

FINANCIAL REPORTS MONITORING PACK – 31 DECEMBER 2023

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of December 2023. There are five detailed reports, setting out the position as at 31 December 2023, 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 £0.091m as at the end of December 2023. The key variances are:

- Within Roads, numerous variances accumulating to a £1.257m overspend – this is arising from an under-recovery of income in Piers & Harbours as a result of a reduced number of berthings, in Public Conveniences due to delayed installation of turnstiles, and on Traffic Regulation Orders (TROs) in Roads. This is combined with overspends on Pupil Transport driver/escort costs, Street Lighting Maintenance, staff costs in Amenities due to high sickness and turnover and an unachievable saving in relation to Depot Rationalisation. These are partially offset by an underspend in Public Transport payments to operators.
- Within Development and Economic Growth, numerous variances accumulating to a £0.306m overspend. These include Homeless B&B costs, a reduction in income for fish export certificates following Brexit, reduction in building warrant income and legal costs within Environmental Health.
- Within Executive Director Kirsty Flanagan there is an over-recovery of vacancy savings and increased ferry grant income amounting to a favourable projection of £0.612m.
- Within Treasury Management, there is a forecast underspend of £0.294m in relation to a discount received on the early repayment of three loans.
- Within Council Tax income, an over-recovery of £0.187m is projected based on current collection rates.

- Within NDR, an underspend of £0.180m as costs have come through lower than budget.
- Within Legal and Regulatory Support, there is a favourable variance of £0.168m resulting from historic water refunds.
- Within Education, there is slippage on Scottish Government 100 day Promise funding due to delays in recruitment which is partially offset by an overspend from Schools Residential placements due to a higher than budgeted demand for this service resulting in an overall £0.020m underspend.
- Within Customer and Support Services, a net underspend of £0.011m arising from an underspend on software licenses within ICT and on the Argyll and Bute Manager training program partially offset the under-recovery of income in the print and mail room due to increased digitalisation,

2.1.3 There is a year to date overspend of £6.724m. 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.

2.1.4 With regard to the ongoing financial impact of COVID-19, there are £5.512m 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.

2.1.5 Total policy savings relevant to 2023-24 financial year amount to £6.953m. The table below outlines their progress as at 31 December 2023.

Category	No. of Options	2023-24 £000	2023-24 FTE	2024-25 £000	2024-25 FTE	Future Years £000	Future Years FTE
Delivered	10	5,843.5	(0.7)	5,891.0	(0.7)	6,058.0	(0.7)
On Track to be Delivered	4	656.0	2.5	629.0	11.9	560.0	12.4
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
Will not be achieved	2	248.5	0.0	248.5	0.0	248.5	0.0
Potential Shortfall	2	180.0	0.0	180.0	0.0	180.0	0.0
Delayed	1	24.0	0.0	24.0	0.0	24.0	0.0
TOTAL	20	6,952.5	1.8	6,973.0	11.2	7,071.0	11.7

2.1.6 There are two savings marked as not going to be achieved. A cost pressure has been recognised in 2024-25 for one of these and the other will be met by underspends within the Service which will remove these savings targets. Two further savings are categorised as having a shortfall and one is currently delayed.

Health and Social Care Partnership (HSCP) – Financial Update

2.1.7 The forecast outturn position at the end of December is an estimated overspend of £0.443m for 2023-24 (forecast to come in on budget for Social Work and overspend of £0.443m for Health). The HSCP's financial position will continue to be monitored and Financial Services staff will engage with the HSCP Chief Financial Officer to ensure that mitigation actions are in place to address the deficit and ensure that no additional funding is required from the Council.

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 2023-24 currently amounting to £2.835m.

2.2.3 There are currently 39 departmental risks totalling £5.265m. Of the 39 departmental risks, 6 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.

2.2.4 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
Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	3	586
Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	4	365

2.2.5 There have been no changes to the departmental risks since the report as presented to the Policy and Resources Committee on 7 December 2023.

2.2.6 There is a risk that there are revenue costs of circa £0.900m incurred as a result of significant rainfall in Autumn 2023 will not be fully covered by the Bellwin scheme. This issue and three other potential risks relating to funded childcare for 1 and 2 year olds, the proposed new school campus on Mull and digital access for learners are covered in section 3.6 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 In recent years, the Council has agreed additional funding for the capital programme totalling £10.803m to address specific costs related to dealing with COVID, inflationary pressures arising as a consequence of the factors detailed in paragraph 2.3.3 below and other cost pressures on the capital plan. To date, £8.1m has been allocated to projects leaving a balance of £2.703m available for allocation as required.
- 2.3.3 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.
- 2.3.4 Actual net expenditure to date is £24.334m compared to a budget for the year to date of £24.309m giving rise to an overspend for the year to date of £0.025m (0.10%).
- 2.3.5 The forecast outturn for 2023-24 is a forecast net expenditure of £34.239m compared to an annual budget of £41.791m giving rise to a forecast underspend for the year of £7.552m (18.07%).
- 2.3.6 The forecast total net projects costs on the capital plan are £216.052m compared to a total budget for all projects of £216.975m giving rise to a forecast overspend for the overall capital plan of £0.910m (0.42%).
- 2.3.7 In respect of total project performance, there are 157 projects within the capital plan, 140 are complete or on target, 2 are off target and recoverable and 15 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 November 2023 to 31 December 2023 was a decrease of £3m.

- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 31 December 2023, at this stage in the financial year capital expenditure is below target.
- 2.4.4 The levels of investments were £56.929m at 31 December 2023. The average rate of return achieved was 5.054% which is below the target SONIA (Sterling Overnight Index Average) rate for the same period of 5.187%.

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 £666.354m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.5.3 At 31 March 2023, the Council had a total of £93.828m of usable reserves. Of this:
- £2.916m relates to the Repairs and Renewals Fund
 - £4.503m relates to Capital Funds
 - £86.409m was held in the General Fund, with £79.466m of this balance earmarked for specific purposes.
- 2.5.4 During 2023-24, the amount of £4.776m which was previously agreed to be utilised from the one-off reprofiling gain from the Loans Fund Review was drawn down into Earmarked Reserves to be used to fund the Capital Programme as detailed in paragraph 3.5.1 of the reserves report. This results in the total earmarked balance increasing to £84.242m.
- 2.5.5 Of the earmarked balance of £84.242m:
- £41.505m is invested or committed for major initiatives/capital projects
 - £6.032m has already been drawn down
 - £13.087m is still to be drawn down in 2023-24
 - £23.618m is planned to be spent in future years
- 2.5.6 The table below summarises the position of the unallocated General Fund balance. Further explanation of the figures can be found at Section 3.4 of the Reserves and Balances report.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2023	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.6911	1,252

Budgeted allocation to General Fund for 2023-24 Budget	Per the Budget Motion at Council on 23 February 2023	19
Earmarked Balances no longer required	Per paragraph 3.3.3 – amount previously earmarked that can be released back to the general fund	104
Current Forecast Outturn for 2023-24 as at 31 December 2023	Per paragraph 3.4.2.	(91)
Social Work outturn adjustment	Per paragraph 3.4.3 - Social Work would expect to transfer any surplus to internal IJB reserves	0
Allocation from unallocated general fund balance	Per paragraph 3.4.4	(8)
Estimated Unallocated balance as at 31 March 2024		1,276

2.5.6 It can be seen that, after taking into consideration the budgeted allocation to the General Fund agreed by Council on 23 February 2023, the earmarked balances no longer required, the current forecast outturn position for 2023-24 and the proposed allocation for floral displays the Council is forecast to have a £1.276m surplus over contingency.

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 period November and December, there is one virement requiring authorisation:

- £0.900m of funding recognised for Discretionary Housing payments. This is Scottish Government funding via Circular 03/2023.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 31 December 2023.
- b) Note the financial risks for 2023-24.
- c) Note the capital plan monitoring report as at 31 December 2023 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 December 2023.
- e) Consider the reserves and balances report as at 31 December 2023.
- f) Recommend to Council that the revenue virements over £0.200m during November and December 2023 are approved.

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2023-24 as at 31 December 2023
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
Executive Director /Section 95 Officer
12 January 2024

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

For further information contact Anne Blue, Head of Financial Services
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2023-24 Overall Position:

There is a forecast overspend of £0.091m as at the end of December 2023. Within Executive Director Douglas Hendry, there is a forecast underspend of £0.188m due to slippage in the utilisation of 100 day promise funding and historic water refunds offset by an overspend within Residential Schools due to a higher than budgeted demand for this service. Within Executive Director Kirsty Flanagan, there is a forecast overspend of £0.940m due to an under-recovery of income in Piers & Harbours due to a reduction in the number of berthings, in Public Conveniences due to the delayed installation of turnstiles, Print & Mail Room due to a shift to digital communication channels resulting in a reduction in printing activity, a reduction in Building Warrant and Fish Export Certificate income and on Traffic Regulation Orders (TROs) in Roads. This reduction in income is combined with overspends on Pupil Transport driver/escort costs, Temporary Accommodation for Housing Homeless, Legal costs in Environmental Health, Street Lighting Maintenance, staff costs in Amenities due to high sickness and turnover and an unachievable saving in relation to Depot Rationalisation. These are partially offset by an over-recovery of vacancy savings, an underspend in Public Transport payments to operators, underspend in IT software licences and an underspend in training for Argyll & Bute Manager courses. Social Work is currently forecasting to break even at the end of the financial year. This is due to a combination of the over-recovery of vacancy savings, income from fees, charges and recharges and the use of non-recurring reserves to offset cost pressures arising from a high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across adult services. There are forecast underspends within Treasury Management of £0.294m in relation to a discount received on the early repayment of three loans and within NDR of £0.180m due to actual costs being less than the available budget. There is also a projected over-recovery of £0.187m within Council Tax.

There is a year to date overspend of £6.724m. 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 December 2023:

- Council services are projecting an overspend of £0.301m as at 31 December 2023.
- During November 2023, the 2023-24 pay settlement was agreed for Chief Officers and non teaching staff. As a result of this the Payroll Team implemented the first stage of the new relevant pay rates and processed the related back pay during the month of November. The final stage of the uplift will be implemented in two steps with the new rates being applied from the December pay run onwards and any arrears due to staff over the period 1st April 2023 to 15th November 2023 being calculated and paid by the end of February 2024.
- As the pay settlement has now been received the budgets require to be adjusted to reflect the new employee costs and the corresponding Scottish Government funding will offset costs. It is hoped this will be completed in the January period and preliminary workings indicate that there should be no cost pressure as a result of the settlement.

