(9,924)	Slip budget into future years.	Project timescale delays due to tenders falling through. Expenditure has slipped from 2022-23 into 2023-24
Ardrishaig North Active Travel	42	(42)	0	0	0	42	(42)	Accelerate budget from future years.	Project forecasted expenditure ahead of initial schedule. Budget accelerated from 23-24 into 22-23.
Total Slippages and Accelerations	(10,822)	168	(1,175)	11,889	0	(10,822)	(10,822)		
Net Impact of Changes	(10,822)	168	(1,175)	11,889	0	(10,822)	(10,822)		

CAPITAL PROGRAMME FUNDING

	2022-23					2023-24					2024-25				
	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 21-22	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	9,569	0	0	0	9,569	9,569	0	0	157	9,726	9,569	0	0	235	9,804
Transfer to Revenue for Private Sector Housing Grant (PSHG)	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033
Capital Receipts	1,387	0	0	0	1,387	1,095	0	0	0	1,095	0	0	0	0	0
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	4,656	2,722	0	268	7,646	0	5,728	0	0	5,728	0	0	0	0	0
Restricted Funding	1,486	609	-210	2,693	4,578	1,150	0	210	0	1,360	0	0	0	0	0
Funded by Reserves	3,145	4,388	-1,256	1,289	7,566	36	172	-75	0	133	0	0	1,331	0	1,331
Additional Funding from Revenue	0	0	0	12	12	0	0	0	25	25	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	31,180	2,484	-28,038	0	5,626	16,900	0	5,335	0	22,235	31,600	0	-4,575	0	27,025
Prudential Borrowing	15,528	3,352	-3,845	25	15,060	5,006	-1,429	3,845	-25	7,397	27	0	0	0	27
Loans Fund Review	0	4,025	0	0	4,025	0	0	0	0	0	0	0	0	0	0
COVID Funding	1,640	2,167	0	0	3,807	0	0	0	0	0	0	0	0	0	0
Total	67,713	19,747	-33,349	4,287	58,398	32,878	4,471	9,315	157	46,821	40,318	0	-3,244	235	37,309

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2022-23	2023-24	Source	Reported
C'town Museum LA income	40		Live Argyll	Jun-22
H&L/Rosneath Cycleways	140		SPT	Jun-22
Nature Restoration Fund	238		Scottish Government	Jun-22
Rothesay Pontoons	315		Grant Funding	Jun-22
Ardrihaig North	280		Grant Funding	Jun-22
Lismore Ferry	7		External Income	Jun-22
Lochgilphead PS Demolition	11		Reserves	Jun-22
Fleet Management	499		Reserves	Jul-22
Roads Reconstruction	958		STTS	Jul-22
Gartrecfk Landfill	640		Reserves	Aug-22
Lochgilphead Primary School Demolition	143		Reserves	Sep-22
Lochgilphead Depot	37		Revenue Funding	Oct-22
Kilmory Business Park	979		Grant Funding	Oct-22
Total	4,287	0		

OFF TRACK PROJECT

Appendix 6

Project Name: Harbour Investment Programme	Project Manager: Scott Reid	Risk: Low
Initial Start Date: 2017	Proposed End Date: -	
How was this project initially funded? Prudential Borrowing	Please detail any additional funding. n/a	
Previously Reported Committee and Date: Harbour Board	Next Reported Committee and Date: n/a	

Why is the project classified as off target?

Expenditure for 2022-23 has slipped into future years.

What has caused the issue outlined above?

Various individual project changes/delays, as per below.

Campbeltown 'Wall A': Reassessment of business plan outlook and scope of project.

The original Asset Management Plan contained £1.0+m of Capital dredging to form a deep vessel channel to the wall replacement although it is not clear if the port would benefit more from larger vessels. Design team are working on a possible alternative for comparison which includes a drying out location for fishing and smaller vessels to make repairs etc.

Update:

Argyll & Bute Council Infrastructure Design team are presently working on the revised plans.

Craignure: Extension to initial phase OBC and consultation.

The STAG for this project produced a preferred option which received a very negative response from residents of Craignure who were concerned about the scale and location of the proposed option within Craignure. In order to forestall any future planning objections the planning scope has been looking at alternative locations closer to the existing infrastructure and assessing with CMAL and CFL as to likely disruptions to services during works. Also the Harbour Board made an official request to Transport Scotland for a limited vessel size to operate on the route so that the existing road network infrastructure would not be overwhelmed by a larger vessel discharging capacity numbers of vehicles at peak times. This gave the project some scope to readdress and reduce the size of the required terminal infrastructure at Craignure. The public and contentious nature of the debate has required consideration to ensure Argyll & Bute Council has the correct option with the maximum chance for agreement across the communities and stakeholders.

Update:

Consultation meeting with all of the stakeholders is presently being arranged by the Policy Lead / Harbour Board Chair.

Craignure PAS: Consultancy and changes to planning scope.

The existing Passenger Access System (PAS) at Craignure was out of service in February 2021 due to safety concerns and while the necessary risk assessments and modifications were completed. CMAL has been clear that the PAS is now close to the end of its operational lifespan and that the modifications are merely a stay regarding decommissioning. Royal Haskoning has been engaged by Argyll & Bute Council to develop tender documentation and design specs for a compliant replacement PAS at the existing terminal location. CFL / CalMac provided an extensive list of potential in scope vessels which

included short, long term and contingency options which means estimates for the cost of a replacement Passenger Access System are significant. The equipment should therefore be incorporated into the long term plans for the terminal to justify and spread the cost over the longer period.

Update:

Original design engineer had left the post this year and the replacement recently appointed. Consultants are finalising tender documentation after reviewing the design with the aim of maximising options as to the potential future use of the PAS when the Long-Term Option for Craignure has been completed.

Dunoon & Kilcreggan: Pause to larger programme of works from Transport Scotland / CMAL. Extension to pre-consultation period and elections.

Transport Scotland is still working on delivery of the Islands Connectivity Plan and the Needs Based Assessment which are necessary for the funding of vital aspects of this project. The Dunoon and Kilcreggan OBC is one part of three work streams along with 'Gourock Infrastructure' and 'Replacement Vessels' both of which require funding approval dependant on the delivery of the Transport Scotland reports.

Also and parallel to this during the earlier part of the year, the upcoming local elections gave good reason to pause on our own consultation until new Members were available to sit on the various Reference Groups and take part in the very emotive discussions around these projects.

Update:

The Transport Scotland work is expected in the New Year, however the vessel and Gourock works have been given approval to proceed. Ground Investigation works are now progressing in Gourock and the vessel design is expected to be finalised by the end of the year, with IDM Stage 2 approval (OBC) / Ministerial approval in February 2023.

The press release to announce our own consultation period for Dunoon is with Policy Lead for approval following which the consultation will commence on line.

The consultation content for Kilcreggan is in final draft and will be with Exec' Officers for sighting and approval very soon. The consultation for Kilcreggan will open shortly afterwards and in the meantime Officers and consultants will meet with the newly formed Kilcreggan Community Council to discuss options.

Tender documentation is currently being prepared for our own Ground Investigations at both Dunoon and Kilcreggan locations.

Iona & Fionnphort: Planning and licencing due to EIA findings and revision of design specifications.

Environmental Impact Assessment (EIA) was expected in October 2021 but was delayed by lack of response by Marine Scotland and an unexpected discovery of (protected) sea grass within the proposed breakwater's location.

Update:

Infrastructure Design are continuing designs and detailed drawings for the overnight berthing options at Fionnphort, with works anticipated to commence subject to planning and Marine Scotland approval. Possible in scope vessel design information with electrical charging and crew access requirements from CMAL / CFL have aided in the design process.

Progress to date includes:

1. Contact Marine Scotland (including EIA)
2. Receive comments from Marine Scotland on methodology and plans

Ongoing actions:

3. Mitigate and confirm points with Marine Scotland on plans & outline methodology
4. Final approval from Marine Scotland (on plans)

The Sea Grass issue, which was raised previously was not mentioned in the recent responses from Marine Scotland.

Next steps:

There are 4 x licenses to apply for (early next year is estimated)

2 x Crown Estates Scotland – 1 for Temporary moorings for barges etc. and 1 for the permanent structures.

2 x Marine Scotland – 1 for construction and 1 for dredging.

At the same time as we are waiting for the licences to be processed, we will be preparing the tender documentation for the works.

The same process will count for Fionnphort but will lag behind somewhat because of the more complex design and works required for the overnight berth and safe crew access.

For that reason we will take both parts of the project separately to ensure that Iona is not delayed further.

Port Askaig: Revision of planning due to land acquisition issues.

The Islay Project Coordination Group has been established with Argyll and Bute Council, Transport Scotland, CFL / CalMac and CMAL to coordinate projects with planned works at Port Ellen, vessel requirements and enabling works.

Update:

A new area adjacent to the approach road has been investigated, however due to landowner rejecting the sale of land and excessive letting cost, further plans will be now be developed with the aim of Port Askaig being ready for the new Islay vessel's arrival.

Rothesay Harbour: Piling and Grouting tender failure – revision of methodology and work scope.

Following a review of design and construction methods by AECOM, re-tendering for these phase two works was issued in September 2021 without success. A further review is currently underway to determine the best way forward to ensure the works can take place safely and efficiently with minimal disruption to the CFL / CalMac ferry service.

Update:

Revised methodology and scope of works is in the final stages. Preparation of tender for works will follow.

What action will be taken to rectify this issue?

Delayed projects will proceed with the revised schedule.

What are the implications of the action proposed?

Projects will be fulfilled future financials years.

OFF TRACK PROJECT

Appendix 6

Project Name: Helensburgh Waterfront Development**Project Manager:** Andrew Collins**Risk:** Med**Initial Start Date:** Construction Phase commenced 31 August 2020**Proposed End Date:** Practical Completion of Section 2 of the Construction Phase is on programme for 6 February 2023**How was this project initially funded?**

Prudential Borrowing - £16.255 million

S75 Funding - £0.195 million

Capital Receipt (Retail Development) - £1.000 million

Please detail any additional funding:

UKG LIBOR Funding - £5.000 million

SportScotland - £0.100 million

Place Based Investment - £0.163 million

Live Argyll (FF&E) - £0.344 million

Previously Reported Committee and Date:

Helensburgh & Lomond Area Committee – 20 September 2022

Next Reported Committee and Date:

TBC – subject to conclusion of commercial claim negotiations as between Contractor and Employer

Why is the project classified as off target?

Reporting an overspend against approved budget of £0.367M.

What has caused the issue outlined above?

A combination of factors including: delays in achieving permanent connection to mains electrical supply, which required the provision of temporary power supplies and heating to maintain overall contract programme; conformance by the Contractor with the Scottish Government COVID Regulations pertaining to construction sites; impact of a number of external international/global factors e.g. COVID-19, BREXIT, Russian Invasion of Ukraine on the availability and cost of essential construction sector materials, resources, plant and equipment.

What action will be taken to rectify this issue?

We are currently awaiting the formal assessment of the Contractors contractual claim by our appointed Cost Consultants, which will enable us to undertake and conclude the commercial negotiations with them as to the final contract sum. Additionally we are assessing all commercial/legal options to address issues of underperformance on the delivery of services etc., and which have had a detrimental impact upon the project costs e.g. the delay in achieving the permanent connection to the mains electrical supply

What are the implications of the action proposed?

We have previously reported to Committees of the Council that, whilst the value of the Construction Contract, at Award Stage was £19,971,918.51, given the global health pandemic and other economic impacts which have emerged since the Contract Award, the Anticipated Final Cost for the Contract and therefore the project was likely to increase. We are working with the Contractor, Heron Bros Ltd, to ensure that any claims for Extensions of Time, and/or Loss and Expense, are properly and fully substantiated and assessed in accordance with the requirements of the Contract. This work stream is on-going and its' outcome will be reported to the relevant committees of the Council in due course. It is therefore likely that we may require to secure additional budget support, and which could include funds from the COVID specific additional funding that the Council has been in receipt of.

OFF TRACK PROJECT

Appendix 6

Project Name: Fleet Management**Project Manager:** John Blake**Risk:** Low**Initial Start Date:** 2018-19**Proposed End Date:** 2023-24**How was this project initially funded?** Prudential Borrowing**Please detail any additional funding.****Previously Reported Committee and Date:** n/a**Next Reported Committee and Date:** n/a**Why is the project classified as off target?**

Underspend in 2022-23 resulting in budget being slipped to 2023-24.

What has caused the issue outlined above?

Supplier shortages in vehicles has resulted in delays in receiving orders resulting in delays in incurring expenditure.

What action will be taken to rectify this issue?

Vehicles on order, awaiting delivery. Expenditure will be incurred once vehicles are received.

What are the implications of the action proposed?

Budget slipped from 2022-23 to 2023-24.

Strategic Change Projects	Capital Expenditure				Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation
Harbour Investment Programme	1,802	5,626	91,292	91,292	01/04/2017	31/03/2028	Red	Budget slipped into future years.
Helensburgh Waterfront Development	1,387	3,262	22,924	22,557	01/04/2017	31/03/2024	Red	Current overspend being investigated by Project Manager with Contractor.
CHORD Oban	7,129	651	7,905	7,905	27/10/2016	31/03/2022	Amber	Issues with contract close out impacting on timescales.
TIF - Halfway House Roundabout	0	47	640	640	tbc	tbc	Amber	Scope of project still to be determined - budget to be reprofiled.
Campbeltown Flood Scheme	181	9,098	15,215	15,215	01/08/2016	31/03/2023	Green	
Dunoon Primary	7,170	304	10,869	10,869	18/12/2014	30/04/2020	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Kirn Primary School	9,878	99	10,119	10,119	24/04/2014	31/10/2017	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,496	136	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Street Lighting LED Replacement	2,700	791	3,900	3,900	01/08/2016	31/12/2022	Green	Tender for final package of works still to be awarded.
Helensburgh Office Rationalisation	11,500	310	11,838	11,838	25/04/2013	31/12/2022	Green	Project subject to legal dispute.
CHORD Dunoon	12,238	55	12,522	12,522	03/02/2012	09/03/2018	Green	Main contract complete and retentions paid. Landscaping and remediation works ongoing but issues with water ingress may require works in 22-23.
Kilmory Business Park Phase 2AA	0	1,120	1,129	1,129	01/02/2022	01/09/2023	Green	Development Agreement still to be concluded.
Carbon Management Business Cases	201	60	261	261	01/02/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management - Group Heating Conversion Project	1,938	10	1,948	1,948	01/02/2016	31/12/2022	Green	Complete.
Carbon Management - Non Education	14	21	50	50	01/04/2015	31/12/2022	Green	Projects being determined.
NPDO Schools Solar PV Panel Installations	761	183	944	944	26/06/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	88	488	488	20/03/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	20	39	39	01/02/2016	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	5	187	187	01/02/2012	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Dunoon Pier OBC	2,844	0	2,844	2,844	03/02/2012	26/02/2016	Green	Project complete.
Campbeltown Office Rationalisation	595	1	596	596	01/02/2015	31/03/2019	Green	Complete.
TIF - Oban Airport Business Park	447	101	590	590	22/01/2015	31/12/2022	Green	
Campbeltown Schools Redevelopment	1,649	76	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,483	28	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project originally proposed for 21-22 now slipped into 22-23.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Complete.
TIF - Lorn/Kirk Road	1,959	1	2,170	2,170	22/01/2015	31/03/2021	Green	Complete.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Complete.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Complete.
Strategic Change Total	75,250	22,093	211,684	211,317				

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
FINANCIAL SUMMARY - NET EXPENDITURE

Appendix 8
31 October 2022

	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	2,411	2,291	120	7,955	7,955	0	19,175	19,175	0
Executive Director Kirsty Flanagan	6,893	6,942	(49)	19,607	19,607	0	35,225	35,225	0
Asset Sustainability Total	9,304	9,233	71	27,562	27,562	0	54,400	54,400	0
Service Development Projects									
Executive Director Douglas Hendry	792	823	(31)	1,242	1,267	(25)	15,144	15,169	(25)
Executive Director Kirsty Flanagan	1,312	1,329	(17)	7,431	6,525	906	33,010	33,052	(42)
Service Development Total	2,104	2,152	(48)	8,673	7,792	881	48,154	48,221	(67)
Strategic Change Projects									
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0
Replacement of Oban High	96	100	(4)	136	136	0	3,250	3,250	0
Kirn Primary School	65	65	0	99	99	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	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	10	10	0	310	310	0	11,838	11,838	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0
Campbeltown Flood Scheme	260	260	0	9,098	9,098	0	15,215	15,215	0
Street Lighting LED Replacement	87	87	0	791	791	0	3,900	3,900	0
Harbour Investment Programme	241	241	0	15,550	5,626	9,924	91,292	91,292	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	47	47	0	640	640	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	4	7	(3)	55	55	0	12,522	12,522	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0
Helensburgh Waterfront Development	2,895	3,255	(360)	2,895	3,262	(367)	22,557	22,924	(367)
HWD - FFE (Funded by LA)	344	305	39	344	344	0	350	350	0
Kilmory Business Park Phase 2AA	18	18	0	1,120	1,120	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	4,315	4,643	(328)	33,045	23,504	9,541	212,896	213,279	(383)
Total Expenditure	15,723	16,028	(305)	69,280	58,858	10,422	315,450	315,900	(450)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	0	0	0	0	0	0
Executive Director Kirsty Flanagan	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0
Asset Sustainability Total	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0
Service Development Projects									
Executive Director Douglas Hendry	0	(38)	38	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	(69)	(69)	0	(4,046)	(4,046)	0	(21,135)	(21,135)	0
Service Development Total	(69)	(107)	38	(4,046)	(4,046)	0	(28,906)	(28,906)	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	(241)	(241)	0	(15,550)	(15,550)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	(149)	(149)	0	(2,167)	(2,167)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0
HWD - FFE (Funded by LA)	0	5	(5)	0	0	0	(350)	(350)	0
Kilmory Business Park Phase 2AA	0	0	0	(979)	(979)	0	(979)	(979)	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	(241)	(236)	(5)	(16,873)	(16,873)	0	(104,241)	(104,241)	0
Total Income	(310)	(343)	33	(23,309)	(23,309)	0	(135,537)	(135,537)	0
Net Total	15,413	15,685	(272)	45,971	35,549	10,422	179,913	180,363	(450)

MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										31 October 2022
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			(Over)/Under £000s
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	Year End £000s	
EXPENDITURE										
Asset Sustainability Projects										
Flood Prevention	6	4	2	474	474	0	1,084	1,084	0	0
Coastal Protection	0	0	0	20	20	0	200	200	0	0
Coastal Change Adaptation	0	0	0	159	159	0	159	159	0	0
Bute Sea Wall Repairs	49	49	0	750	750	0	750	750	0	0
Helensburgh Flood Mitigation	0	0	0	432	432	0	432	432	0	0
Bridge Strengthening	1077	132	(25)	1,349	1,349	0	2,049	2,049	0	0
Local Bridge Maintenance Fund	66	66	0	1,237	1,237	0	5,447	5,447	0	0
Roads Reconstruction	5,155	5,155	0	9,433	9,433	0	16,294	16,294	0	0
Roads Reconstruction - Helensburgh CHORD	0	0	0	47	47	0	47	47	0	0
Roads Reconstruction - Oban CHORD	0	0	0	3	3	0	3	3	0	0
Helensburgh CHORD - Signage etc	0	0	0	10	10	0	10	10	0	0
Lighting	0	0	0	740	740	0	1,040	1,040	0	0
Environmental Projects	0	0	0	734	734	0	934	934	0	0
Play Park Refurbishment	0	0	0	155	155	0	938	938	0	0
Public Convenience Upgrades	0	0	0	82	82	0	82	82	0	0
Footway Improvements	147	147	0	269	269	0	269	269	0	0
Glengorm - Capping	0	0	0	82	82	0	82	82	0	0
Glengorm - Cell and Transfer Station (PB)	840	840	0	1,200	1,200	0	1,200	1,200	0	0
EV Quick Chargers	0	0	0	93	93	0	93	93	0	0
Tobermory Car Park	56	64	(8)	951	951	0	951	951	0	0
Active Travel	0	0	0	500	500	0	500	500	0	0
Bin Replacement Programme	0	0	0	100	100	0	100	100	0	0
Server Sustainability	4	4	0	187	187	0	251	251	0	0
PC Replacement	461	463	(2)	522	522	0	522	522	0	0
Telecomms Network	2	18	(16)	78	78	0	98	98	0	0
Block Allocation - ICT	0	0	0	0	0	0	1,690	1,690	0	0
Asset Sustainability Total	6,893	6,942	(49)	19,607	19,607	0	35,225	35,225	0	0
Service Development Projects										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	0
Campbeltown Old Quay	0	0	0	43	43	0	1,424	1,424	0	0
Fleet Management - Prudential Borrowing	0	0	0	2,187	1,187	1,000	4,861	4,861	0	0
Fleet Management	174	174	0	499	499	0	3,358	3,358	0	0
Lismore Ferry	13	19	(6)	13	19	(6)	866	872	(6)	(6)
Oban Depot Development Project	0	62	(62)	17	62	(45)	2,117	2,162	(45)	(45)
Lochgilhead Depot Rationalisation	0	0	0	8	8	0	37	37	0	0
Jackson's Quarry Refurbishment	0	0	0	0	0	0	285	285	0	0
Witchburn Road Demolition	0	0	0	(1)	0	(1)	157	158	(1)	(1)
Safe Streets, Walking and Cycling (CWSS)	0	0	0	544	544	0	2,878	2,878	0	0
SPT - bus infrastructure	0	0	0	0	0	0	1,405	1,405	0	0
Cycleways - H&L (FSPT)	0	0	0	240	240	0	3,112	3,112	0	0
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	51	51	0	53	53	0	0
Town Centre Funds	578	578	1	1,054	1,054	0	3,878	3,878	0	0
Dunoon Cycle Bothy	212	166	46	266	266	0	279	279	0	0
Dunoon STEM Hub	11	11	0	603	603	0	608	608	0	0
Ardrishaig North Active Travel	161	150	11	670	712	(42)	880	880	0	0
Nature Restoration Fund	0	0	0	346	346	0	346	346	0	0
Gibraltar Street Public Realm Improvements	9	13	(4)	248	248	0	250	250	0	0
Hermitage Park	0	0	0	69	69	0	3,314	3,314	0	0
West Coast UAV Innovation Logistics and Training Hub	0	0	0	0	0	0	0	0	0	0
Applications Projects	153	156	(3)	558	558	0	2,883	2,873	10	10
Service Development Total	1,312	1,329	(17)	7,431	6,525	906	33,010	33,052	(42)	(42)
Strategic Change Projects										
Campbeltown Flood Scheme	260	260	0	9,098	9,098	0	15,215	15,215	0	0
Street Lighting LED Replacement	87	87	0	791	791	0	3,900	3,900	0	0
Harbour Investment Programme	241	241	0	15,550	5,626	9,924	91,292	91,292	0	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0	0
TIF - Oban Airport Business Park	0	0	0	101	101	0	590	590	0	0
TIF - Halfway House Roundabout	0	0	0	47	47	0	640	640	0	0
Strategic Change Total	588	588	0	25,588	15,664	9,924	114,021	114,021	0	0
Total Expenditure	8,793	8,859	(66)	52,626	41,796	10,830	182,256	182,298	(42)	(42)
INCOME										
Asset Sustainability										
EV Quick Chargers	0	0	0	(97)	(97)	0	(97)	(97)	0	0
Glengorm Capping/New Cell - Prudential Borrowing	0	0	0	(560)	(560)	0	(560)	(560)	0	0
Tobermory Car Park	0	0	0	(775)	(775)	0	(775)	(775)	0	0
Asset Sustainability Total	0	0	0	(2,390)	(2,390)	0	(2,390)	(2,390)	0	0
Service Development Projects										
Applications Projects	0	0	0	(46)	(46)	0	(437)	(437)	0	0
Safe Streets, Walking and Cycling	0	0	0	(550)	(550)	0	(2,483)	(2,483)	0	0
SPIT	0	0	0	0	0	0	(1,243)	(1,243)	0	0
Cycleways - H&L (FSPT)	0	0	0	(240)	(240)	0	(3,212)	(3,212)	0	0
Town Centre Funds	0	0	0	(382)	(382)	0	(1,794)	(1,794)	0	0
Dunoon STEM Hub	0	0	0	(100)	(100)	0	(608)	(608)	0	0
Ardrishaig North Active Travel	(50)	(50)	0	(50)	(50)	0	(50)	(50)	0	0
Dunoon Cycle Bothy	0	0	0	(209)	(209)	0	(279)	(279)	0	0
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0	0
Hermitage Park	0	0	0	0	0	0	(3,245)	(3,245)	0	0
Fleet Management - PB	0	0	0	(2,187)	(2,187)	0	(4,861)	(4,861)	0	0
Fleet Management	(8)	(8)	0	0	0	0	0	0	0	0
Lochgilhead Depot Rationalisation	0	0	0	(1)	(1)	0	(1)	(1)	0	0
Millpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0	0
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0	0
Oban Depot - Appin Depot Sale	0	0	0	(150)	(150)	0	(150)	(150)	0	0
Lismore Ferry	(11)	(11)	0	(131)	(131)	0	(631)	(631)	0	0
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0	0
Service Development Total	(69)	(69)	0	(4,046)	(4,046)	0	(21,135)	(21,135)	0	0
Strategic Change Projects										
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0	0
Harbour PB	(241)	(241)	0	(15,550)	(15,550)	0	(91,292)	(91,292)	0	0
01 TIF - Lorn/Kirk Road	0	0	0	(149)	(149)	0	(2,167)	(2,167)	0	0
Strategic Change Total	(241)	(241)	0	(15,699)	(15,699)	0	(93,729)	(93,729)	0	0
Total Income	(310)	(310)	0	(22,135)	(22,135)	0	(117,254)	(117,254)	0	0
Net Departmental Total	8,483	8,549	(66)	30,491	19,661	10,830	65,002	65,044	(42)	(42)

MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY										31 October 2022
	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	1,985	1,913	72	4,424	4,424	0	10,904	10,904	0	0
Live Argyll	181	167	14	546	546	0	2,086	2,086	0	0
Health and Social Care Partnership	136	146	(10)	516	516	0	2,922	2,922	0	0
Shared Offices	109	65	44	2,469	2,469	0	3,263	3,263	0	0
Asset Sustainability Total	2,411	2,291	120	7,955	7,955	0	19,175	19,175	0	0
Service Development Projects										
Ardershaig Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0	0
Clyde Cottage - 600 hour provision	0	0	0	23	23	0	579	579	0	0
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0	0
Islay High and Rosneath Primary School Pitches	0	0	0	(12)	0	(12)	707	719	(12)	0
Lochgailhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0	0
Early Learning and Childcare - 1140 Hours	789	820	(31)	1,036	1,036	0	7,751	7,751	0	0
CO2 Monitoring - Covid Mitigation in Schools	3	3	0	116	116	0	192	192	0	0
Early Learning and Childcare - 1140 Hours - CFCR	0	0	0	0	0	0	111	111	0	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0	38	38	0	0
Riverside Leisure Centre Refurbishment	0	0	0	(13)	0	(13)	1,232	1,245	(13)	0
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0	0
Service Development Total	792	823	(31)	1,242	1,267	(25)	15,144	15,169	(25)	0
Strategic Change Projects										
Campbeltown Schools Redevelopment	38	38	0	76	76	0	2,130	2,130	0	0
Dunoon Primary	257	257	0	304	304	0	10,869	10,869	0	0
Replacement of Oban High	96	100	(4)	136	136	0	3,250	3,250	0	0
Kirn Primary School	65	65	0	99	99	0	10,119	10,119	0	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0	0
Carbon Management Business Cases	0	0	0	60	60	0	261	261	0	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	183	0	944	944	0	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	88	0	488	488	0	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	20	0	39	39	0	0
Carbon Management - Group Heating Conversion Project	0	0	0	10	10	0	1,948	1,948	0	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0	0
Oil to Gas Heating Conversions	0	0	0	5	5	0	187	187	0	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0	0
Helensburgh Office Rationalisation	10	10	0	310	310	0	11,838	11,838	0	0
Clean Energy	0	0	0	551	567	(16)	729	745	(16)	0
Clean Energy 2022-23	0	0	0	500	500	0	500	500	0	0
CHORD Oban	0	0	0	651	651	0	7,905	7,905	0	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0	0
CHORD Dunoon	4	7	(3)	55	55	0	12,522	12,522	0	0
Helensburgh Waterfront Deveopment	2,895	3,255	(360)	2,895	3,262	(367)	22,557	22,924	(367)	0
HWD - FFE (Funded by LA)	344	305	39	344	344	0	350	350	0	0
Kilmory Business Park Phase 2AA	18	18	0	1,120	1,120	0	1,129	1,129	0	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0	0
Strategic Change Total	3,727	4,055	(328)	7,457	7,840	(383)	98,875	99,258	(383)	0
Total Expenditure	6,930	7,169	(239)	16,654	17,062	(408)	133,194	133,602	(408)	0
INCOME										
Asset Sustainability										
Education	0	0	0	0	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	0	0	0	0	0	0	0	0	0	0
Service Development Projects										
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0	0
CO2 Monitoring - Covid Mitigation in Schools	0	(38)	38	0	0	0	0	0	0	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0	0
Service Development Total	0	(38)	38	0	0	0	(7,771)	(7,771)	0	0
Strategic Change										
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0	0
Helensburgh Waterfront Development	0	0	0	(195)	(195)	0	(6,493)	(6,493)	0	0
HWD - FFE (Funded by LA)	0	5	(5)	0	0	0	(350)	(350)	0	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0	0
Kilmory Business Park Phase 2AA	0	0	0	(979)	(979)	0	(979)	(979)	0	0
Strategic Change Total	0	5	(5)	(1,174)	(1,174)	0	(10,512)	(10,512)	0	0
Total Income	0	(33)	33	(1,174)	(1,174)	0	(18,283)	(18,283)	0	0
Net Departmental Total	6,930	7,136	(206)	15,480	15,888	(408)	114,911	115,319	(408)	0

CAPITAL PLAN 2022-23
Overall Summary

APPENDIX 9

Service	Previous Years £000's	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
Education	36,575	6,240	4,843	2,226	0	0	49,884
Shared Offices	16,687	4,197	544	428	0	0	21,856
ICT	2,126	1,345	1,202	771	0	0	5,444
RIS	21,002	36,117	35,959	33,028	30,091	0	156,197
DEG	15,435	4,282	898	0	0	0	20,615
HSCP	1,246	570	1,978	428	0	0	4,222
Live Argyll	1,274	554	1,112	428	0	0	3,368
CHORD	48,486	5,093	285	0	0	0	53,864
Overall Total	142,831	58,398	46,821	37,309	30,091	0	315,450

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			£000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Education	Asbestos Control/Removal Works	0	7	0	0	0	0	7
		Block Allocation - Education	0	12	4,231	2,226	0	0	6,469
		Digital Inclusion 20-21	0	9	0	0	0	0	9
		Free School Meals	0	14	0	0	0	0	14
		Homeless Houses - Housing Quality Standard	0	1	0	0	0	0	1
		Internal Refurbishment Budget	0	7	0	0	0	0	7
		Lochgilphead Primary School Demolition	0	150	0	0	0	0	150
		Pre-5's/Nurseries	0	1	0	0	0	0	1
		Primary Schools	0	3,354	23	0	0	0	3,377
		School Houses - Housing Quality Standard	0	26	0	0	0	0	26
Secondary Schools	0	843	0	0	0	0	843		
Asset Sustainability Total			0	4,424	4,254	2,226	0	0	10,904
Service Development	Education	Ardrihaig Primar School - Pre Five Extension	2	0	0	0	0	0	2
		Bowmore Primary School - Gaelic Medium Grant	0	38	0	0	0	0	38
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	0	149
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	0	120
		Clyde Cottage - 600 hours provision	556	23	0	0	0	0	579
		CO2 Monitoring - Covid Mitigation in Schools	76	116	0	0	0	0	192
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	0	400
		Early Learning and Childcare	850	0	0	0	0	0	850
		Early Learning and Childcare - 1140 Hours	6,696	1,036	19	0	0	0	7,751
		Early Learning and Childcare - 1140 Hours - CFCR	111	0	0	0	0	0	111
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	0	490
		Islay High & Rosneath PS Pitches	719	-12	0	0	0	0	707
		Lochgailhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	0	391
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	0	341
		Sandbank Gaelic Pre Five Unit	491	0	0	0	0	0	491
		Service Development Total			11,392	1,201	19	0	0
Strategic Change	Education	Campbeltown Schools Redevelopment	2,054	76	0	0	0	0	2,130
		Dunoon Primary School	10,365	304	200	0	0	0	10,869
		Kirn Primary School	10,020	99	0	0	0	0	10,119
		Replacement of Oban High School	2,744	136	370	0	0	0	3,250
Strategic Change Total			25,183	615	570	0	0	0	26,368
Overall Total			36,575	6,240	4,843	2,226	0	0	49,884