Key Financial Successes:

Performance against budget for 2022-23 was an overall net favourable position of £3.326m underspend after adjusting for year-end earmarking. This breaks down as:

- £0.347m net underspend in relation to Council service departmental expenditure

- £6.937m net underspend in relation to other central costs largely due to a one-off treasury gain as a result of a discount on the early repayment of loans
- £0.652m over-recovery of Council Tax income
- £4.610m of unspent budget earmarkings

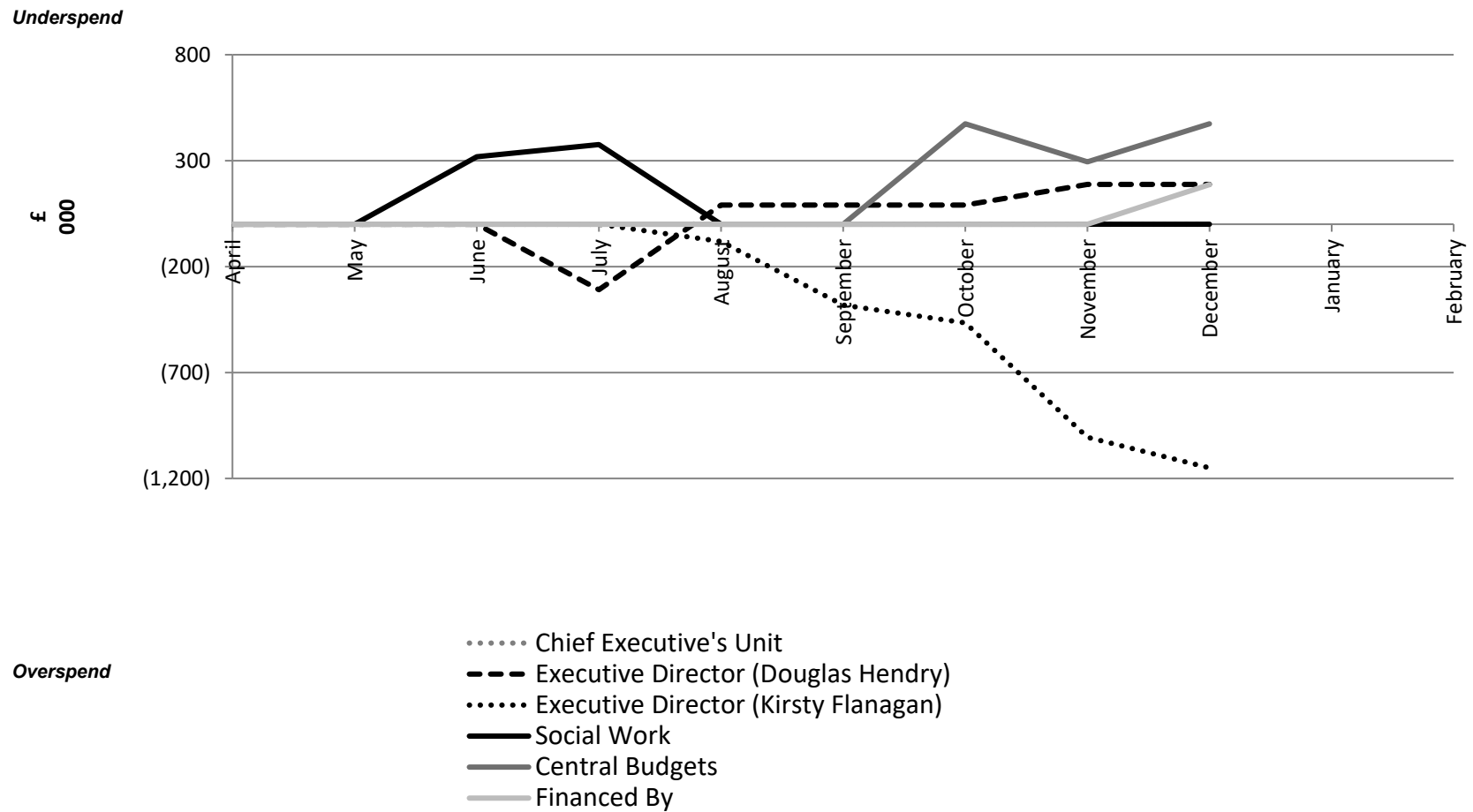
Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Addressing the long-term impact of the COVID pandemic on service demand and the increasing challenges facing departments across the Council in relation to the recruitment and retention of suitably qualified and experienced staff.	Engagement and monitoring of both issues with departments to assess how these challenges are affecting service capacity and capability, staff attendance, utilisation of agency staff and costs. Collaboration with services and other back-office teams to consider and develop mitigating actions.
Achieving a favourable year-end position and achieving savings targets in light of council wide risks to expenditure.	Robust monitoring of the financial position and delivery of savings to ensure budget issues inform the budget monitoring process.
Monitoring Social Work expenditure and more widely the IJB position as any overspend will transfer back to partner bodies in the first instance.	Continue to work closely with the CFO of the IJB to ensure that early indication of any potential adverse financial outturn is identified 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 2023-24 budget was agreed in February 2023 there are still budget gaps in future years.	The Council will continue to progress savings options identified, refine options 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 a 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 because 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 evaluated and 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 evaluated and reported through the budget monitoring and preparation processes.

Forecast Outturn Position

There is a forecast underspend of £0.301m for 2023-24 as at 31 December 2023.

Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	1,177	1,177	0	0	0	
Executive Director (Douglas Hendry)	133,044	132,856	188	188	0	The projected underspend is due to slippage in the utilisation of Scottish Government 100 day promise funding and historic water refunds, offset by an overspend within Residential School Budgets due to a higher than budgeted demand for this service.
Executive Director (Kirsty Flanagan)	56,363	57,303	(940)	(1,005)	65	The projected variance is due to an under-recovery of income in Piers & Harbours as a result of a reduced number of berthings, in Public Conveniences due to the delayed installation of turnstiles, Print & Mail Room due to a shift to digital communication channels resulting in a reduction in printing activity, reduction in Building Warrant and Fish Export Certificate income and on TROs in Roads. This is combined with overspends on Pupil Transport driver/escort costs, Temporary Accommodation for Housing Homeless, Legal costs in Environmental Health, Street Lighting Maintenance, staff costs in Amenities due to high sickness and turnover and an unachievable saving in relation to Depot Rationalisation. These are partially offset by an over-recovery of vacancy savings, an underspend in Public Transport payments to operators, underspend in ICT software licences and an underspend in training for A&B Manager courses.
Social Work	76,117	76,117	0	0	0	The projected break even position is due to a combination of the over-recovery of vacancy savings, income from fees, charges and recharges and the use of non-recurring reserves to offset cost pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.
Central Budgets	27,178	26,704	474	294	180	The projected underspend results from recognition of a discount received on the early repayment of loans £0.294m and a projected underspend on NDR £0.180m
Financed By	(293,879)	(294,066)	187	0	187	Projected over-recovery of Council tax income
Total	0	91	(91)	(523)	432	

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



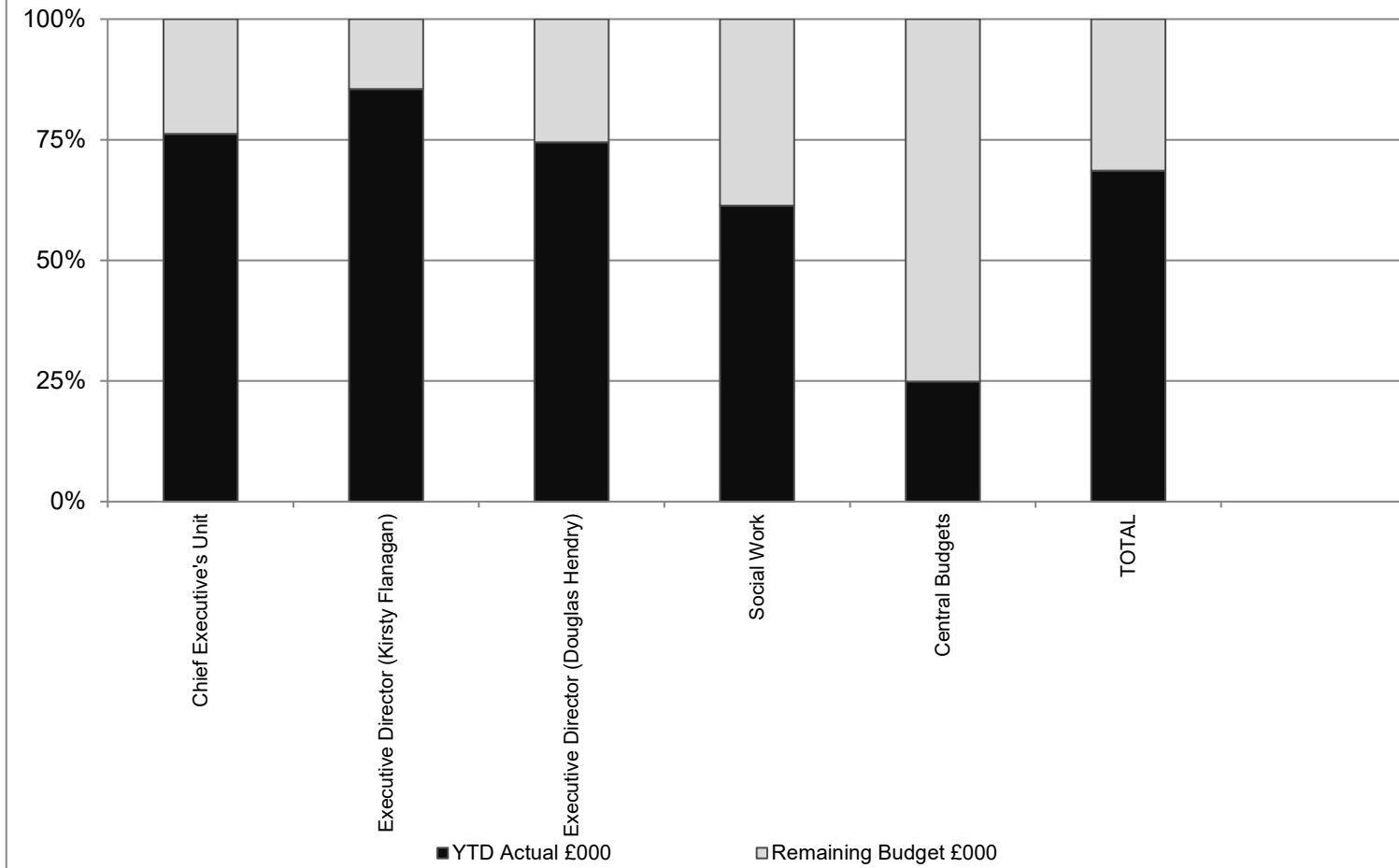
Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at 31 December 2023 is an overspend of £6.724m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	897	938	41	The year to date underspend can be attributed to profiling issues
Executive Director (Douglas Hendry)	99,074	98,955	(119)	The year to date overspend is due to overspends within the Residential School Budget, under recovery of commercial income and various budget profiles that require to be refined. These overspends are partially offset by slippage in 100 day promise funding and historic water refunds.
Executive Director (Kirsty Flanagan)	48,197	42,028	(6,169)	The year to date variance is mainly due an under-recovery of berthing income in Piers and Harbours, delay in the processing of recharges to capital within Roads, Housing expenditure incurred in advance of grants being received as well as an overspend in Fleet due to a timing difference between expenditure occurring and recharging services.
Social Work	46,703	46,658	(45)	The year to date overspend is mainly due to the use of agency staff across Homecare and Older People Residential Units in Adult Services.
Central Budgets	6,765	6,333	(432)	The year to date overspend can be attributed to profiling issues.
Funding	(196,006)	(196,006)	0	
Total Net Expenditure	5,630	(1,094)	(6,724)	

Expenditure to date against the remaining budget for each Department



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 DECEMBER 2023

	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	897	938	41	4.4%	1,177	1,177	0	0.0%
Executive Director (Douglas Hendry)	99,074	98,955	(119)	(0.1%)	133,044	132,856	188	0.1%
Executive Director (Kirsty Flanagan)	48,197	42,028	(6,169)	(14.7%)	56,363	57,303	(940)	(1.7%)
Social Work	46,703	46,658	(45)	(0.1%)	76,117	76,117	0	0.0%
Total Departmental Budgets	194,871	188,579	(6,292)	(3.3%)	266,701	267,453	(752)	(0.3%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(1,060)	(1,436)	(376)	26.2%	3,874	3,874	0	0.0%
Joint Boards	1,015	993	(22)	(2.2%)	1,396	1,396	0	0.0%
Non-Controllable Costs	6,810	6,776	(34)	(0.5%)	21,908	21,434	474	2.2%
Total Central Budgets	6,765	6,333	(432)	(6.8%)	27,178	26,704	474	1.7%
TOTAL NET EXPENDITURE	201,636	194,912	(6,724)	(3.5%)	293,879	294,157	(278)	(0.1%)
<u>Financed By</u>								
Aggregate External Finance	(142,863)	(142,863)	0	0.0%	(227,021)	(227,021)	0	0.0%
Local Tax Requirement	(53,143)	(53,143)	0	0.0%	(59,301)	(59,488)	187	(0.3%)
Contributions to General Fund	0	0	0	0.0%	(1,525)	(1,525)	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(6,032)	(6,032)	0	0.0%
Total Funding	(196,006)	(196,006)	0	0.0%	(293,879)	(294,066)	187	(0.1%)
(Deficit)/Surplus for Period	5,630	(1,094)	(6,724)		0	91	(91)	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 DECEMBER 2023

	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	137,133	135,936	(1,197)	(0.9%)	190,431	190,885	(454)	(0.2%)
Premises Related Expenditure	14,818	13,987	(831)	(5.9%)	20,612	20,568	44	0.2%
Supplies and Services	19,679	18,209	(1,470)	(8.1%)	25,504	26,131	(627)	(2.5%)
Transport Related Expenditure	10,119	9,225	(894)	(9.7%)	17,792	17,678	114	0.6%
Third Party Payments	120,664	117,558	(3,106)	(2.6%)	173,251	174,179	(928)	(0.5%)
Capital Financing	3,314	0	(3,314)		15,208	15,428	(220)	(1.5%)
TOTAL EXPENDITURE	305,727	294,915	(10,812)	(3.7%)	442,798	444,869	(2,071)	(0.5%)
Income	(300,097)	(296,009)	4,088	(1.4%)	(442,798)	(444,778)	1,980	(0.5%)
(Deficit)/Surplus for Period	5,630	(1,094)	(6,724)		0	91	(91)	

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 DECEMBER 2023

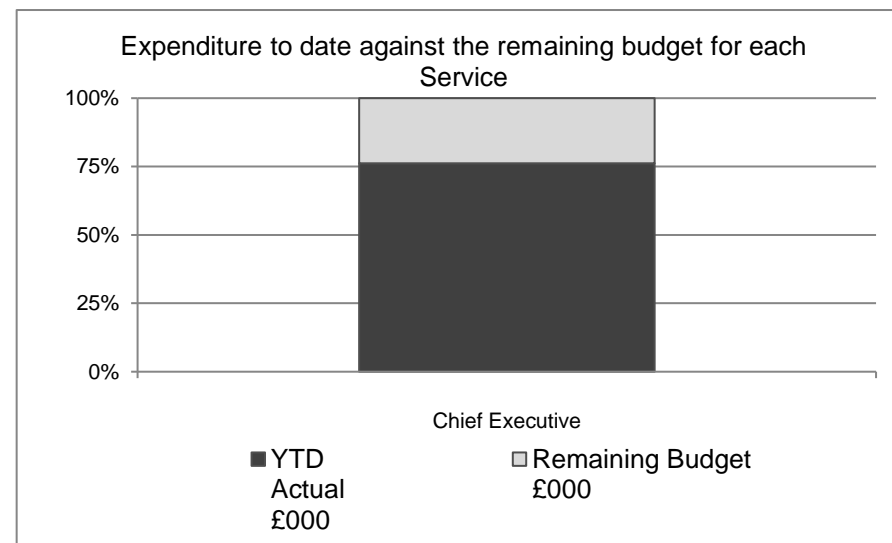
The department is currently forecasting spend in line with budget.

The department has a year to date underspend of £0.041m (4.4%) which can be attributed to profiling issues.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	1,177	1,177	0	0	0
Totals	1,177	1,177	0	0	0

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2022-23 outturn position was an underspend of £0.017m. This resulted from an overall underspend of £0.087m offset by earmarking of £0.070m due to auto-carry forwards including unspent grants and third party contributions.

Key Financial Challenges:

To continue to deliver a high-quality service to support community engagement and participation.

Proposed Actions to address Financial Challenges:

Regular monitoring, reflection and improvement cycle on service provision to ensure most efficient use of staffing and financial resources to meet national and local policy requirements for quality engagement.

<p>To continue to deliver a high quality support service function to community organisations and community planning partners during a time of challenge arising from continuing reductions in funding.</p>	<p>Seek to work in partnership with third sector organisations such as the TSI in Argyll and Bute to efficiently deliver full package of support to community organisations. Within the partnership working of the CPP we seek to establish working groups and collate resources within this to deliver high quality solutions to identified needs.</p>
<p>Demands for funding from community applications to the Supporting Communities Fund higher than available annual funds by about 40%.</p>	<p>Continue to monitor fund criteria adapting this to align with priority outcomes for Argyll & Bute and continue to support groups to seek alternative sources of funding from our database of funding providers.</p>

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2023

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	307	304	(3)	(1.0%)	421	421	0	0.0%	Outwith Reporting Criteria
Community Planning & Development	590	634	44	6.9%	756	756	0	0.0%	Outwith Reporting Criteria
	897	938	41	4.4%	1,177	1,177	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 DECEMBER 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	667	666	(1)	(0.2%)	924	924	0	0.0%	Outwith Reporting Criteria
Supplies and Services	8	9	1	11.1%	12	12	0	0.0%	Accumulation of underspends across a range of account codes
Transport	6	11	5	45.5%	14	14	0	0.0%	Underspend on staff travel budgets
Third Party	278	289	11	3.8%	294	294	0	0.0%	Outwith Reporting Criteria
Income	(62)	(37)	25	(67.6%)	(67)	(67)	0	0.0%	Unbudgeted income received from Bord Na Gaidhlig to fund a new post within Gaelic Development. The budgets will be adjusted in January period to recognise the income / expenditure for the post.
Totals	897	938	41	4.4%	1,177	1,177	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 DECEMBER 2023

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 DECEMBER 2023

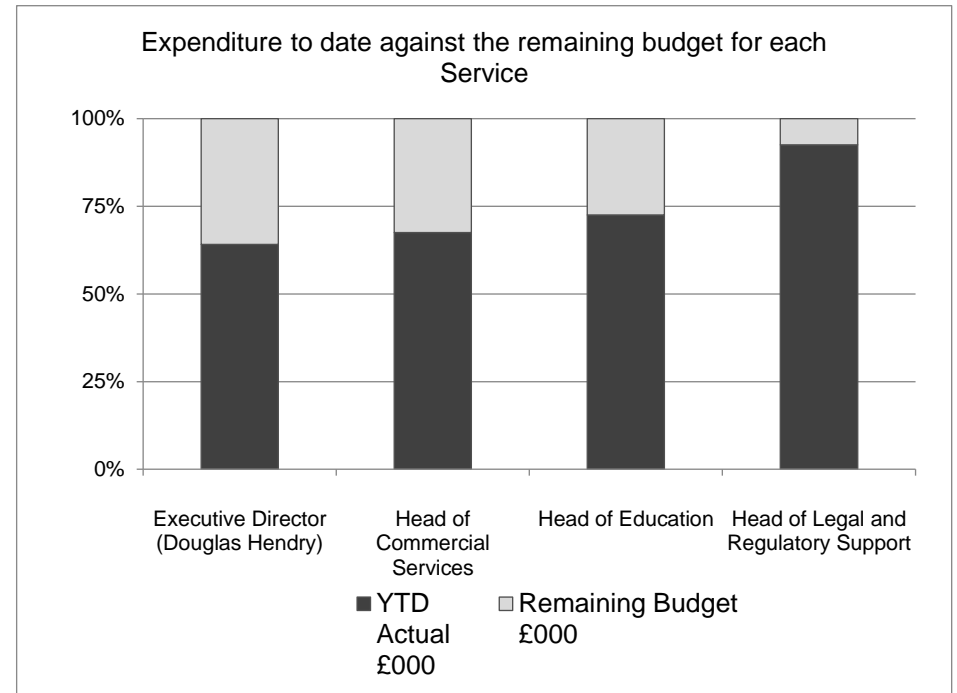
The department is currently forecasting an under spend of £0.188m (0.1%) which is due to slippage in the utilisation of Scottish Government 100 day promise funding and historic water refunds, offset by an overspend within Residential School Budgets due to a higher than budgeted demand for the service.

The department has a year to date (YTD) overspend of £0.119m (0.1%). The YTD position is due to overspends within the Residential School Budget, under recovery of commercial income and various budget profiles that require to be refined. These overspends are partially offset by slippage in 100 day promise funding and historic water refunds.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	452	452	0	0	0
Head of Commercial Services	11,654	11,654	0	0	0
Head of Education	105,006	104,986	20	91	(71)
Head of Legal and Regulatory Support	15,932	15,764	168	0	168
Totals	133,044	132,856	188	91	97

Year to Date Position



Key Financial Successes:

The 2022-23 year-end consolidated outturn position was an under spend of £2.202m after adjusting for automatic earmarking. Contributing factors included:

- 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.

- Successful negotiations with utility suppliers achieved both historic water charge refunds and ongoing reductions to water rates.
- Implementation of NDEEF project resulting in recurring annual saving in utilities and a significant contribution to meeting Net Zero targets.
- Income generation within Early Years.
- Increased rental income within One Council Property.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The legacy impact of COVID-19 on our young learners has led to an increased demand on the additional support need functions of the Education Service in response to the growing health and wellbeing needs of our young people and their families.	Analysis and review of delivery models, robust costings of any service redesign required and continual monitoring of associated budgets
Impact of the current cost of living crisis on the cost of the school day for learners and their families.	Work with schools to ensure effective use of PEF to close the poverty related attainment gap and identify other funding sources to ensure equity of experience for all children.
Impact of the current cost of living crisis on uptake in demand led service areas like catering, design services and licensing.	Continually refine/develop systems to accurately forecast outturns and the impact on the future financial outlook. Strategies in place to redesign services in line with future demand.
Ensure that Catering and Cleaning Services remain efficient and effective given the requirement to increase free school meal provision for P6/7 and Early Years, the impact of high inflation on produce and a requirement to adhere to the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020.	Support a longer-term service re-design project, including collaborative working with partners and cross department support with implementation of revised service delivery models. Continual monitoring and review of costs and budgets, ensuring that any efficiencies and savings are secured for the Council
Manage delivery of legislative/policy requirements that may not be fully funded by Scottish Government therefore placing additional burdens on the Council, for example, expansion of Universal Free School Meals for P6 and 7s.	Analysis of new obligations and whether they incur additional costs not met through increased funding allocations. Work will be designed and implemented in the most effective way within resource availability.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare (ELC). The ring-fenced grant was reduced in 2022-23 and again this year, reducing funding by £1.478m.	Robust service costings, financial monitoring and timely reporting to ensure the service can be delivered within the financial resources available. Medium term forecasting on population to shape ongoing service redesign. Analysis of potential to extend income generation using “spare” capacity to trial paid care for under 2’s
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 DECEMBER 2023

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	290	291	1	0.3%	452	452	0	0.0%	Outwith Reporting Criteria
		290	291	1	0.3%	452	452	0	0.0%	
Head of Commercial Services	Catering	846	747	(99)	(13.3%)	1,265	1,265	0	0.0%	The YTD overspend is due to the timing of income and expenditure.
Head of Commercial Services	Central/Management Costs	1,133	1,060	(73)	(6.9%)	1,728	1,728	0	0.0%	The YTD overspend is due to the timing of income and expenditure.
Head of Commercial Services	CHORD	110	75	(35)	(46.7%)	63	63	0	0.0%	The YTD overspend is due to the timing of recharges to capital.
Head of Commercial Services	Cleaning	45	258	213	82.6%	481	481	0	0.0%	The YTD underspend is due to the timing of recharges for cleaning and the reduced use of bank staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	4,541	4,391	(150)	(3.4%)	5,980	5,980	0	0.0%	The YTD overspend is due to the profiling of utilities and CRA budgets.
Head of Commercial Services	Events & Commercial Catering	294	7	(287)	(4100.0%)	3	3	0	0.0%	The YTD overspend is due to an under recovery of income and high staff costs within Commercial Cafés and Events. The new senior manager is currently working with finance reviewing the current business model.
Head of Commercial Services	Property Portfolio	(185)	(124)	61	(49.2%)	(191)	(191)	0	0.0%	The YTD underspend is due to the timing of One Council Property income.
Head of Commercial Services	Property Services	188	766	578	75.5%	817	817	0	0.0%	The YTD underspend is due to the receipt of historic water charge refunds and the profile of property fee income.
Head of Commercial Services	Shared Offices	900	850	(50)	(5.9%)	1,508	1,508	0	0.0%	The YTD overspend is due to the profiling of refuse collection recharges.