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Shared Offices	Argyll House, Dunoon	0	12	0	0	0	0	12
		Asbestos Capital Property Works	0	51	0	0	0	0	51
		Block Allocation	0	0	236	398	0	0	634
		Bowmore Area Office	0	76	0	0	0	0	76
		Burnett Building	0	110	0	0	0	0	110
		Capital Property Works	0	38	0	0	0	0	38
		Fire Risk Assessment Works	0	14	0	0	0	0	14
		Hill Street Dunoon Rewire	0	33	0	0	0	0	33
		Kilmory Castle	0	1,368	43	0	0	0	1,411
		Legionella Control Works	0	215	0	0	0	0	215
		Manse Brae District Office	0	1	0	0	0	0	1
		Manse Brae Roads Office	0	2	0	0	0	0	2
Our Modern Workspace	0	549	87	30	0	0	666		
Asset Sustainability Total			0	2,469	366	428	0	0	3,263
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudentia	1,938	10	0	0	0	0	1,948
		Carbon Management Business Cases (FPB)	201	60	0	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	0	107
		Cleaner Energy	0	551	178	0	0	0	729
		Cleaner Energy 2022-23	0	500	0	0	0	0	500
		Helensburgh Office Rationalisation (FPB,REC)	11,528	310	0	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	0	956
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	0	488
		NPDO Schools Solar PV Panel Installations	761	183	0	0	0	0	944
Oil to Gas Heating Conversions (FPB)	182	5	0	0	0	0	187		
Strategic Change Total			16,687	1,728	178	0	0	0	18,593
Overall Total			16,687	4,197	544	428	0	0	21,856

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,467	55	0	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,529	28	0	0	0	0	6,557
		CHORD - Oban	7,254	651	0	0	0	0	7,905
		Helensburgh Waterfront Development	19,377	2,895	285	0	0	0	22,557
		HWD - FFE	6	344	0	0	0	0	350
		Kilmory Business Park Phase 2AA	9	1,120	0	0	0	0	1,129
		OBC for Dunoon Pier	2,844	0	0	0	0	0	2,844
Strategic Change Total			48,486	5,093	285	0	0	0	53,864
Overall Total			48,486	5,093	285	0	0	0	53,864

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	919	771	0	0	1,690
		PC Replacement	0	522	0	0	0	0	522
		Server Sustainability	0	187	64	0	0	0	251
		Telecomms Network	0	78	20	0	0	0	98
Asset Sustainability Total		0	787	1,003	771	0	0	2,561	
Service Development	ICT	Applications Projects	2,126	558	199	0	0	0	2,883
Service Development Total			2,126	558	199	0	0	0	2,883
Overall Total			2,126	1,345	1,202	771	0	0	5,444

Category	Service	Project	Previous Years £000's	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	Total £000s
Asset Sustainability	RIS	Bin Replacement Programme	0	100	0	0	0	0	100
		Bridge Strengthening	0	1,349	350	350	0	0	2,049
		Bute Sea Wall Repairs	0	750	0	0	0	0	750
		Coastal Change Adaptation	0	159	0	0	0	0	159
		Coastal Protection	0	20	80	100	0	0	200
		Environmental Projects	0	734	100	100	0	0	934
		EV Quick Chargers	0	93	0	0	0	0	93
		Flood Prevention	0	474	305	305	0	0	1,084
		Footway Improvements	0	269	0	0	0	0	269
		Glengorm - Capping	0	82	0	0	0	0	82
		Glengorm - Cell and Transfer Station (PB)	0	1,200	0	0	0	0	1,200
		Helensburgh CHORD - Signage etc	0	10	0	0	0	0	10
		Helensburgh Flood Mitigation	0	432	0	0	0	0	432
		Investment in Active Travel	0	500	0	0	0	0	500
		Lighting	0	740	150	150	0	0	1,040
		Local Bridge Maintenance Fund	0	1,237	4,210	0	0	0	5,447
		Play Park Renewal	0	155	157	235	391	0	938
		Public Convenience Upgrades	0	82	0	0	0	0	82
		Roads Reconstruction	0	9,433	3,449	3,412	0	0	16,294
		Roads Reconstruction - Helensburgh CHORD	0	47	0	0	0	0	47
Roads Reconstruction - Oban CHORD	0	3	0	0	0	0	3		
Tobermory Car Park	0	951	0	0	0	0	951		
Asset Sustainability Total			0	18,820	8,801	4,652	391	0	32,664
Service Development	RIS	Campbeltown Old Quay	1,381	43	0	0	0	0	1,424
		Fleet Management	2,859	499	0	0	0	0	3,358
		Fleet Management - Prudential Borrowing	2,674	1,187	1,000	0	0	0	4,861
		Jackson's Quarry Refurbishment	285	0	0	0	0	0	285
		Lismore Ferry Replacement	618	13	15	20	0	0	666
		Lochgilphead Depot Rationalisation	29	8	0	0	0	0	37
		Oban Depot Development	2,100	17	0	0	0	0	2,117
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	0	221
		Witchburn Road Demolition	158	-1	0	0	0	0	157
Service Development Total		10,309	1,782	1,015	20	0	0	13,126	
Strategic Change	RIS	Campbeltown Flood Scheme	878	9,098	3,908	1,331	0	0	15,215
		Harbour Investment Programme PB	6,706	5,626	22,235	27,025	29,700	0	91,292
		Street Lighting LED Replacement	3,109	791	0	0	0	0	3,900
Strategic Change Total		10,693	15,515	26,143	28,356	29,700	0	110,407	
Overall Total		21,002	36,117	35,959	33,028	30,091	0	156,197	

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardrishaig North Active Travel	0	712	168	0	0	0	880
		Cycleways - H&L (FSPT)	2,722	240	150	0	0	0	3,112
		Dunoon Cycle Bothy	13	266	0	0	0	0	279
		Dunoon STEM Hub	5	603	0	0	0	0	608
		Gibraltar Street Public Realm Improvements	2	248	0	0	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	2	51	0	0	0	0	53
		Hermitage Park	3,245	69	0	0	0	0	3,314
		Nature Restoration Fund	0	346	0	0	0	0	346
		Safe Streets, Walking and Cycling (CWSS)	2,334	544	0	0	0	0	2,878
		SPT - bus infrastructure	1,405	0	0	0	0	0	1,405
		Town Centre Funds	2,792	1,054	30	0	0	0	3,876
		West Coast UAV Innovation Logistics and Training	0	0	0	0	0	0	0
Service Development Total			12,520	4,133	348	0	0	0	17,001
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	1	0	0	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	0	214
		09 TIF - Oban Airport Business Park	489	101	0	0	0	0	590
		TIF - Halfway House Roundabout	43	47	550	0	0	0	640
Strategic Change Total			2,915	149	550	0	0	0	3,614
Overall Total			15,435	4,282	898	0	0	0	20,615

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's						
Asset Sustainability	HSCP	Ardfenaig	0	38	87	0	0	0	125
		Block Allocation	0	0	577	428	0	0	1,005
		Capital Property Works	0	0	139	0	0	0	139
		Digitalising telecare	0	0	100	0	0	0	100
		Dunoon Hostel	0	33	0	0	0	0	33
		Eadar Glinn	0	0	196	0	0	0	196
		East King Street Childrens Hospital	0	65	0	0	0	0	65
		Glencruitten Hostel	0	115	0	0	0	0	115
		Gortonvogie	0	0	80	0	0	0	80
		Greenwood/Woodlands	0	90	134	0	0	0	224
		Rothesay Community Education Centre	0	0	0	0	0	0	0
		Shellach View	0	65	0	0	0	0	65
		Struan Lodge Boiler	0	30	222	0	0	0	252
		Thomson Home Rothesay	0	0	125	0	0	0	125
Tigh An Rudha HFE	0	80	302	0	0	0	382		
Asset Sustainability Total			0	516	1,978	428	0	0	2,922
Service Development	HSCP	Dunclutha Childrens Home	1,246	54	0	0	0	0	1,300
Service Development Total			1,246	54	0	0	0	0	1,300
Overall Total			1,246	570	1,978	428	0	0	4,222

Category	Service	Project	Previous	2022-23	2023-24	2024-25	2025-26	2026-27	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	47	0	0	0	0	47
		Campbeltown Museum - Burnet Bldg	0	0	38	0	0	0	38
		Capital Property Works	0	0	1,002	428	0	0	1,430
		Inveraray CARS	0	21	0	0	0	0	21
		Kintyre Community Education Centre - Lift Shaft Refurbishment	0	30	0	0	0	0	30
		Lochgilphead Library Relocation	0	52	0	0	0	0	52
		Riverside Leisure Centre - Cladding Upgrade	0	1	45	0	0	0	46
		Riverside Leisure Centre - Spa Pool Upgrade	0	80	0	0	0	0	80
		Rothesay Swimming Pool	0	0	27	0	0	0	27
		The Moat Centre - Gym Store	0	35	0	0	0	0	35
		Victoria Halls, Helensburgh	0	100	0	0	0	100	
Asset Sustainability Total			0	546	1,112	428	0	0	2,086
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	-13	0	0	0	0	1,232
Service Development Total			1,245	-13	0	0	0	0	1,232
Strategic Change	Live Argyll	Carbon Management	29	21	0	0	0	0	50
Strategic Change Total			29	21	0	0	0	0	50
Overall Total			1,274	554	1,112	428	0	0	3,368

TREASURY MANAGEMENT MONITORING REPORT – 31 OCTOBER 2022

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the Council's treasury management position for the period 1 September 2022 to 31 October 2022 and includes information on:
- Overall borrowing position
 - Borrowing activity
 - Investment activity
 - Economic background
 - Interest rate forecast
 - Prudential Indicators
- 1.2. Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. Due to the increase in borrowing rates it is unlikely that the Council will take out longer term loans in the short to medium term. An update of the impact of these transactions will be provided to Members in a subsequent report.
- 1.3. The net movement in external borrowing in the period 1 September 2022 to 31 October 2022 was a decrease of £9.5m. This is mainly due to repayment of long term borrowing of £29.5m offset by temporary borrowing taken of £20m
- 1.4. The levels of investments were £116.2m at 31 October 2022. The rate of return achieved was 2.508% which compares favourably with the target SONIA rate which was 2.186%.