		7,872	8,030	158	2.0%	11,654	11,654	0	0.0%	
Head of Education	Additional Support for Learning	8,304	8,212	(92)	(1.1%)	11,625	11,625	0	0.0%	The main contributing factor to the YTD overspend is the budget profile relating to the pay award costs for ASN Assistants.
Head of Education	Central/Management Costs	1,797	1,720	(77)	(4.5%)	2,325	2,325	0	0.0%	The YTD position is due to overspends in Licence fees, profiling that requires refining, partially offset by a number of small underspends elsewhere within the service.
Head of Education	Community Learning & Development	5	3	(2)	(66.7%)	13	13	0	0.0%	The YTD overspend is within the Central Repairs Account (CRA) which is managed across the Service and is profile related.
Head of Education	COVID	109	112	3	2.7%	136	136	0	0.0%	Outwith Reporting Criteria
Head of Education	Early Learning & Childcare	5,273	5,353	80	1.5%	9,993	9,993	0	0.0%	The main contributing factor for the YTD underspend is due to delays in recruitment within ELC settings. This is partially offset by a YTD overspend in the 1140 Hours budget which will be rectified through a drawdown from Earmarked Reserves.
Head of Education	Primary Education	29,057	28,699	(358)	(1.3%)	38,133	38,133	0	0.0%	The YTD position is due to overspends in the school adaptations and maintenance budget due to a higher level of minor repairs than budget allows, some of which will be covered from earmarkings and the remainder offset by underspends elsewhere. Additionally, profiling of cleaning and grounds maintenance recharges requires refining. There is also a YTD under-recovery in school meal income and YTD overspend in teacher cover costs for which journals require to be processed. These overspends are partially offset by a YTD underspend in PEF.

Head of Education	Pupil Support	1,881	1,778	(103)	(5.8%)	2,636	3,016	(380)	(14.4%)	The YTD overspend in the Schools Residential Budget is due to a higher demand for service than budget allows. A forecast variance of £380k has been recorded through the ledger reflecting this position. The YTD overspend is partially offset by an underspend in Psychological Services which is profile-related.
Head of Education	Schools - Central Services	1,372	1,364	(8)	(0.6%)	2,393	1,993	400	16.7%	Outwith Reporting Criteria
Head of Education	Secondary Education	28,370	28,196	(174)	(0.6%)	37,752	37,752	0	0.0%	The YTD position is due to overspends in the school adaptations and maintenance budget due to a higher level of minor repairs than budget allows, some of which will be covered from earmarkings and the remainder offset by underspends elsewhere. Additionally, profiling of cleaning and grounds maintenance recharges requires refining. There is also a YTD under-recovery in Education Maintenance Allowance and school meal income for which journals require to be processed. These overspends are partially offset by a YTD underspend in PEF.
		76,168	75,437	(731)	(1.0%)	105,006	104,986	20	0.0%	
Head of Legal & Regulatory Support	Central/Management Costs	193	184	(9)	(4.9%)	271	271	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	131	126	(5)	(4.0%)	185	185	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Elections	42	9	(33)	(366.7%)	37	37	0	0.0%	The YTD overspend is due to the current budget profile.

Head of Legal & Regulatory Support	Governance	552	438	(114)	(26.0%)	726	726	0	0.0%	The YTD overspend is due to spend on Council Chambers ICT Equipment for which earmarked reserves are to be drawn down.
Head of Legal & Regulatory Support	Governance, Risk & Safety	414	412	(2)	(0.5%)	581	581	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Legal Services	359	399	40	10.0%	749	749	0	0.0%	The YTD underspend is due to delays in recruitment and the over-recovery of licencing income.
Head of Legal & Regulatory Support	NPDO and Hub Schools	11,824	12,316	492	4.0%	11,481	11,313	168	1.5%	The YTD underspend is partially due to the receipt of historic water charge refunds and a forecast variance has been processed for £168k to reflect this. The remaining underspend is due to the timing of income and expenditure.
Head of Legal & Regulatory Support	Procurement, Commercial and Contract Management	766	827	61	7.4%	1,218	1,218	0	0.0%	The YTD underspend is due to delays in recruitment.
Head of Legal & Regulatory Support	Trading Standards & Advice Services	463	486	23	4.7%	684	684	0	0.0%	Outwith Reporting Criteria
		14,744	15,197	453	3.0%	15,932	15,764	168	1.1%	
		99,074	98,955	(119)	(0.1%)	133,044	132,856	188	0.1%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	76,419	76,746	327	0.4%	106,222	105,822	400	0.4%	Non-Education: The YTD underspend of £42k is due to delays in recruitment. Education: The £285k YTD underspend is mainly within staffing budgets in ELC settings, Secondary Schools and Learning Centres. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at year end, therefore no forecast variance will be processed in relation to any remaining underspend.
Premises	6,540	5,835	(705)	(12.1%)	8,467	8,299	168	2.0%	Non-Education: The YTD underspend of £107k is largely due to historic water charge refunds. Education: The £812k overspend is mainly due to repairs and maintenance costs within schools and capital costs relating to 1140 Hours expansion - £200k from earmarked reserves will be drawn down to cover a proportion of this. £131k is due to Utilities profiling and £120k is due to profiling of cleaning, grounds maintenance and CRA budgets. The remainder is offset by underspends elsewhere.
Supplies and Services	9,264	9,730	466	4.8%	13,497	13,497	0	0.0%	Non-Education: The YTD overspend is £193k. Earmarked reserves to be drawn down for costs of Council Chambers ICT Equipment. Education: The £659k underspend is mainly due to underspends in PEF due to profiling and school budgets. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at year end, therefore no forecast variance has been processed in relation to this.
Transport	297	293	(4)	(1.4%)	397	397	0	0.0%	Non-Education: Outwith Reporting Criteria. Education: Outwith Reporting Criteria.
Third Party	31,524	31,666	142	0.5%	41,797	42,177	(380)	(0.9%)	Non-Education: The YTD underspend of £260k is largely due to the timing of large payments in respect of NPDO/Hub contracts and the timing of recharges. Education: The YTD overspend of £118k is due to increased demand within Schools Residential Accommodation.

Income	(24,970)	(25,315)	(345)	1.4%	(37,336)	(37,336)	0	0.0%	Non-Education: The YTD over-recovery of income of £411k is due to the timing of school catering recharges and Property Fee income. Education: The under-recovery of income of £756k is due to the profile of income for Education Maintenance Allowances and school meals. Journals at year end are required to reduce this variance.
Totals	99,074	98,955	(119)	(0.1%)	133,044	132,856	188	0.1%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 31 DECEMBER 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Education - Pupil Support	2,636	3,016	(380)	(14.4%)	Higher than budgeted demand for placements within Residential Schools.
Education - Schools Central Services	2,393	1,993	400	16.7%	Slippage in the use of 100 day promise funding for additional teachers and support staff that will be fully utilised in 2024-25.
Legal and Regulatory Support - NPDO and Hub Schools	11,484	11,316	168	1.5%	Historic water charges refund paid to NPDO Schools

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 31 DECEMBER 2023

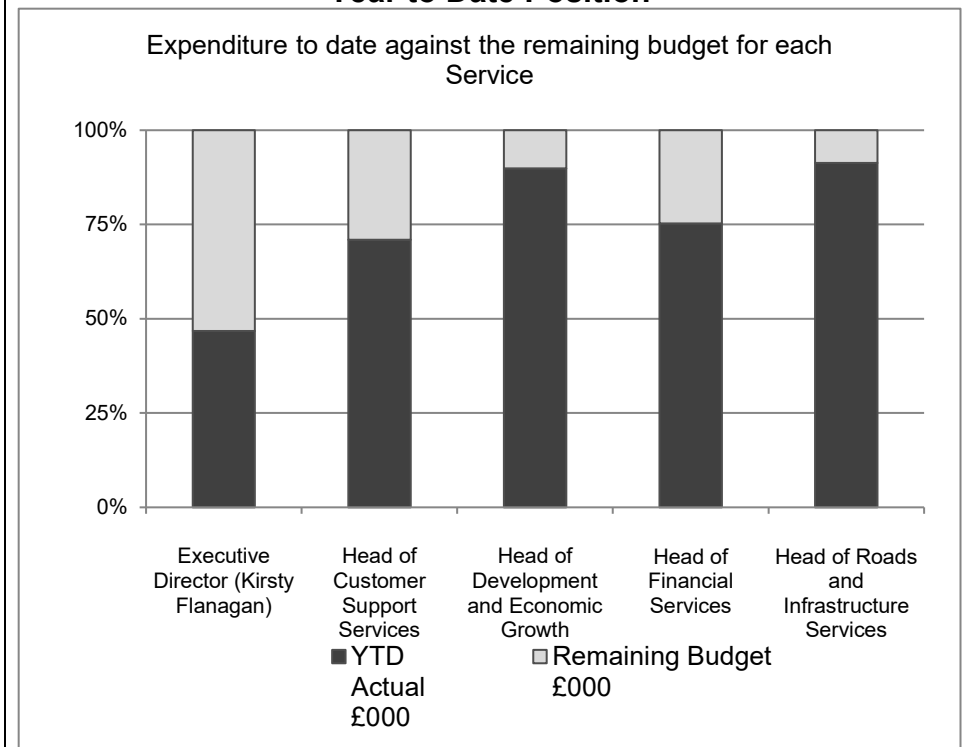
The department has a forecast overspend of £0.940m (1.7%). This is due to an under-recovery of income in Piers & Harbours as a result of a reduced number of berthings, in Public Conveniences due to the delayed installation of turnstiles, Print & Mail Room due to a shift to digital communication channels resulting in a reduction in printing activity, reduction in Building Warrant and Fish Export Certificate income and on TROs in Roads. This is combined with overspends on Pupil Transport driver/escort costs, Temporary Accommodation for Housing Homeless, Legal costs in Environmental Health, Street Lighting Maintenance, staff costs in Amenities due to high sickness and turnover levels and an unachievable saving in relation to Depot Rationalisation. These are partially offset by an over-recovery of vacancy savings, an underspend in Public Transport payments to operators, underspend in ICT software licences and an underspend in training for A&B Manager courses.

The department has a year to date overspend of £6.169m (14.7%). This is mainly due an under-recovery of berthing income in Piers and Harbours, delays in the processing of recharges to capital within Roads, Housing expenditure incurred in advance of grants being received and an overspend in Fleet due to a timing difference between expenditure occurring and recharging services.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	524	(88)	612	601	11
Head of Customer Support Services	9,061	9,050	11	11	0
Head of Development and Economic Growth	8,370	8,676	(306)	(150)	(156)
Head of Financial Services	6,682	6,682	0	(210)	210
Head of Roads and Infrastructure Services	31,726	32,983	(1,257)	(1,257)	0
Totals	56,363	57,303	(940)	(1,005)	65

Year to Date Position



Key Financial Successes:

During 2022-23 the department had an over-recovery of Planning Fee and Building Warrant income, an over-recovery of NDR commission due to a successful debt recovery campaign during the year (which focussed on high level debts) plus an over recovery of vacancy savings.

Key Financial Challenges:

Ensuring that services spend to budget and do not overspend after the department had an overspend of £1.5m after automatic earmarkings in 2022-23.

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

Rising cost of materials, software and consultancy services across the service will result in a reduction in activity or overspends.

Financial Services 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 ongoing high levels of inflation and service demand caused by world events.

Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.

Dangerous buildings costs as there is no budget for this expenditure and the council has no control over the demand for the service.

Proposed Actions to address Financial Challenges:

Detailed monitoring in the key areas overspent in 2022-23 to flag up concerns early and mitigate before becoming an overspend.

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

Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as soon as known.

Ensure the team is operating as efficiently and effectively as possible by building resilience across the team and working collaboratively with other services of the Council to support evidence-based decision making.

Carry out the improvements identified during the Revenue and Benefits Business Process Review to maximise income generation and deliver efficiencies in service provision.

Close monitoring of Winter Maintenance activity 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.

Building Standards, Legal Services and Financial Services are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.

Due to the nature of the various components of Waste Management there are ongoing challenges with:

- 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).