TREASURY MANAGEMENT MONITORING REPORT – 31 OCTOBER 2022

2. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 September 2022 to 31 October 2022 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 2022. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
CFR at 1 April	309,092	319,610	337,855
Net Capital Expenditure	20,686	29,632	27,052
Less Loans Fund Principal Repayments	(5,353)	(5,507)	(5,788)
Less: NPDO Repayment	(4,815)	(5,880)	(6,038)
Estimated CFR 31 March	319,610	337,855	353,081
Less Funded by NPDO	(116,681)	(117,064)	(112,184)
Estimated Net CFR 31 March	202,929	220,791	240,897
Estimated External Borrowing at 31 March	142,931	167,154	187,150
Gap	59,998	53,637	53,747

- 3.2. Borrowing is below the Capital Financing Requirement for the period to 31 October 2022. During the period the Council took advantage of the increase in the rate of borrowing to repay certain long term PWLB loans which generated a discount that can be used to reduce loan charges. The repayment was funded by utilising maturing investments and by taking some temporary borrowing which will be repaid when maturing investments become available. The gap that the Council is under borrowed by is due to the decision to repay long term debt and potentially not take any new borrowing due to high borrowing rates at present
- 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 31 October 2022 is £202.9m. The table below shows how this has been financed. £154.1m is funded by loans and there are substantial internal balances of £165m of which £116.1m are currently invested, leaving a net internal balance of £48.9m.

	Position at 31/08/22	Position at 31/10/22
	£000	£000
Loans	163,576	154,069
Net Internal Balances	8,853	48,860
Total CFR	172,429	202,929

- 3.5. During the period from 1 September to 31 October 2022, £29.527m of loans were repaid and new borrowing of £20.019m was taken. This was mainly made up of the early repayment of long term borrowing of £29.5m, partly funded by new temporary borrowing of £20m. the balance relates to the renewal of local bonds and some new temporary borrowing, the analysis of the movement in borrowing is shown in the table below:

	Actual £000
External Loans Repaid 1st September 2022 to 31st October 2022	(29,527)
Borrowing undertaken 1st September 2022 to 31st October 2022	20,019
Net Movement in External Borrowing	(9,508)

- 3.6. The external long term borrowing of the Council was reduced by £29.5m during the period from 1 September 2022 to 31 October 2022.
- 3.7. The table below summarises the movement in the level and rate of temporary borrowing at the start and end of the period.

	£000	% Rate
Temp borrowing at 31st August 2022	521	0.55%
Temp borrowing at 31st October 2022	20,515	1.26%

Investment Activity

3.8 The average rate of return achieved in the Council's investments to 31 October 2022 was 2.508% compared to the Sterling Overnight Index Average (SONIA) rate for the same period of 2.186% 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 31 October 2022 the Council had £116.2m of short term investments at an average rate of 2.508%. 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 counterparty.

Counterparty	Maturity	Amount £000	Interest Rate	Rating S&P
Clydesdale Bank	Instant Access	251	2.15%	Short Term A-2, Long Term A-
AL Ryan Bank	07/12/2022	5,000	1.70%	Short Term A-1, Long Term A+
National Bank of Kuwait	11/04/2023	7,500	2.08%	Short Term A-1, Long Term A
National Bank of Kuwait	17/11/2022	5,000	1.70%	Short Term A-1, Long Term A
Qatar National Bank	13/12/2022	5,000	1.94%	Short Term A-1, Long Term A
Qatar National Bank	10/11/2022	5,000	1.67%	Short Term A-1, Long Term A
AL Ryan Bank	07/12/2022	5,000	1.70%	Short Term A-1, Long Term A+
AL Ryan Bank	02/02/2023	5,000	2.45%	Short Term A-1, Long Term A+
First Abu Dhabi bank	10/05/2023	5,000	2.11%	Short Term A-1+, Long Term AA-
First Abu Dhabi bank	10/08/2023	5,000	3.12%	Short Term A-1+, Long Term AA-
Australia and New Zealand Banking Group	23/02/2023	5,000	3.01%	Short Term A-1+, Long Term AA-
Australia and New Zealand Banking Group	06/10/2023	5,000	4.99%	Short Term A-1+, Long Term AA-
Close Bros	31/02/2023	2,500	2.00%	Short Term A-1, Long Term A+
Toronto Dominion Bank	13/10/2023	5,000	5.25%	Short Term A-1+, Long Term AA-
Development Bank of Singapore	07/11/2022	5,000	2.25%	Short Term A-1+, Long Term AA-
Cheshire West & Chester Council	12/01/2023	2,500	0.90%	AA
Cambridgeshire County Council	22/07/2024	5,000	1.00%	AA
Slough Borough Council	26/05/2023	5,000	2.10%	AA
Slough Borough Council	29/06/2023	5,000	2.10%	AA
Thurrock Borough Council	31/07/2023	5,000	3.00%	AA
Thurrock Borough Council	19/09/2023	5,000	3.50%	AA
Spelthorn Borough Council	03/04/2023	5,000	3.00%	AA
London Borough of Croydon	10/10/2024	5,000	4.10%	AA
Money Market Fund - BNP Paribas	Call	8,325	2.14%	AAA
Money Market Fund - Aberdeen Standard	Call	75	2.30%	AAA
Total		116,151		

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 2022-23 are attached in Appendix 3.

4. CONCLUSION

- 4.1 In the period from 1 September 2022 to 31 October 2022, the Council's borrowing decreased by £9.5m, it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £116.2m is currently invested. The investment returns were 2.508% which is above the target of 2.186%.

5. IMPLICATIONS

5.1	Policy –	None.
5.2	Financial – Strategy.	Complies with Annual Treasury
5.3	Legal –	None.
5.4	HR –	None.
5.5	Fairer Duty Scotland –	None.
5.5.1	Equalities – protected characteristics –	None.
5.5.2	Socio-economic Duty –	None.
5.5.3	Islands –	None.
5.6	Climate Change –	None.
5.7	Risk –	None.
5.8	Customer Service –	None.

Kirsty Flanagan
Section 95 Officer
November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

Appendix 1 – Economics Update (at 30-09-22)

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

- The second quarter of 2022/23 saw:
 - GDP in Q1 2022/23 revised upwards to 0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% in July following an upward revision to Q1’s GDP data (+0.2% q/q), though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rise of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward

momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7ppts to CPI inflation in October when the Ofgem unit price cap increases, typically, to £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- The new Prime Minister and Chancellor have appeared to make a step change in government policy. The government's huge fiscal loosening from its significant tax cuts will add to these domestic inflationary pressures and will leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the fiscal statement on 23rd November. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- Since the fiscal event, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023 (up from our previous forecast peak of 2.75%). The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% priced into the financial markets at present.

- Gilt yields rose sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- The S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite

MPC meetings 4th August and 22nd September 2022

- In August, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 1.75%, and on 22nd September moved rates up a further 50 basis points to 2.25%. The increase reflected a split vote – five members voting for a 50 basis points increase, three for 75 basis points and one for 25 basis points. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- Moreover, the UK now has a new Prime Minister, a new Chancellor and new economic policies that seek to grow the UK economy faster than at any time since the 1980s. The central planks to the government's new policies are tax cuts and regulatory simplification. It is too early to say whether such policies will boost growth in the ways intended, but what is clear at this juncture is that the lack of scrutiny of the various projections, ideally by the Office of Budget Responsibility (OBR), and an emphasis upon borrowing to fund the significant cost of the proposals scared the markets.
- Subsequently, the Government has announced that the OBR will scrutinise their spending plans on 23rd November, after the MPC next meets on 3rd November. Naturally, the Bank Rate forecast set out below will be dependent on a more joined-up set of communications from the Bank of England and the government than that which we have seen or heard so far. In addition, the fiscal governance aspects referred to in the OBR's upcoming review in November will need to be suitably couched in reassuring language and analysis to persuade the markets that fiscal rectitude has not been abandoned.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 300 basis points in the year to date and is expected to increase rates further before the end of the year. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that are having the greatest impact on global bond markets.
- What happens in Ukraine will also impact the global economy, but particularly in Europe. The search for alternative providers of energy, other than Russia, will take both time and effort. The weather will also play a large part in how high energy prices stay and for how long.

Appendix 2 – updated Interest Rate Forecast (8-11-22)

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Bank Rate	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
08.11.22	3.50	4.25	4.60	4.60	4.50	4.00	3.75	3.60	3.25	3.00	2.75	2.60	2.50
27.09.22	4.50	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.60	-
Change	-1.00	-0.75	-0.40	-0.40	0.00	0.00	0.00	0.35	0.25	0.25	0.00	0.00	-

- Since our last update at the end of September, the Bank of England's Monetary Policy Committee (MPC) has increased Bank Rate to 3.00% from 2.25%. The increase was made last Thursday and reflected a split vote – seven members voting for a 75 basis points increase, one for 50 basis points and one for 25 basis points. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- Moreover, the UK has a new Prime Minister, Rishi Sunak, a new Chancellor, Jeremy Hunt, and new fiscal policies – to be firmed up on the 17th of November Autumn Statement - that seek to ensure that the public finances are kept on a sound footing and that any projected gaps (possibly £50bn to £60bn) are fully funded from services efficiencies and/or net tax increases.
- In the interim period, since the end of September, the Government scrapped the reduction in the basic rate of income tax by 1p in the £; maintained the higher band 45p in the £ income tax rate; did not reduce Corporation Tax to 19% from 25%; only put in place support for businesses and households for 6 months (October to March) regarding caps on the unit costs of gas and electricity.
- In addition, the Bank of England has had to intervene in the longer part of the gilt market to ensure that pension funds did not have to undertake a “fire sale” of assets to raise cash to pay for margin calls, arising from the sell-off of long-dated gilts (yields rising) in the wake of the former Chancellor's policy to seek to boost growth with unfunded tax cuts.
- In recent days, calm has returned to the markets, the £ has risen from a historic low of \$1.03 to \$1.14, and the cumulative movement in gilt yields since the turn of the year is now broadly in line with that seen in the US and Euro-zone bond markets.
- Turning back to Thursday, the Bank's Quarterly Monetary Policy Report detailed that the UK economy is headed for eight quarters of negative growth based on the market's expectation for Bank Rate to increase to 5.25%. Since then, market expectations have been recalibrated, and now view a peak in Bank Rate of between 4.5% and 4.75%. These views are similar to those held by Link Group's Interest Rate Strategy Group (IRSG). IRSG has reduced its view on the peak of Bank Rate from 5% to 4.5%. However, although we see rates peaking in May of 2023, we now also believe there are several challenges to the Bank that could see them leave rates at this level until early 2024.
- The first of those challenges is the tight labour market (unemployment is at

a 48 year low 3.5%), which shows no signs of dissipating, and that could mean wage increases continue to be north of 5% well into 2023 (the Bank would broadly want wages to be in the range of 3% - 3.5%). There is also the prospect that unless the workforce participation rate increases and/or immigration policies are relaxed, there is no clear route that would give rise to sustainable increases in economic growth. And, of course, inflation could be somewhat “sticky” if the Russian invasion of Ukraine remains unresolved and puts continued pressure on global energy prices and staple foods (e.g., wheat), among the many areas negatively impacted.