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2023

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	245	143	(102)	(71.3%)	524	(88)	612	116.8%	Based on the YTD vacancy savings recovered, it is currently anticipated that an over recovery is likely to be achieved in the region of £400K. There is also a forecast underspend due to the receipt of funding for ferries previously funded internally of £212k.
		245	143	(102)	(71.3%)	524	(88)	612	116.8%	
Head of Customer Support Services	Central/Management Costs	113	129	16	12.4%	174	174	0	0.0%	Underspend on payments to other bodies due to the timing of payments.
Head of Customer Support Services	Communications	192	233	41	17.6%	324	324	0	0.0%	Underspend in employee costs due to vacancies which will be used to cover future consultancy costs.
Head of Customer Support Services	Customer Service Centres	1,112	1,056	(56)	(5.3%)	1,522	1,585	(63)	(4.1%)	Under-recovery of income for recharges for Print and Mail Room. Shift to digital communication channels resulting in reduction in mail and printing activity but same recharge model being applied. Cost pressure to be added for future years to accommodate these changes.
Head of Customer Support Services	HR	1,958	2,008	50	2.5%	2,678	2,648	30	1.1%	Underspend due to pausing Argyll and Bute Manager programme and not having to purchase training modules
Head of Customer Support Services	ICT	3,024	2,936	(88)	(3.0%)	4,307	4,263	44	1.0%	Underspend projected for software licence purchases.
Head of Customer Support Services	Registrars	28	28	0	0.0%	56	56	0	0.0%	Outwith Reporting Criteria.
		6,427	6,390	(37)	(0.6%)	9,061	9,050	11	0.1%	

Head of Development & Economic Growth	Airports	954	922	(32)	(3.5%)	1,210	1,210	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Building Control	(140)	(157)	(17)	10.8%	(144)	(94)	(50)	34.7%	Under-recovery of building warrant income.
Head of Development & Economic Growth	Central/Management Costs	422	399	(23)	(5.8%)	579	579	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Culture & Heritage	117	162	45	27.8%	228	228	0	0.0%	Underspend due to Rothesay Pavilion not being open - budget will be earmarked for future costs once operational.
Head of Development & Economic Growth	Development Management	119	168	49	29.2%	315	315	0	0.0%	Over-recovery of planning fee income due to one-off high value planning applications.
Head of Development & Economic Growth	Development Policy	290	281	(9)	(3.2%)	392	392	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Economic Development	827	1,270	443	34.9%	1,150	1,150	0	0.0%	Underspend is due to grant income received in advance of expenditure which is partially offset against expenditure that requires draw down from earmarked reserves.
Head of Development & Economic Growth	Environmental Health	903	777	(126)	(16.2%)	1,188	1,294	(106)	(8.9%)	Overspend due to reduction in Fish Export Certificate income
Head of Development & Economic Growth	Environmental Initiatives	88	86	(2)	(2.3%)	120	120	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Housing	3,887	3,362	(525)	(15.6%)	3,096	3,246	(150)	(4.8%)	Overspend reflects demand for the provision of homeless accommodation which is being met using Bed and Breakfast establishments.
Head of Development & Economic Growth	Private Landlords	(314)	0	314	0.0%	0	0	0	0.0%	Underspend is due to income for Private Landlord Registration fees received against a zero budget.
Head of Development & Economic Growth	Transportation Policy	372	169	(203)	(120.1%)	236	236	0	0.0%	Overspend is due to expenditure for Sustrans and CWSR

										incurred in advance of grant claim.
		7,525	7,439	(86)	(1.2%)	8,370	8,676	(306)	(3.7%)	
Head of Financial Services	Accounting & Budgeting	1,901	1,921	20	1.0%	2,672	2,672	0	0.0%	Outwith Reporting Criteria.
Head of Financial Services	Internal Audit & Fraud	242	249	7	2.8%	338	338	0	0.0%	Outwith Reporting Criteria.
Head of Financial Services	Revenues & Benefits	2,288	2,410	122	5.1%	3,023	3,023	0	0.0%	Underspend is due to Benefits Admin Government Grants received ahead of profile & over-recovery of Council Tax Water and sewage collection income due to a new billing order bringing in more income than budget.
Head of Financial Services	Scottish Welfare Fund	602	624	22	3.5%	649	649	0	0.0%	Outwith Reporting Criteria.
		5,033	5,204	171	3.3%	6,682	6,682	0	0.0%	
Head of Roads & Infrastructure Services	Amenity	3,021	2,728	(293)	(10.7%)	3,248	3,367	(119)	(3.7%)	Forecast variance relates to overspend across amenities for use of roads staff to cover vacancies and sickness (£85K), under-recovery of hire of facilities income (£28K) and public convenience income due to delay with fitting of door charging mechanism (£40K). There is also a high risk of a CRA overspend in Parks CRA, no forecast variance entered to date pending proposed CRA spend across RIS. At this stage there is an anticipated over-recovery of crematorium income of £34K. YTD variance higher than Forecast Variance mainly due to budget profile out of alignment with actuals particularly with Cemeteries and Crematoria income which is difficult to profile due to the nature of the service. Also payroll variance as pay award

										exceeds payroll budget allocated.
Head of Roads & Infrastructure Services	Car Parking	(292)	(456)	(164)	36.0%	(582)	(582)	0	0.0%	Overspend due to timing of income for Electric Vehicle Chargers where electricity is paid in advance of receiving the income which should be rectified over the financial year.
Head of Roads & Infrastructure Services	Central/Management Costs	2,606	2,384	(222)	(9.3%)	3,013	3,013	0	0.0%	Overspend is due to the profile of the income budget which will be rectified by the end of the year as well as costs for the RIS Review Consultants which will be met from a drawdown from earmarked reserves.
Head of Roads & Infrastructure Services	Depots	303	241	(62)	(25.7%)	(429)	(321)	(108)	25.2%	Delay in rental income and timing of expenditure causing small overspend which will be rectified over the financial year. Forecast variance due to saving for Depot Rationalisation no longer being achievable in year.
Head of Roads & Infrastructure Services	Fleet & Transport	7,008	6,320	(688)	(10.9%)	8,624	8,666	(42)	(0.5%)	Overspend due to the timing of Fleet recharges to other services. Forecast variance for overspend for additional Pupil Transport costs which is partially offset against an underspend in Public Transport due to a reduction in payments to operators.
Head of Roads & Infrastructure Services	Infrastructure	286	539	253	46.9%	763	763	0	0.0%	Underspend due to the timing of Flood and Coastal Protection works which will be rectified over the financial year.

Head of Roads & Infrastructure Services	Marine	(3,309)	(5,125)	(1,816)	35.4%	(4,350)	(3,500)	(850)	19.5%	YTD variance higher than projection due to timing of cash flow in comparison to profiling of budget and delay in receiving grant from Transport Scotland. Forecast overspend due to the under-recovery of income from Berthing charges and additional employee costs to cover absence.
Head of Roads & Infrastructure Services	Network & Traffic Management	180	66	(114)	(172.7%)	129	179	(50)	(38.8%)	Forecast overspend due to the under recovery of TRO income based on current shortfalls in income to date and prior years' total income.
Head of Roads & Infrastructure Services	Road Safety	82	92	10	10.9%	88	88	0	0.0%	Small underspend due to the timing of PPE purchases.
Head of Roads & Infrastructure Services	Roads & Lighting	10,361	7,422	(2,939)	(39.6%)	7,092	7,180	(88)	(1.2%)	YTD overspend due to the timing of income in comparison to the profiling of the budget, mainly due to a delay in recharges for capital funded activity which will be rectified over the financial year. Forecast variance for overspend in Street Lighting due to increased levels of maintenance required to meet the service's responsibilities.
Head of Roads & Infrastructure Services	Waste	8,721	8,641	(80)	(0.9%)	14,130	14,130	0	0.0%	YTD variance mainly relates to private contractor costs, including co-mingled gate fee and H&L residual waste, partly due to profiling of budget and anticipated tonnages reductions over winter months. Also payroll variance partly due to pay award exceeding payroll budget allocated (including overtime arrears).
		28,967	22,852	(6,115)	(26.8%)	31,726	32,983	(1,257)	(4.0%)	
		48,197	42,028	(6,169)	(14.7%)	56,363	57,303	(940)	(1.7%)	

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 DECEMBER 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	31,566	31,142	(424)	(1.4%)	44,179	43,935	244	0.6%	YTD overspend in Development Management due to additional staff whose costs will be offset against additional Planning income that will be received this financial year and additional costs in Marine to cover absences, Private Landlords which will be offset against income and within Pupil Transport. The forecast underspend relates to an over-recovery of vacancy savings, underspend on Staff Training Course Fees and additional funding received for ferries all partially offset by overspends in Marine, Pupil Transport and Depot costs due to a saving not being achieved in year.
Premises	2,175	2,222	47	2.1%	3,447	3,447	0	0.0%	Outwith Reporting Criteria.
Supplies and Services	7,813	6,428	(1,385)	(21.6%)	8,931	8,887	44	0.5%	YTD overspend relates to Economic Development for expenditure that is funded from grant income; Purchase of Car Parking Machines that will be offset against budget sitting in Third Party Payments; costs for the new HR and Payroll system (covered from an earmarked reserve which will be drawn down later in the year) and materials in Roads that is offset against additional income for recharges to capital. Forecast variance for an underspend in ICT software licences.
Transport	9,336	8,365	(971)	(11.6%)	16,328	16,328	0	0.0%	YTD overspend for vehicle repairs and maintenance in Fleet, which will be offset against additional income for recharges to the services and External Hires in Roads that will be offset against additional income for recharges to capital.
Third Party	47,629	44,324	(3,305)	(7.5%)	64,472	64,677	(205)	(0.3%)	YTD overspend within Economic Development, Transportation and Housing for expenditure that is funded from grant income. Additional external contractor costs in Roads that will be offset against additional income for recharges to capital. These overspends are partially offset against an underspend in Benefit Payments. Forecast variance relates to overspends in Street Lighting for maintenance costs, additional employee costs to cover absence and vacancies within Amenities and Housing Temporary Accommodation. These are partially offset by underspends in Public Transport payments to Bus Operators.

Capital Financing	0	0	0	0.0%	2,398	2,398	0	0.0%	Outwith Reporting Criteria.
Income	(50,322)	(50,453)	(131)	0.3%	(83,392)	(82,369)	(1,023)	1.2%	YTD under-recovery of income from Berthing charges in Piers and Harbours and Housing Benefit Income within Revenues & Benefits which is mainly offset against un-budgeted income in Economic Development and Housing, which will fund expenditure throughout the year. Forecast variance relates to the under-recovery of income in Piers and Harbour for Berthing, under-recovery of income from door entry systems within Public Conveniences and under-recovery of income from TROs, Building Warrants and Fish Export Certificates.
Totals	48,197	42,028	(6,169)	(14.7%)	56,363	57,303	(940)	(1.7%)	

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 31 DECEMBER 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Vacancy Savings	(251)	(651)	400	(159.4%)	Over-recovery of vacancy savings.
Public Transport	5,266	5,118	148	2.8%	Underspend in Operator Payments.
Pupil Transport	1,020	1,210	(190)	(18.6%)	Overspend in transport costs for drivers/escorts.
Piers & Harbours	(2,655)	(1,905)	(750)	28.2%	Under-recovery of income from Berthing charges.
Street Lighting	262	350	(88)	(33.6%)	Overspend on maintenance costs.
Traffic Regulation Orders	(110)	(60)	(50)	45.5%	Under-recovery of income from Traffic Regulation Orders.
Depots	(108)	0	(108)	100.0%	Proposed saving for Depot Rationalisation no longer being achievable in year.
Central Management Costs	48	(153)	201	418.8%	Underspend due to receipt of funding for ferries previously funded internally.
Piers & Harbours	408	508	(100)	(24.5%)	Overspend in employee costs to cover absences.
Housing	27	102	(75)	(277.8%)	Overspend for Temporary Accommodation costs in Homelessness.
Environmental Health	(128)	(38)	(90)	70.3%	Reduction in Fish Export Certificate income as a consequence of the UK leaving the EU.

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

SOCIAL WORK – AS AT 31 DECEMBER 2023

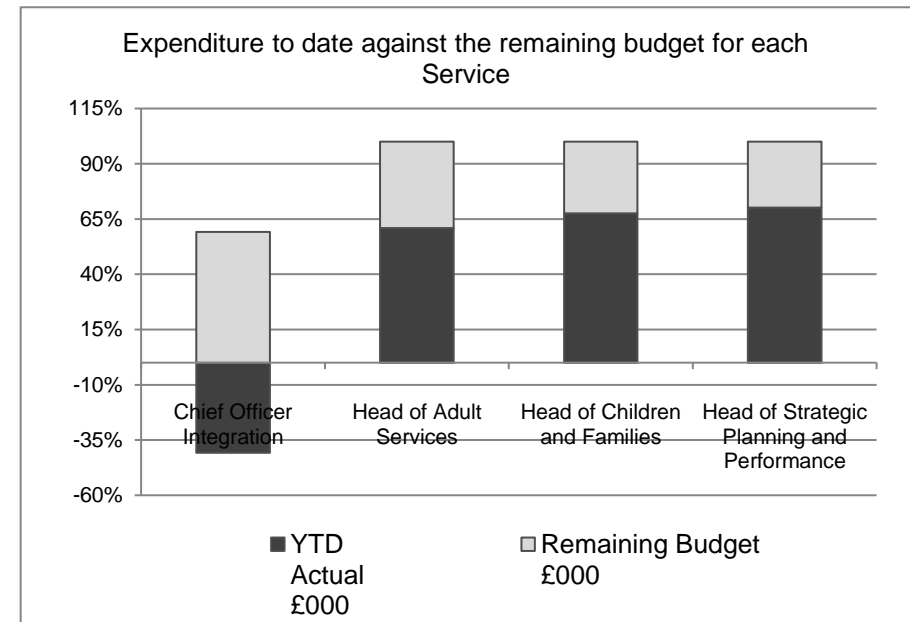
The department is currently forecasting to break even at the end of the financial year. This is due to a combination of the over-recovery of vacancy savings, income from fees, charges and recharges and the use of non-recurring reserves to offset cost pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

The department has a year to date overspend of £0.045m (0.1%) which is mainly due to the use of agency staff across Homecare and Older People Residential Units in 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	278	(183)	461	461	0
Head of Strategic Planning and Performance	480	472	8	8	0
Head of Health and Community Care	39,125	40,727	(1,602)	(1,602)	0
Head of Acute and Complex Care	19,812	19,321	491	491	0
Head of Children and Families	16,422	15,780	642	642	0
Totals	76,117	76,117	0	0	0

Year to Date Position



Key Financial Successes:

Delivered an underspend of £3.556m at the end of 2022/23 after automatic earmarkings of £1.078m. The total underspend of £4.634m has been transferred to IJB reserves and should allow for future investment and transformation across Social Work.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the outstanding savings total for 2023/24 of £0.621m (as at December 2023).	Maintain a close working relationship with the HSCP Service Improvement Team 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, noting that in year savings still need to be identified for 23/24 to address the 23/24 budget gap, as well as budget gaps in future years.	Support from finance to assist strategic managers to develop and identify further savings and to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenges over the current, and future, years.
Use of agency staff to support service delivery across Social Work, but particularly in Older People services, due to recruitment and retention challenges within the service. Year to date spend at December 2023 of £2.288m.	Close working relationship with the HSCP to support the costing of a plan to stabilise the service and ensure it is operationally and financially sustainable. This includes an exit plan from the reliance on agency staff.
Cost of living crisis affecting pay inflation negotiations and financial sustainability of service providers, which could affect affordability and sustainability of service delivery.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be evaluated and reported through the budget monitoring and preparation processes.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2023

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	241	409	168	41.1%	569	577	(8)	(1.4%)	The YTD variance is as a result of timing differences on planned payments to NHS. The forecast variance is outwith reporting criteria.
Chief Officer Integration	Social Work Central Support	(856)	(579)	277	(47.8%)	(291)	(760)	469	(161.2%)	The YTD variance is due to over-recovery on vacancy savings combined with underspends on centrally held funding. The forecast underspend is due to an over-recovery on vacancy savings (£248k) combined with underspends on centrally held funds, printing & stationery and postages.
		(615)	(170)	445	(6.8%)	278	(183)	461	(162.6%)	
Head of Strategic Planning & Performance	Management & Central Costs	314	312	(2)	(0.6%)	446	447	(1)	(0.2%)	Outwith reporting criteria.
Head of Strategic Planning & Performance	Service Development	23	31	8	25.8%	34	25	9	26.5%	The YTD and forecast variances are due to staff vacancies resulting in both a payroll underspend and an under-recovery on Charges to Health Boards.
		337	343	6	25.2%	480	472	8	26.2%	
Head of Health and Community Care	Management & Central Costs	422	896	474	52.9%	1,303	552	751	57.6%	The YTD variance is mainly due to underspends on centrally held funds. The forecast underspend is mainly due to underspends on centrally held funds and staff vacancies.
Head of Health and Community Care	Older People	25,015	23,235	(1,780)	(7.7%)	37,822	40,175	(2,353)	(6.2%)	The YTD variance reflects demand within the care home placement and homecare budgets and overspends on employee costs due to the use of agency staff in residential units and homecare. The forecast overspend reflects demand driven overspends within the care home placement budgets (£1.1m) and homecare (£1.6m). High staff costs across HSCP residential units due to agency cover are also contributing to forecast overspend. These overspends are partially offset by staffing underspends across ACM teams and

										underspends on payments to other services from the delayed discharge budgets.
		25,437	24,131	(1,306)	(5.4%)	39,125	40,727	(1,602)	(4.1%)	
Head of Acute and Complex Care	Learning Disabilities	7,014	7,447	433	5.8%	14,174	13,592	582	4.1%	The YTD variance reflects demand for residential placements partially offset by demand for supported living. The forecast underspend reflects known demand for Residential Placements partially offset by overspends on Supported Living and Respite due to demand.
Head of Acute and Complex Care	Management & Central Costs	63	95	32	33.7%	130	102	28	21.5%	Both the YTD and forecast variances are due to underspends in areas such as printing and stationary, travel and payments to other bodies.
Head of Acute and Complex Care	Mental Health	1,560	1,520	(40)	(2.6%)	2,720	2,761	(41)	(1.5%)	Outwith reporting criteria.
Head of Acute and Complex Care	Physical Disability	1,800	1,746	(54)	(3.1%)	2,788	2,866	(78)	(2.8%)	The YTD variance reflects demand for service within the supported living budgets and overspends on purchases within the IES store. This is partially offset by underspends in the residential budget. The forecast overspend reflects higher than budgeted demand for Supported Living and higher than budgeted equipment purchasing in the Integrated Equipment Service. These are offset slightly by a forecast underspends in the Residential Care budgets.
		10,437	10,808	371	33.8%	19,812	19,321	491	21.3%	
Head of Children & Families	Child Protection	2,326	2,507	181	7.2%	3,674	3,393	281	7.6%	The YTD variance is as a result of payroll underspends due to vacancies as well as underspends on travel and subsistence combined with demand for services across contact & welfare. The forecast underspend is as a result of demand for contact and welfare services as well as forecast underspends in the Area Teams on payroll costs, payments to other bodies, travel and subsistence.
Head of Children & Families	Children with a Disability	681	648	(33)	(5.1%)	983	1,026	(43)	(4.4%)	Outwith reporting criteria.

Head of Children & Families	Criminal Justice	192	193	1	0.5%	224	172	52	23.2%	The YTD variance is outwith reporting criteria. The forecast underspend is due to vacancies within the Criminal Justice team.
Head of Children & Families	Looked After Children	5,596	5,830	234	4.0%	7,832	7,507	325	4.1%	The YTD variance is as a result of demand for fostering, kinship and adoption placements as well as YTD over-recovery of income for provision of nursery meals. This is combined with payroll underspends due to vacancies and long term absence. The forecast underspend is as a result of demand for fostering, kinship and adoption placements as well as on supporting young people leaving care. There is also an over-recovery on income from the Home Office for unaccompanied asylum seeking children. This is all partially offset by demand for external residential placements and payroll overspends in the children's houses.
Head of Children & Families	Management & Central Costs	2,312	2,368	56	2.4%	3,709	3,682	27	0.7%	The YTD variance is as a result of the receipt of grant income in advance of budget profile. The forecast variance is outwith reporting criteria.
		11,107	11,546	439	3.8%	16,422	15,780	642	3.9%	
GRAND TOTAL		46,703	46,658	(45)	(0.1%)	76,117	76,117	0	0.0%	

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

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

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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 DECEMBER 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	26,109	25,010	(1,099)	(4.4%)	34,990	36,089	(1,099)	(3.1%)	The YTD overspend is due to the use of agency staff across the HSCP (£2.2m YTD variance; £2.8m forecast), partially offset by over-recovery on vacancy savings and payroll underspends due to vacancies. The forecast underspend is mainly due to forecast payroll underspends and over-recovery of vacancy savings offset by agency costs.
Premises	1,187	834	(353)	(42.3%)	1,544	1,848	(304)	(19.7%)	The YTD overspend is mainly due to overspends on utilities, central repairs and property maintenance. The forecast overspend is due to anticipated overspends on utilities due to current market conditions as well as on central repairs and property maintenance. Some of the utility overspend is offset by an over-recovery on income for recharges to other bodies for shared costs.
Supplies & Services	1,567	1,091	(476)	(43.6%)	1,439	2,110	(671)	(46.6%)	The YTD and forecast overspend is mainly due to forecast slippage on agreed savings targets within C&F and homecare in addition to higher than budgeted purchase of equipment in the integrated equipment store and telecare.
Transport	443	504	61	12.1%	683	569	114	16.7%	The YTD and forecast underspend is due to various travel underspends across the whole department following changes to working practices post Covid-19 and the number of staff vacancies.
Third Party	39,699	39,819	120	0.3%	61,895	62,238	(343)	(0.6%)	The YTD underspend is largely due to budget profiling and timing of payments to third parties across purchased care services. The forecast overspend is as a result of demand for purchased care services across Adult Services and residential care with C&F. This is partially offset by underspends in Fostering and Adoption as well as underspends on unallocated centrally held funds.

Income	(22,302)	(20,600)	1,702	(8.3%)	(24,434)	(26,737)	2,303	(9.4%)	The YTD and forecast over recovery of income is mainly due to increased income from fees, charges and recharges.
Totals	46,703	46,658	(45)	(0.1%)	76,117	76,117	0	0.0%	

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 31 DECEMBER 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Social Work Central Support	(320)	(789)	469	(146.6%)	The forecast underspend is due to an over-recovery on vacancy savings (£248k) combined with underspends on centrally held funds, printing & stationery and postages.
Management & Central Costs	1,303	552	751	57.6%	The forecast underspend is mainly due to underspends on centrally held funds and staff vacancies.
Older People	37,829	40,182	(2,353)	(6.2%)	The forecast overspend reflects demand driven overspends within the care home placement budgets (£1.1m) and homecare (£1.6m). High staff costs across HSCP residential units due to agency cover are also contributing to the forecast overspend. These overspends are partially offset by staffing underspends across ACM teams and underspends on payments to other services from the delayed discharge budgets.
Learning Disability	14,189	13,607	582	4.1%	The forecast underspend reflects known demand for Residential Placements partially offset by overspends on Supported Living and Respite due to demand.
Physical Disability	2,792	2,870	(78)	(2.8%)	The forecast overspend reflects higher than budgeted demand for Supported Living and higher than budgeted equipment purchasing in the Integrated Equipment Service. This is offset slightly by a forecast underspend in the Residential Care budgets.
Child Protection	3,674	3,393	281	7.6%	The forecast underspend is as a result of demand for contact and welfare services as well as forecast underspends in the Area Teams on payroll costs, payments to other bodies, travel and subsistence.
Criminal Justice	224	172	52	23.2%	The forecast underspend is due to vacancies within the Criminal Justice team.
Looked After Children	7,832	7,507	325	4.1%	The forecast underspend is as a result of demand for fostering, kinship and adoption placements as well as on supporting young people leaving care. There is also an over-recovery on income from the Home Office for unaccompanied asylum seeking children. This is all partially offset by demand for external residential placements and payroll overspends in the children's houses.

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

MONITORING OF SAVINGS – AS AT 31 DECEMBER 2023

New policy savings were identified for the three year period 2023-24 to 2025-26 and these were agreed by Council in February 2023. Council agreed to policy savings of £6.145m in 2023-24 rising to £6.260m by 2025-26.