- Against this backdrop, we believe the MPC will have to tread carefully. It will need to evidence to the markets that it sees the reduction in inflation as a primary objective, but also that it remains alert to the fact that it does not want any recession to be deeper and more prolonged than it needs to be. On that basis our forecast sees Bank Rate increasing 50 basis points in both December and February before the MPC scales down the rate of increase to just 25 basis points in both March and May 2023.

Regarding our forecast for PWLB rates, as already stated, the impact of the Truss/Kwarteng fiscal experiment has faded in the past month but we think investors will still remain a little nervous over the UK’s future fiscal policy and therefore we have reduced our forecast for near-term PWLB rates across the curve, compared to September’s forecast, but have left the longer end of the curve slightly higher to reflect the potential demand by foreign investors for a “confidence premium” in the light of recent market volatility.

- As for the housing market, the most recent survey by Nationwide Building Society showed house prices starting to fall and the MPC will be very cognisant that affordability could be stretched now that fixed rate mortgages are somewhat higher than they were a few weeks ago. Historically, the MPC has appeared reluctant to tighten monetary policy in a falling housing market, but it may be willing to leave rates less high than the market had been pricing in prior to the 3rd of November Quarterly Monetary Policy Report but keep them there for longer as a compromise of sorts.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 375 basis points in the year to date and is expected to increase rates further before the end of the year, and possibly into 2023. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that will have the greatest impact on global bond markets.
- Geo-political events continue to lead to frequent whipsawing in equity, bond, commodity and currency markets. And the weather will also play a large part in how high energy prices stay and for how long. Not forgetting developments in Iran, North Korea, Taiwan and China.
- From a practical standpoint those clients looking to borrow will, most probably, need to continue to focus on optimising their cashflow forecasts, and given the (still) relatively elevated level of rates right across the curve at present, seek to fund either temporarily from local authorities or with

short-dated loans from the PWLB. You will see from our forecast that we expect both short- and longer-term rates to be somewhat lower over the duration of the forecast. Nonetheless, if certainty is paramount within your debt management strategy, we will help you to optimise any longer dated borrowing requirements you may have.

- On the flipside, if you are an authority that is fully funded or wishes to reduce its exposure to long- dated debt, there may be scope to repay loans prematurely (both market and PWLB) whilst the high discount rates prevail. Your Client Relationship Manager should be contacted if this is something you wish to look at.
- In terms of our forecast, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View		08.11.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 9th August and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the “fiscal event” has complicated the picture for the MPC, who will now need to double-down on counteracting inflationary pressures stemming from the government’s widespread fiscal loosening.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation will peak at close to 10.4% in November 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- Regarding the “provisional” plan to sell £10bn of gilts back into the market each quarter, this is still timetabled to take place but not until October at earliest.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- The yield curve has shifted upwards since our August update and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.25% to 5.75%. The yield curve is currently inverted.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in the light of the cost-of-living squeeze.
- **The pound weakens** because of the UK's growing borrowing requirement resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** continue to rise strongly and pull gilt yields up even higher than currently forecast.

LINK GROUP FORECASTS

We now expect the MPC to swiftly increase Bank Rate during the remainder of 2022 and into Q2 2023 to combat the sharp increase in inflationary pressures. We do not think that the MPC will embark on a series of increases in Bank Rate that would take it to more than 4.5%, but it is possible.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears for inflation and/or recession ebb and flow. The overall longer-run trend is for gilt yields and PWLB rates to remain high in the near-term, given the extent to which market expectations are already priced in and then to fall back once inflation starts to fall through 2023.

Our target borrowing rates and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 07.11.22 p.m.	Target borrowing rate now (end of Q4 2022)	Target borrowing rate previous (end of Q4 2022)
5 years	4.20%	4.30%	5.00%
10 years	4.46%	4.50%	4.90%
25 years	4.72%	4.70%	5.10%
50 years	4.26%	4.30%	4.80%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are as follows: -

Average earnings in each year	Now	Previously
2022/23 (remainder)	3.95%	4.80%
2023/24	4.40%	4.60%
2024/25	3.30%	3.20%
2025/26	2.60%	2.80%
2026/27	2.50%	2.80%
Years 6 to 10	2.80%	2.80%
Years 10+	2.80%	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Interest Rate Strategy Group

Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2022-23	2022-23	2023-24	2024-25
(1). EXTRACT FROM BUDGET				
	Forecast Outturn £'000	Original Estimate £'000	Forecast Outturn £'000	Forecast Outturn £'000
Capital Expenditure				
Non - HRA	20,686	51,699	29,632	27,052
TOTAL	20,686	51,699	29,632	27,052
Ratio of financing costs to net revenue stream				
Non - HRA	2.70%	2.70%	4.56%	4.57%
Net borrowing requirement				
brought forward 1 April *	309,092	292,303	333,145	337,855
carried forward 31 March *	319,610	333,145	337,855	353,081
in year borrowing requirement	10,518	40,842	4,710	15,226
In year Capital Financing Requirement				
Non - HRA	10,518	40,842	4,710	15,226
TOTAL	10,518	40,842	4,710	15,226
Capital Financing Requirement as at 31 March				
Non - HRA	319,610	333,145	337,855	353,081
TOTAL	319,610	333,145	337,855	353,081

PRUDENTIAL INDICATOR	2022-23	2023-24	2024-25
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	228	252	272
other long term liabilities	120	121	116
TOTAL	348	373	388
Operational boundary for external debt -			
borrowing	223	247	267
other long term liabilities	117	118	113
TOTAL	340	365	380
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 2022/23	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

RESERVES AND BALANCES – UPDATE AS AT 31 OCTOBER 2022

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 £364.558m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2022 the Council had a total of £103.183m of usable reserves. Of this:
- £2.682m relates to the Repairs and Renewals Fund
 - £4.414m relates to Capital Funds
 - £96.087m was held in the General Fund, with £88.990m of this balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £88.990m:
- £46.239m is invested or committed for major initiatives/capital projects
 - £6.364m has already been drawn down
 - £29.934m is still to be drawn down in 2022-23
 - £6.453m is planned to be spent in future years

Appendix 1 provides further information on the unspent budget earmarkings and Appendix 2 provides further information on the COVID earmarkings.

- 1.5 The Council's General Fund contingency level is set at 2% of net expenditure for 2022-23 which equates to £5.256m. At the beginning of the financial year there was £1.398m of unallocated General Fund Balance (over and above contingency). At the Council meeting on 24 February 2022 it was agreed that the budgeted revenue surplus of £2.482m would be transferred into the general fund. After taking this into consideration and the current forecast outturn for 2022-23, the Council is estimated to have a £3.778m surplus over contingency.

RESERVES AND BALANCES - UPDATE AS AT 31 OCTOBER 2022**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 2022

- 3.2.1 The balances on each type of reserve at 31 March 2022 are set out in the two tables below, per the Audited Accounts for 2021-22.

Unusable Reserves	£000
Revaluation Reserve	157,645
Capital Adjustment Account	241,327
Financial Instruments Adjustment Account	(2,198)
Pensions Reserve	4,634
Accumulated Absences Account	(6,928)
Total Unusable Reserves	394,480

Usable Reserves	£000
Repairs and Renewals Fund	2,682
Capital Fund and Usable Capital Receipts Reserve	4,414
General Fund	96,087
Total Usable Reserves	103,183
Total Reserves	497,663

- 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 2022 can be analysed as follows:

	Balance 31/03/22 £000
Balance on General Fund as at 31 March 2021	78,245
Increase to General Fund balance at end of 2021-22	17,842
Earmarked Balances	(88,990)
Contingency allowance at 2% of net expenditure	(5,256)
Unallocated balance as at 31 March 2022	1,841

- 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 2022, 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 earmarkings.

Officers have reviewed and updated the spending profiles. Appendix 2 provides further details on the breakdown of COVID reserves.

Earmarking Category	Balance 31/03/2022 - per year end published report	Transfers between categories	Invested or committed for major initiatives /capital projects	Drawn-down to 2022-23 Budget as at 31/10/22	Still to be drawn-down in 2022-23	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	6,590		6,126	464	0	0	
Investment in Affordable Housing	3,300		3,300				
Capital Projects	24,722		24,722				
Lochgilphead and Tarbert Regeneration	2,271		2,271				
Support for Rural Growth Deal	1,058		894	164	0	0	
Asset Management Investment	2,607		2,607				
Piers and Harbours Investment Fund	1,643		1,643				
Scottish Government Initiatives	3,141			1,241	1,513	387	
CHORD	349				150	199	
DMR Schools	1,982			416	1,566		
Energy Efficiency Fund	218				218		
Existing Legal Commitments	475			15	460		
Unspent Grant	12,834		950	1,329	10,103	452	
Unspent Third Party Contribution	166			10	156		
Previous Council Decision - Other	4,343	-55	2,069	60	2,159	0	
Redundancy Provision	1,732				500	1,232	
Supporting Organisational Change	1,588			106	394	1,088	
Spend to Save Route Optimisation	100				100		
Timing Delay	499				499		
Hermitage Park	4				4		
COVID-19	8,964		257	1,827	6,821	59	
Unspent Budget	10,404	55	1,400	732	5,291	3,036	
Totals	88,990	0	46,239	6,364	29,934	6,453	0

3.4 Unallocated General Fund Balance

3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2022-23 and amounts to £5.256m. At the beginning of the financial year there was £1.841m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 24 February 22 and the current forecast outturn position for 2022-23, the Council is forecast to have a £3.778m surplus over contingency.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.256m	1,841
Budgeted allocation to General Fund for 2022-23 Budget	Per the Budget Motion at Council on 24 February 2022	2,482
Current Forecast Outturn for 2022-23 as at 31 October 2022		(545)
Estimated Unallocated balance as at 31 March 2023		3,778

- 3.4.2 Note that the unallocated balance of £3.778m does not take into account the 2022-23 pay award now agreed and which will be implemented in November for SJC employees. Should Members decide that a proportionate share of the funding is passed to the HSCP, the impact for the Council would be around £2.1m, resulting in a reduced unallocated balance of £1.678m by year end.

3.5 Loans Fund Review

- 3.5.1 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 / 20-21 / 21-22 Budget	Transferred to Earmarked Reserves / 22-23 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)		0
Campbeltown Flood Prevention Scheme	1,406		(1,406)	0

Significant Strategic Change Projects	5,013	(2,856)		2,157
2020-21 Revenue Budget Contribution	600	(600)		0
	20,561	(6,730)	(1,406)	12,425

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 31 October 2022 the estimated unallocated General Fund, after taking into consideration the budget motion and forecast outturn for 2022-23 is £3.778m.