The position of historical policy saving options is as follows:

- 2022/23 – those not delivered or that have further increases in value in 2023-24 onwards total £0.187m
- 2021/22 – those not delivered or that have further increase in value in 2023-24 onwards total £0.195m
- 2020/21 – those not delivered total £0.050m
- 2019/20 – all delivered
- 2018/19 - those not delivered total £0.376m

The 2023-24 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 two savings where the department has indicated they will not be achieved, two are categorised as having a potential shortfall and one is currently delayed as summarised below:

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB07 – Depots	Feb-18	Will not be achieved	<p>Savings to date via the Oban project, tidying up NDR costs from previous disposals and removing security costs.</p> <p>The remainder of the outstanding saving is based on removing the smallest depot budget from each town but cannot do this without the capital investment to create fit for purpose single depot facilities.</p> <p>Working through possible alternative delivery model and updated business case for Lochgilphead – there is a shortfall between possible capital costs and likely income from vacated sites.</p> <p>This saving will not be achieved and a cost pressure has been put through for this for 2024-25. Work will be ongoing on the depot rationalisation across the area and future savings will be brought once known.</p>	£107,500

R&I17 - Public transport fare scale increase	Feb-21	Will not be achieved	Fare increase did not offset the saving advised by the Stantec review. This saving will not be achieved and shortfall has been absorbed by underspends elsewhere in the service.	£29,000
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.	£150,000
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. The Mossfield Sport Group have highlighted that certain clubs along with the Shinty Associations have expressed concerns with regards to the condition of the Pavilion and changing facilities and this is likely to impact on income. East King Street bookings have reduced due to the condition of the changing facilities and clubs having to play their fixtures elsewhere.	£30,000
TB09 – Public Conveniences	Feb-18	Delayed - The full saving will not be achieved in line with the original estimated timescale.	Door access control project has an indicative start date of November for installs. This delay has missed the busy summer months and October holidays so expected income over winter will be minimal. We have no way to accurately predict income levels but the system allows for regular reporting and itemisation so we will quickly be in a position to profile future income.	£24,000

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

Template Ref	Saving Agreed	Service	Savings Option	2023-24	2023-24	Status of Implementation
				£000	FTE	
Executive Director Douglas Hendry						
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	Delivered
EDU2324-001	Feb-23	Education	Estimated saving due to change in pupil numbers	700.00	0.0	Delivered
EDU2324-002	Feb-23	Education	Removal of non-statutory Cultural Coordinator post.	15.00	0.8	Delivered
Executive Director Kirsty Flanagan						
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	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	28.00	0.0	Delivered
DEG01	Feb-22	Development and Economic Growth	Crown Estate Administration Contribution to Project Delivery	104.0	0.00	Delivered
DEG2324-002	Feb-23	Development and Economic Growth	Reduce discretionary budget to minimum. Retain budget to pay memberships to SCDI, SLAED & HOPS but remove remainder of discretionary budget.	21.50	0.0	Delivered
DEG2324-001	Feb-23	Development and Economic Growth	Long-term vacant 0.5FTE building standards surveyors post that arose through an employee reducing their working hours is no longer requires in structure.	24.00	0.5	Delivered
FIS2324-001	Feb-23	Financial Services	Service Concessions - Alteration to accounting treatment to align the repayment of borrowing relating to new schools over their asset life. Guidance from Scottish Government now permits this change of accounting treatment. Further detail will be provided to Council in due course.	4,831.00	0.0	Delivered
FIS2324-002	Feb-23	Financial Services	The Service has identified savings through rightsizing of budgets, an organisational restructure with investment in modern apprenticeships and temporary staff designed to boost income from the billing of additional local taxes and the recovery of associated debt. In addition efficiency savings from increased productivity, increased levels of process automation and moving more customers to transact with the service over the internet will allow previously outsourced review works to be carried out internally.	493.00	0.0	On Track to be Delivered
TB07	Feb-18	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	172.50	0.0	Will not be achieved
TB13b	Feb-18	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	150.0	0.00	Potential Shortfall
TB12b	Feb-18	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	30.00	0.0	Potential Shortfall
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&I17	Feb-21	Roads and Infrastructure Services	Public transport fare scale increase	76.00	0.0	Will not be achieved
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	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
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
RIS2324-001	Feb-23	Roads and Infrastructure Services	Support Communities to move to different approaches to delivering School Crossing Patrols through engagement with Parent Council and Communities.	60.00	1.5	On Track to be Delivered
TOTAL				6,952.5	1.8	

FINANCIAL RISKS ANALYSIS 2023-24

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 2023-24 currently amounting to £2.835m.
- 1.4 There are currently 39 departmental risks totalling £5.265m. Of the 39 departmental risks, 6 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 2023-24

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 2023-24.

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 2022-23 was an overspend of £0.597m which was due to the unprecedented inflationary uplifts within the

energy market although forward purchasing sheltered the Council from the full impact. During 2023-24 the Council re-contracted for its energy needs and was exposed to significantly higher market rates creating an in year cost pressure of £0.936m with a proposal to fund this from the £1.4m contingency set aside for inflationary increases as part of the 2023-24 budget setting process. 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 based on the original utilities budget amounts to £0.827m.

- 3.2.2 The SJC pay award for 2023-24 is now settled and the budgets will be updated in the January period to reflect the additional staff costs and offsetting associated Scottish Government income. Initial workings have indicated that the funding will offset the additional costs and there will be no in-year pressure resulting from the pay award.
- 3.2.3 At the budget meeting on 24 February 2023, the Council agreed 6 new policy savings options that would deliver savings over the period 2023-24 to 2025-26. The savings to be delivered in 2023-24 amount to £6.145m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.615m.
- 3.2.4 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 £0.593m.
- 3.2.5 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 December 2023, the net HSCP outturn in 2023-24 is estimated to be a £0.443m overspend (Social Work forecasting a breakeven position and an overspend of £0.443m from Health). As Social Work are currently projecting a breakeven position and the IJB holds significant financial reserves, there is a nil value on the risk.
- 3.2.6 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 and ongoing events in the Middle East. Inflation has been falling and the Bank of England estimates that it should continue to fall this year. We will continue to closely monitor the situation and update our financial forecasts using the best information available to us. A 1% general inflation increase has been included with a financial impact of £0.800m.

3.2.7 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	827
10% shortfall on Savings Options	2	615
1% variation in Council Tax Income	2	593
IJB refer to Council for additional funding to deliver social work services	1	0
1% variation of General Inflation Risk	4	800
Total		2,835

Capital

3.2.8 The finance settlement announcement on 20 December 2022 provided details of the Local Government funding for 2023-24 and there is therefore certainty as to what our funding is in respect of the General Capital Grant and the specific capital grants already distributed.

3.2.9 The capital plan for 2023-24 includes an estimate of £1.195m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2023. A 10% variation equates to £0.120m and this would require to be managed across the capital programme.

3.2.10 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty continue to be 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 drag on markets and supplies of the COVID-19 pandemic, UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities and ongoing events in the Middle East, to name a few.

3.2.11 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.

3.2.12 While it has been possible to estimate the impact of these pressures on some projects, and therefore either include those projections within the capital monitoring report or adjust the capital programme accordingly, for others it is more difficult and no forecast has been projected at this stage but there are likely to be further significant financial impacts not yet reported.

3.2.13 Surveys have been completed in the Councils Learning Estates in relation to Reinforced Autoclaved Aerated Concrete (RAAC) with only 1 building confirmed as having it present with steps underway for its removal. This will include a decant

of the students for approximately 9 months plus total removal and replacement of the roof during 2024. The estimated costs associated with this are £3m which will require additional funding. The Council is also currently undertaking both desktop and on-site assessments to establish if RAAC is elsewhere in the Estate in over 650 buildings with priority being given to categories of building where there is high and sustained footfall. No RAAC has been confirmed in these categories of building thus far.

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	0	0	0	0	0	0	0	0	0	0
Executive Director Douglas Hendry	2	20	6	560	7	600	5	565	0	0	20	1,745
Executive Director Kirsty Flanagan	5	335	2	230	11	2,590	1	365	0	0	19	3,520
Total	7	355	8	790	18	3,190	6	930	0	0	39	5,265

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
Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	3	586
Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	4	365

3.3.3 The risks which are likely, but not included above, are noted below:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) due to a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	4	300
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	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of the long-term effects of Covid-19 on the insurance market and flood claims.	4	75
Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	4	60
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 no changes to the departmental risks since the financial risks report was presented to the Policy and Resources Committee on 7 December 2023.

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.

3.5.2 During the 2023-24 budget setting process a contingency of £1.4m was agreed which was circa 0.5% of the Councils budget at that time. This was included due to the volatility in prices, the increases in inflation together with continuing increased demand. The risk associated with Winter Maintenance will be monitored closely over the coming months and should it materialise it is recommended that this contingency is used to offset the pressure.

3.6 Potential Future Risks

3.6.1 Scottish Government are, over the next 2 years, proposing to extend funded childcare to all 1 and 2 year olds across Scotland. This brings significant financial and qualitative risks to the service. The needs and legislative requirements for this age range would mean significant capital work across our estate and in many settings there is not the space so extensions would be required. Having this age range in the same play space as 3/4 year olds seriously impacts on the ability of practitioners to effectively support age appropriate learning and play. It is uncertain when this risk will arise.

3.6.2 The Council's bid to the Scottish Governments Learning Estate Investment Programme (LEIP) for funding for a new school campus on Mull was successful. While this is good news and will provide welcome investment in the school estate it does come with a financial pressure that is required to be funded if the project is to proceed. The Scottish Government will fund up to 50% of eligible costs leaving the Council to fund circa £20m therefore Council need to consider full affordability options before agreeing to progress with this project. There are £9m in earmarked reserves set aside for this purpose with funding required for the remaining balance. A paper outlining possible funding options will be presented to Council in due course.

3.6.3 As a result of significant rainfall Argyll and Bute Council activated the Bellwin scheme in relation to the recovery of costs associated with the incident. The funding from this scheme is welcomed however eligibility criteria of costs are restrictive. Primarily the first £0.529m has to be covered by the Local Authority of which £0.398m has been identified from Crown Estates funding with the possibility this could be topped up further once the Crown Estate full year allocation of funding is confirmed. Secondly, capital expenditure does not qualify therefore any long term replacements to infrastructure such as bridges cannot be claimed through the scheme therefore if not already part of the capital programme will require funding. Estimated costs were submitted to the Scottish Government on 5 December 2023 along with a request to extend the scheme by ten months to allow for all works to be completed. The Scottish Government have subsequently rejected this request and will only extend the claim by two months. The revenue costs are being finalised but there is a risk that costs of circa £0.900m in revenue could extend beyond the claim period and therefore may not be eligible for the scheme.

3.6.4 In its present configuration, Argyll and Bute Council's digital network does not have the capacity to accommodate the requirements of the Scottish Government's vision for digital access over the next four years, including a device

for every learner, which would entail a large increase in the number of devices accessing the network. The network requires to be redesigned to allow digital access on the scale proposed by the Scottish Government. In addition to investment in bandwidth, device management and protection, there is a requirement to replace existing network hardware in all schools. Following an independent consultation on the network by Insight, IT and Education have co-authored a paper “Resourcing Educations Digital Aspirations” that identifies the work required to meet the Scottish Governments expectations. COSLA have raised this issue with the Scottish Government and there is an expectation that this will be fully funded as it is a Scottish Government commitment but there remains a risk associated with this.