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.
- 5.5.1 Equalities – protected characteristics - None.
- 5.5.2 Socio-economic Duty - None.
- 5.5.3 Islands - None.
- 5.6 Climate Change - None.
- 5.7 Risk - A contingency of £5.256m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.8 Customer Service - None.

Kirsty Flanagan
Section 95 Officer
4 November 2022

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

- Appendix 1 – Earmarked Reserves breakdown of unspent budget
Appendix 2 – Earmarked Reserves breakdown of COVID earmarkings

For further information contact Anne Blue, Head of Financial Services
anne.blue@argyll-bute.gov.uk

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 October 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855	8,004		851	851	0	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	0
002	Chief Executive's Unit	Community Planning	Gaelic Development	8,235			8,235	8,235	0	To fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan	8,235	0	0
003	Chief Executive's Unit	Financial Services	Financial Systems	114,000	80,252		33,748	33,748	0	To fund the completion of the implementation of the Oracle Fusion Financial Management System, a software update for cash receipting to ensure card payments can still be taken and the procurement and implementation of a new system to manage the requirements of the IFRS16 Leases accounting standard.	114,000	0	0
004	Chief Executive's Unit	Financial Services	Accounting and Budgeting Team Resilience	95,000	64,336		30,664	11,664	19,000	To fund the implementation of a new staffing structure in 2022/23 as agreed at ELT on 12 April 2022. This will provide funding to cover the additional staffing costs in 2022/23 and the training costs over the period 2022/23 to 2026/27	76,000	5,000	14,000
005	Chief Executive's Unit	Financial Services	CIPFA	32,530	760		31,770	31,770	0	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	32,530	0	0
006	Chief Executive's Unit	Financial Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	18,595			18,595	0	18,595	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 2022/23 as it is likely that given the current cost of living crisis that more people will be in need of support through these funds	0	18,595	0
007	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	35,000			35,000	9,900	25,100	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	9,900	9,900	15,200
008	Executive Director (Douglas Hendry)	Commercial Services	Rothesay 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
009	Executive Director (Douglas Hendry)	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	320,000			320,000	320,000	0	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing).	320,000	0	0
010	Executive Director (Douglas Hendry)	Commercial Services	Rothesay 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
011	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 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. Ryden are awaiting outcome of further citations which will incur fees.	84,688	0	0
012	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013			21,013	21,013	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. This is still ongoing.	21,013	0	0
013	Executive Director (Douglas Hendry)	Commercial Services	Catering and Cleaning Restructure Costs	17,000	17,000		0	0	0	To support the catering and cleaning team restructure	17,000	0	0
014	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	187,526	24,677		162,849	162,849	0	At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21 and 21/22, as part of the ongoing transformation work in the Education service, focussing on digital and virtual learning technology and the development of learning clusters. This will continue into 2022/23.	187,526	0	0
015	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	77,440	33,479		43,961	43,961	0	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	77,440	0	0
016	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000			10,000	10,000	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. A balance has been released back to the general fund because the rollout project is almost complete with only £0.01m expected spend in 22/23.	10,000	0	0
017	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Education Purchasing Officers	210,000			210,000	90,000	120,000	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	90,000	120,000	0
018	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NDR - One off contribution to 22/23 Budget	200,000	200,000		0	0	0	To fund one off operational saving CS04 agreed for the 2022/23 budget.	200,000	0	0
019	Executive Director (Douglas Hendry)	Legal and Regulatory Services	NPDO Schools Contract	166,000	166,000		0	0	0	To fund one off operational saving LRS01 agreed for the 2022/23 budget	166,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
020	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Transformation Agenda QIO	100,259	74,274		25,985	-4,015	30,000	Ongoing funding for the QIO post to lead the implementation of the service transformation programme. The QIO will assist the Executive Director to deliver the Council's transformation agenda by developing, analysing and monitoring initiatives and projects which deliver the vision, values and strategic objectives of the Council.	70,259	30,000	0
021	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	55,000			55,000	30,000	25,000	Per paper agreed at SMT October 2021 - allocation from Digital Projects (General Provision to be allocated). To fund the costs of livestreaming of Council meetings.	30,000	25,000	0
022	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Councillor IT Equipment	65,000			65,000	65,000	0	To meet the cost of provision of IT equipment for all new Elected Members as a result of the Local Government Election in May 2022.	65,000	0	0
023	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Debt Counselling & Welfare Rights	27,025			27,025	27,025	0	To meet the cost of a Debt Counselling and Welfare Rights Management System.	27,025	0	0
024	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Community Safety Partnership	16,000			16,000	16,000	0	To earmark the Community Safety Partnership funding received for 2021/22 to be used for Community Safety Partnership purposes.	16,000	0	0
025	Executive Director (Kirsty Flanagan)	Customer Support Services	Microsoft 365	300,000			300,000	166,930	133,070	To be added to existing earmarked reserves to meet increasing MS365 licensing costs from 2022/23 onwards	166,930	133,070	0
026	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. These areas have been identified and proposals developed. £95,790 to be spent in 22/23 and £13,360 to be spent in 23/24 to fund a graduate trainee and 3 apprentices to deliver trainee development and modern apprenticeship opportunities	109,150	0	0
027	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	76,455			76,455	0	76,455	There is a requirement to pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from year 4 onwards. There is unallocated funding of £103,545 from the earmarking created at 2020/21 year end for 'Digital Projects', so the earmarking request for 2021/22 year end is the balance of £76,455		16,455	60,000
028	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	36,508			36,508	36,508	0	In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in FQ4 20/21.	36,508	0	0
029	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000			30,000	30,000	0	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding.	30,000	0	0
030	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	30,000			30,000	18,000	12,000	To facilitate the implementation of technical efficiency improvements and new processes	18,000	12,000	0
031	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,601			27,601	27,601	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	0
032	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	709,700			709,700	116,000	593,700	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	116,000	116,000	477,700
033	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	115,764			115,764	115,764	0	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22-23, in order that the application process can commence during 21-22 and that this agreed figure be augmented by any underspend remaining from the 20-21 financial year. At 24 February 22, decision made to agree £90k for 23-24, in order that the application process can commence during 22-23 and that this agreed figure be augmented by any underspend remaining from the 21-22 financial year	115,764		0
034	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Island Post	50,461			50,461	50,461	0	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025	50,461	0	0
035	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	40,000			40,000	20,000	20,000	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	0
036	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,492,997			1,492,997	640,000	852,997	This would be used to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste, including the development of landfill cell construction works at Gartbreck.	640,000	426,000	426,997
037	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	500,000			500,000	500,000	0	At the Council meeting on 27 February 20, it was agreed to input £500k budget to mitigate the impacts of weather related damage and climate change with specific emphasis on gully cleaning and drainage improvements. Spend has been delayed due to COVID and the intention is to spend the funds on 2 Gully Motors plus staff over next 2 years. Vehicles are on order and expected to be delivered in early 2022-23.	500,000		0
038	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	427,286			427,286	89,373	337,913	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.	89,373	337,913	0
039	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	400,000			400,000	400,000	0	At the Council meeting on 27 February 20, it was agreed to input £400k in Green transport, investment in footway and cycle path maintenance supporting the healthy wellbeing and green agenda. Spend has been delayed due to COVID and this will be taken forward in 21-22. £260k Footways Reconstruction programme now agreed across the four areas, £140k Ardrishaig North Project.	400,000		0
040	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Strategy	363,000	4,500		358,500	120,500	238,000	To fund/part-fund various waste projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste.	125,000	119,000	119,000
041	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Management	256,753	10,040		246,713	118,960	127,753	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 at Helensburgh.	129,000	127,753	0
042	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Replacement Signage and Bins	135,366			135,366	135,366	0	Replacing key road signage. This will help to reduce future budget pressures for replacement of signs and would also help to enhance the streetscape and general appearance of the area. The bulk of Road signs have been delivered and installation is now in progress and will be completed during 2022-23.	135,366	0	0
043	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Kintyre Recycling Redundancy Costs	36,000	12,643		23,357	23,357	0	To fund redundancy costs associated with Kintyre Recycling.	36,000	0	0
044	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099			28,099	28,099	0	Delay with introduction of amenity time recording system, spend unlikely to be incurred until 2022-23 for handheld devices and software.	28,099	0	0
045	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	0
046	Non Departmental	Non Departmental	Loans Fund	385,279			385,279	385,279	0	At the Council Budget meeting on 24 February 2022, Saving FS01, a Loans Fund Management/Operational saving for 22/23 budget of £0.500m was agreed with at least £0.200m to come from underspends in 21/22. The underspend position for 21/22 is £0.385m and this has to be earmarked to help offset the saving.	385,279	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarking during 22-23	Remaining Balance	Still to be drawn down in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
047	Non Departmental	Non Departmental	Utilities	283,000			283,000	283,000	0	To contribute towards the expected adverse impact on the 2022/23 budget of utility costs inflation as per Budget Pack	283,000	0	0
048	Non Departmental	Non Departmental	Digital Projects (General Provision to be allocated)	103,545			103,545	103,545	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063mand a general provision still to be allocated £0.189m. Further allocation to Hybrid Council Meetings agreed October 2021 (£0.085m). There is a proposal for 2021-22 year end to use the balance of this earmarking towards the Security Operations Centre Subscription unspent budget request - per Appendix 2.1l	103,545	0	0
049	Non Departmental	Non Departmental	Community Resilience Fund	76,447			76,447	76,447	0	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	76,447	0	0
050	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
051	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697			12,697	12,697	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	12,697	0	0
052	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000			92,000	61,000	31,000	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 (delay on spending due to COVID-19), 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	61,000	31,000	0
053	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Digital Customer Engagement Projects)	73,000			73,000	73,000	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	73,000	0	0
054	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455			63,455	63,455	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	63,455	0	0
055	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470			11,470	11,470	0	To deliver a number of Digital Service Transformation Projects, specifically in Education and Customer Support Services, but also to reserve a further amount to support priority digital transformation projects identified in Departmental ICT programmes, that have not yet started due to resource constraints. The specific projects include: Supply Staff Booking System £0.035m, Skype for Business (for Education) £0.030m, Enhancing Curriculum Choice and Equity of Provision £0.080m, Digital Customer Engagement Developments £0.073m, Replacement of Learning Management System £0.030m, Increase in Schools Bandwidth £0.063m and a general provision still to be allocated £0.189m	11,470	0	0
056	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)	57,491	36,314		21,177	21,177	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	57,491	0	0
				10,458,934	732,279	0	9,726,655	6,691,072	3,035,583		7,423,351	1,922,686	1,112,897

APPENDIX 2

COVID Earmarkings
As at 31 October 2022

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards
001	Chief Executive's Unit	Community Planning	Community Planning - temp post to support communities	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0
002	Chief Executive's Unit	Community Planning	COVID-19 - Test and Protect Support	44,047	10,000			34,047	34,047	0	Funding provided in relation to the Local Self-Isolation Assistance Service. The Community Planning and Development Team will work with community groups to support their community response and resiliency to Test and Protect and COVID-19 impacts	44,047	0	0
003	Chief Executive's Unit	Financial Services	LACER Fund	797,720				797,720	797,720	0	The Council meeting on 28 April 2022, it was agreed that Local Authority Covid Economic Recovery (LACER) Funding is to be used to distribute Scotland Loves Local cards to CTR recipients. This will take place in June 2022 giving Economic Development time to encourage the Co-op to sign up to accept the cards.	797,720	0	0
004	Chief Executive's Unit	Financial Services	Housing Benefits Private	231,027				231,027	231,027	0	Specific funding allocation for DHP to support tenants financially affected by the COVID-19 outbreak to sustain their tenancies. It is expected there will continue to be pressure on this budget going into 22-23	231,027	0	0
005	Chief Executive's Unit	Financial Services	Flexible Food Fund	510,573	144,620			365,953	365,953	0	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food Fund (ABFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. ABFFF offers financial support and wider confidential professional help to anyone suffering hardship. Working in partnership with the Community Food Forum, Bute Advice Centre and AllEnergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund will help support daily living expenses. If the claimant engages with these services, a second payment will be made to contribute to a further months daily living expenses. In the period from 10 January 2021 to 30 April 2022 client gain in extra benefits income for families was £1.45 million with 1,090 families had been supported. The project has been extended to 31 March 2023 and this money will be used to support it.	510,573	0	0
006	Chief Executive's Unit	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	167,983	47,711			120,272	120,272	0	Funding to strengthen local authority responses to meet emerging needs and support people in their communities struggling with the restrictions and guidance at all protection levels, particularly those at risk through health and social inequalities; this support could cover the same types of support currently delivered including information and advice, access to food and medicines, and practical and emotional support; and, administration costs to support delivery (e.g. strengthening the National Assistance Helpline) and liaison and co-ordination with 3rd sector. It will be for Local Government to use this funding flexibly for this purpose.	167,983	0	0
007	Chief Executive's Unit	Financial Services	Self Isolated Support Grant	16,000				16,000	16,000	0	Unspent admin funding for processing Self Isolation Support Grants. Monies will be fully utilised in 2022/2023 to support the further administration of the grant until 31 March 2023.	16,000	0	0
008	Chief Executive's Unit	Financial Services	Test and Protect Extension	9,929				9,929	9,929	0	Funding provided in relation to the Local Self-Isolation Assistance Service. This will be used to support the recruitment of 0.5FTE LGE6 temp post to assist with call volumes in the Scottish Welfare Fund team in 2022/23	9,929	0	0
009	Executive Director (Douglas Hendry)	Education	Logistics Funding - Safe Opening of Schools	940,605	89,536			851,069	851,069	0	SG Funding to ensure the safe opening and operation of schools. Includes transport, PPE, Cleaning and expansion of estate.	940,605	0	0
010	Executive Director (Douglas Hendry)	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - £45m Grant - £45m	488,310	488,310			0	0	0	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes.	488,310	0	0
011	Executive Director (Douglas Hendry)	Education	COVID 19 - Education Recovery - Additional Staff in School and ELC settings	373,346	373,346			0	0	0	To employ a variety of school staff to meet the needs of children and young people in their local areas and ensure that levels of teaching and support staff in schools can be maintained in the 2021-22 academic year. Funding will also be used to support the transition from ELC to primary school.	373,346	0	0
012	Executive Director (Douglas Hendry)	Education	Education to Support Young People	321,816	243,124			78,692	19,452	59,240	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.600m. Agrees to fund a package of measures to boost the wellbeing and build back the resilience of young people, in particular those most vulnerable, following the Covid-19 pandemic, including counselling and increased provision of childcare for children under three. Notes that the Scottish Government is yet to confirm details of funding for similar initiatives and, should our investment in children's wellbeing qualify for this funding, the balance will be re-allocated to the Recovery and Renewal Fund.	262,576	59,240	0
013	Executive Director (Douglas Hendry)	Education	Recruitment of Additional Teachers and Support Staff in Schools	136,715	136,715			0	0	0	Fund additional teachers and support staff.	136,715	0	0
014	Executive Director (Douglas Hendry)	Education	EDU - Community Mental Health and Wellbeing Support to Children and Young People - Pandemic Funding	49,756				49,756	49,756	0	Scottish Government/COSLA Initiative to support the work under the Children and Young People's Mental Health and Wellbeing Programme grant split in 2020-21 with £183,750 of the fund utilised by local collaborative partnerships for supporting children, families and carers through the pandemic. The Scottish Government has agreed for the balance to be spent in 2022/23.	49,756	0	0
015	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Welfare Rights Support	172,000				172,000	172,000	0	As agreed at the Council Meeting on 25 February 2021 - an allocation of £0.172m. As part of our focus on Improving Opportunities for People and Communities, agrees to provide additional resources to proactively support people experiencing poverty and hardship, by investing in two additional Welfare Rights support staff for two years.	172,000	0	0
016	Executive Director (Douglas Hendry)	Legal and Regulatory Services	LACER Funding - Advice Services	130,000	130,000			0	0	0	Local Authority COVID Economic Recovery (LACER) Funding for Welfare Rights - All Energy, Bute Advice, Citizens Advice	130,000	0	0
017	Executive Director (Kirsty Flanagan)	Customer Support Services	Self Isolated Support / Self Isolated Support Grant (HR)	115,000				115,000	115,000	0	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities, however low infection rates and therefore demand in A&B meant that this was not required in 2020/21 or 2021-22. The 2021-22 funding of £43,000 will be used for Recovery related activities including the recruitment of a Temporary Additional Web Developer to implement the improvements identified by customers in the Customer Engagement Consultation and to mainstream the Coronavirus page content back in to Business as usual. Another portion will be used to fund the Digital Receptionist solution as part of safe re-opening of offices. The 2021-22 funding of £72,000 will be used to fund consultancy and development of RPA (robotic process automation) software which will build automation within HR workflows and processes. This will improve efficiency and accuracy.	115,000	0	0
018	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation and Marketing Argyll and Bute	592,013	106,368			485,645	485,645	0	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey.	592,013	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarking during 22-23	Remaining Balance	Still to be drawdown in 22-23	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2022-23	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent from 2023-24 onwards	
019	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund	250,000				250,000	250,000	0	As agreed at the Council Meeting on 25 February 2021. Establishes the Tackling Digital Exclusion Top Up Fund to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. While vouchers are available from the UK and Scottish Governments in some cases these do not cover the full cost of infrastructure builds.	250,000	0	0	
020	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Small Business Development Grant)	200,000				200,000	200,000	0	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing improvements and improve efficiency/innovation.	200,000	0	0	
021	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Sector Support Grant)	150,000				150,000	150,000	0	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that contribute to the sector as well as benefitting the business, for example: Tourism and hospitality, food and drink or retail. With option to provide additional business support to hard hit areas including Bute and Kintyre where unemployment remains higher than average - support via specialist advice, locally tailored grants to meet local priorities and targeted marketing activity.	150,000	0	0	
022	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (New Enterprise Support Grant)	120,000				120,000	120,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish.	120,000	0	0	
023	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation Investment per budget pack February 22	100,000				100,000	100,000	0	As agreed at Council on 24 February 2022. Staycation investment £0.100m. Augments the 2021/22 £0.5m staycation initiative with an additional investment of £100k, including support for community groups and partners in the provision of facilities which can support increasing staycation visitor numbers during the 2022/23 season.	100,000	0	0	
024	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Development - temp post to support economic recovery	55,000				55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	0	
025	Executive Director (Kirsty Flanagan)	Development and Economic Growth	EH Covid Posts	41,145				41,145	41,145	0	Funding for 2 posts for 2 years and not recruited until late 20-21	41,145	0	0	
026	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Shop Local)	40,000				40,000	40,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2022-23 and 2023-14, buying additional cards and allow the cards to gather momentum and support local businesses.	40,000	0	0	
027	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tenant Hardship Fund	30,000				30,000	30,000	0	Grant received from Scottish Government to support tenants suffering hardship due to COVID-19. Claims have been made and Housing are in the process of paying these out and all claims will be settled during 2022-23.	30,000	0	0	
028	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Gypsy Travellers)	10,000				10,000	10,000	0	Local Authority COVID Economic Recovery Fund grant. This funding would pay for MECOPP (Minority Ethnic Carers of People Project) to engage with the Gypsy Travellers community on the important subject of the cost of living increases, fuel poverty and the impact of factors such as their remote rural locations and the facilities available to them for everyday living have on their livelihoods	10,000	0	0	
029	Non Departmental	Across Departments	COVID Cost Pressures Beyond 2021/22	370,000				370,000	370,000	0	As agreed at the Council Meeting on 25 February 2021 (£2.5m) with the value reduced to £0.370m based on more up to date projections at year end 2021-22. Allocation of COVID funding to projected 22/23 Revenue Cost Pressures	370,000	0	0	
030	Non Departmental	Non Departmental	Recovery and Renewal Fund	1,547,000				1,547,000	1,547,000	0	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Proposals for use of this fund to be brought forward by officers to the Policy and Resources Committee. To include in the first instance options for maximising Argyll and Bute's potential as a green, connected staycation destination of choice, requesting that officers bring to the Environment, Development and Infrastructure Committee a report on use of external funding sources and other opportunities for improving the electric vehicle charging network.	1,547,000	0	0	
031	Non Departmental	Non Departmental	Unallocated Admin Support Grant	411,285				411,285	411,285	0	Funding to support the delivery of the Business Grants to local businesses, partially used during 20/21 and 21/22 but a balance remains to be carried forward and used in future years	411,285	0	0	
032	Non Departmental	Non Departmental	Capital pressure	257,000				257,000	257,000	0	Pressure identified on the 20-21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan	257,000	0	0	
033	Non Departmental	Non Departmental	Levelling up Fund bids per P&R February 22	150,000				150,000	150,000	0	As agreed at Policy & Resources committee on 17 February 2022, an allocation of up to £0.150m to support Levelling Up Fund bids	150,000	0	0	
034	Non Departmental	Non Departmental	CHARTS per budget pack February 22	75,000	50,000			25,000	25,000	0	As agreed at Council on 24 February 2022, investment in CHARTS £0.075m. To support the organisation in delivering targeted support, in communities, to the culture, arts and heritage sector as part of its plans to contribute to overall economic recovery.	75,000	0	0	
035	Non Departmental	Non Departmental	CHARTS	7,000	7,000			0	0	0	As agreed at the Council Meeting on 25 February 2021. Allocation of COVID funding to CHARTS £0.067m, with the balance of £0.007m being carried to 2022/23. The allocation is to ensure that Argyll and Bute's culture, heritage and arts sector can make a contribution to our overall recovery and renewal.	7,000	0	0	
				8,965,270	1,826,730	0	0	7,138,540	7,079,300	59,240		0	8,906,030	59,240	0