4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. There are 5 Council wide risks and 39 departmental risks identified with 6 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
Executive Director/Section 95 Officer
12 January 2024

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
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APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 DECEMBER 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 October 2023		As at 31 December 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act placed duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of grant funding is reducing and 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 procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges and higher than average inflation on food costs. In addition to this the Scottish Government reviewed the regulations that govern the food and drinks provided in schools and implemented revised regulations. The revised standards focus on reducing sugar, reducing red processed meat and increasing fibre. Thus far, there has been an increase in costs in produce and a reduction in demand for school meals.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls; introduction of online ordering to help manage food waste. Analysis and regular review of menu choices.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools for P6 and P7 pupils	The Scottish Government may not give the local authority adequate funds to support the policy to expand free school meals in primary schools to include P6 and P7 pupils (the scheme has already been implemented for P1 to P5 pupils). Although expansion paused for full implementation for P6&7, FSM expanded through entitlement to Scottish Child Payment.	Senior manager connected into the National Operational Delivery Group. This enables the Council's viewpoint to be considered.	2	100	2	100
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	60	2	60
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, in addition, as Our Modern Workspace Project gains traction more properties will become surplus to operational requirements. There are residual running costs associated with all surplus properties.	One Council property team in place who will monitor market conditions and work with prospective tenants/ purchasers to let/sell surplus properties.	3	50	3	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI and/or other running costs (eg utilities, payroll etc) resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate, communication with service providers and mitigation through financial forecasting and review of existing budget.	3	50	3	50
Executive Director Douglas Hendry	Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) due to a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only statutory tests/inspections and essential repairs.	4	300	4	300

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase. Scottish Government statistics suggest a 3% year on year increase, resulting in an additional resource requirement. Particularly where gaps in our enhanced provision exist. The medium-term detriments on the development of young children which occurred as a consequence of service closures during the COVID pandemic have increased demands on the service as children require additional support to catch up. The Additional Support for Learning National Implementation plan continues to inform our strategic direction in line with the Angela Morgan Review.	Service is currently looking at alternative options for service delivery to mitigate the inescapable pressures. Continuing to ensure robust assessment of needs, monthly monitoring of budget, any delays in recruitment factored into projections to enable informed decision making on allocation of funding for new/amended /additional support packages. Following a full ASN review, the service are currently investing in the development of four new learning centres in order to provide greater equity in meeting the more complex needs of some learners as well as considering plans to develop enhanced wellbeing resources across our learning estate in future. This aims to reduce the frequency of children having to be educated in high cost out of area placements.	3	200	3	200
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 revised its service model to align it to the Scottish Government's reduced 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 included in the staffing model funded by Scottish Government. Scottish Government has included plans to further expand on eligibility for 1140 hours to all 2 year olds and some one year olds within the current Parliamentary session. As yet there has been no funding commitment. However this will place unknown cost pressures on both our capital and revenue budgets	Continuous monitoring and review of the service model, usage and resources.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	The Education (Scotland) Act 2000 requires Councils to undertake assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. This may lead to additional staffing requirements depending upon the demand for Gaelic from parents.	Continuous monitoring and review of the service model and resources available within budget.	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

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of the long-term effects of Covid-19 on the insurance market and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	4	75	4	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.	4	60	4	60
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	Customer Support Services	Additional Bandwidth for Education	Additional costs required to be incurred in relation to additional bandwidth required to deliver the Education Digital Strategy due to a more digitalised learning curriculum.	Work closely with Education on Digital Devices for All strategy to ensure necessary IT is in place.	3	50	3	50
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
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	Potential that the Scottish Government may reduce planning fees due to poor performance by the Planning Authority. The Scottish Government has recently appointed a national Planning Performance Champion however the detail of how this role intends to incentivise improvement/penalise poor performance at a local authority level remains unclear at this time	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 they 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.	1	50	1	50

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	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.	3	345	3	345
Executive Director Kirsty Flanagan	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
Executive Director Kirsty Flanagan	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Additional staff are being put in place in the Sundry Debt Team who will work jointly with Legal Services to enhance the robustness of the Council's debt recovery processes.	3	85	3	85
Executive Director Kirsty Flanagan	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control for charitable relief for Arms Length External Organisations (ALEO).	Outwith direct management control.	3	30	3	30
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	Conversations are in place between Council and Renewi with the aim of minimising the potential impact.	3	586	3	586
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Waste - Compost Like Output (CLO)	Compost Like Output is an element of waste that has been heat treated and can only be used for landfill site restoration. Renewi are currently producing more CLO than we need and it is building up in our landfill sites - this has been flagged up as a concern by SEPA and will need to be removed.	Discussions ongoing with Renewi and the Council on steps forward and what element the council is responsible for.	3	164	3	164
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750
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.	4	365	4	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	Car Parking Income	Reduced number of visitors to the area and use of council owned car parks resulting in a reduction in income.	Closely monitor income levels throughout the year, especially in high visitor seasons.	3	200	3	200
					39	5,265	39	5,265

CAPITAL BUDGET MONITORING REPORT – 31 DECEMBER 2023

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the position of the capital budget as at 31 December 2023. The report provides information on the financial position in respect of the capital plan and the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £24,334k compared to a budget for the year to date of £24,309k resulting in an overspend for the year to date of £25k (0.10%).
- **Forecast Outturn for 2023-24** – forecast net expenditure for the full financial year is £34,239k compared to an annual budget of £41,791k giving rise to a forecast underspend for the year of £7,552k (18.07%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £216,885k compared to a total budget for all projects of £216,065k giving rise to a forecast overspend for the overall capital plan of £820k (0.38%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 85 projects there are 70 projects (82%) on track, 2 projects (3%) off track but recoverable and 13 projects off track (15%).
- **Service Development** - Out of 42 projects there are 41 projects (98%) on track, 0 projects (0%) off track but recoverable and 1 projects (2%) off track.
- **Strategic Change** – Out of 30 projects there are 29 projects (97%) on track, 0 projects (0%) are off track but recoverable and 1 projects (3%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding has been allocated from revenue to clear small overspends across a number of projects.

1.5 Originally the Council was projecting £1,195k of capital receipts this financial year. However, the revised forecast for the financial year is now £484k, of which £160k have been received. This is as a result of delays in assets sales rather than a permanent reduction and over the life of the programme there is no overall impact. The estimated level of receipts will be kept under review as market conditions change, as will values following due diligence undertaken by prospective purchasers on the condition of asset.

CAPITAL BUDGET MONITORING REPORT – 31 December 2023

2.0 INTRODUCTION

- 2.1 This report provides an update on the position of the capital budget as at 31 December 2023. The report provides information on the financial position in respect of the capital plan and 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 was put on pause whilst potential funding options were being considered. At the budget meeting in February 2023 additional funding was allocated to this project which will allow the project to progress towards success by supporting completion of certain work stages. The financial information included within this report now includes amounts relating to Phase 1 of the Rothesay Pavilion project.
- 2.3 Campbeltown Flood Scheme has seen compensation events raised by the contractor which has resulted in a forecasted overspend of £0.710m. These are currently being discussed with the consultant and cost saving approaches are being sought to bring the project in on budget though at this stage the current forecasted overspends have been included within the figures and the project is marked as off track.
- 2.4 Surveys have been completed in the Councils Learning Estates in relation to RAAC with only 1 building confirmed as having it present with steps underway for its removal. This will include a decant of the students for approximately 9 months plus total removal and replacement of the roof during 2024. The estimated costs associated with this are £3m which will require additional funding and will be considered as part of the 2024-25 budget setting process.
- 2.5 The Councils bid to the Scottish Governments Learning Estate Investment Programme (LEIP) for funding for a new school campus on Mull was successful. While this is good news and will provide welcome investment in the school estate it does come with a financial pressure that is required to be funded if the project is to proceed. The Scottish Government will fund up to 50% of eligible costs therefore the Council will be required to fund circa £20m.
- 2.6 As a result of significant rainfall Argyll and Bute Council activated the Bellwin scheme in relation to the recovery costs associated with the incident. The funding from this scheme is welcomed however eligibility criteria of costs are restrictive. Capital expenditure does not qualify therefore any long term replacements to infrastructure such as bridges cannot be claimed through the scheme therefore if not already part of the capital programme will require funding. Works to the value of £1.8m have been carried out already with future anticipated works costing circa £2.5m being identified, both which will require capital funding allocated.
- 2.7 New Waste legislation has been introduced on the disposal of Persistent Organic Pollutants (POPs). POPs are organic chemical substances which pose a risk to human health and the environment due to their persistence in the environment, bioaccumulation through the food chain and long-range environmental transport across a wide geographical range. These items of waste will need to be stored separately from general waste at landfill sites before being disposed of which will incur additional capital expenditure. A forecast of £110k has been reported in the capital monitoring which is currently shown as an overspend and will require additional funding to be identified.

2.8 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. Feasibility report underway to progress the permanent works and estimated costs.

2.9 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 – despite additional funding being awarded there remains a funding gap to allow full completion of the original intended works.
- Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from increased fees and charges).
- Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from the Scottish Government. Distributions of 2023-24 funding have not yet been announced.
- Bridges Fund - A scheme of bridge capital works was developed and 80% funded through the Local Bridge Maintenance Fund with £5.450m of funding approved. Increased capital contract costs from when the scheme was developed to now, has the schemes costing approximately £12m. Discussions are in place to request the original funding be approved to cover a smaller scheme with less bridges.
- In general, capital contracts across the programme are seeing significant price increases.

2.10 Although the direct impact of COVID on most local services has reduced or even ceased altogether over the last 12 months, COVID-19 in conjunction with the UK exit from the European Union and the Russian invasion of Ukraine, continues to affect worldwide supply chains.

In recent years additional funding of £10.803m has been allocated to the capital programme for this purpose which has mitigated the impact to date however, as detailed in the table below, only £2.703m remains unallocated to projects facing inflationary pressures.

Funding for Capital Inflationary Pressures	£m
COVID-19 Funding	0.257
February 2021 Budget Meeting - Capital Cost Pressures	4.646
February 2022 Budget Meeting - Capital Cost Pressures	3.900
February 2023 Budget Meeting – Capital Projects Inflation Pressures	2.000
Total Additional Funding Allocated to Capital	10.803
Allocated to Projects within Capital Programme	(5.779)
Committed for future years	(2.321)
Balance Remaining	2.703

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 £24,334k compared to a budget for the year to date of £24,309k resulting in an overspend for the year to date of £25k (0.10%).

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:

	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Project Type:			
Asset Sustainability	10,679	10,704	(25)
Service Development	2,477	2,477	0
Strategic Change	11,153	11,153	0
Total	24,309	24,334	(25)
Service:			
ICT	869	869	0
Education	4,069	4,069	0
Live Argyll	562	562	0
Health & Social Care Partnership	613	613	0
Shared Offices	781	782	(1)
Roads & Infrastructure	12,980	13,004	(24)
Development & Economic Growth	754	754	0
CHORD	3,681	3,681	0
Total	24,309	24,334	(25)

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

5.0 FORECAST OUTTURN 2023-24

5.1 Overall Position

Forecast net expenditure for the full financial year is £34,239k compared to an annual budget of £41,791k giving rise to a forecast underspend for the year of £7,552k (18.07%).

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 £'000
Asset Sustainability	24,786	18,380	6,406
Service Development	201	(45)	246
Strategic Change	16,804	15,904	900
Total	41,791	34,239	7,552
Service:			
ICT	1,428	1,428	0
Education	6,917	5,940	977
Live Argyll	1,084	1,084	0
Health & Social Care Partnership	2,201	944	1,257
Shared Offices	1,906	1,907	(1)
Roads & Infrastructure	23,496	18,177	5,319
Development & Economic Growth	(931)	(931)	0
CHORD	5,690	5,690	0
Total	41,791	34,239	7,552

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 £216,885k compared to a total budget for all projects of £216,065k giving rise to a forecast overspend for the overall capital plan of £910k (0.38%).

6.2 Project/Department Position

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

	Capital Plan Budget £'000	Forecast Project Costs £'000	Total Capital Plan Variance £'000
Project Type:			
Asset Sustainability	59,393	59,503	(110)
Service Development	22,358	22,358	0
Strategic Change	134,314	135,024	(710)
Total	216,065	216,885	(820)
Service:			
ICT	6,380	6,380	0
Education	45,636	45,636	0
Live Argyll	2,971	2,971	0
Health & Social Care Partnership	4,752	4,752	0
Shared Offices	23,539	23,539	0
Roads & Infrastructure	59,281	60,101	(820)
Development & Economic Growth	5,307	5,307	0
CHORD	68,199	68,199	0
Total	216,065	216,885	(820)

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 157 projects within the Capital Plan, 140 are Complete or On Target, 2 are Off Target and Recoverable and 15 are Off Track.

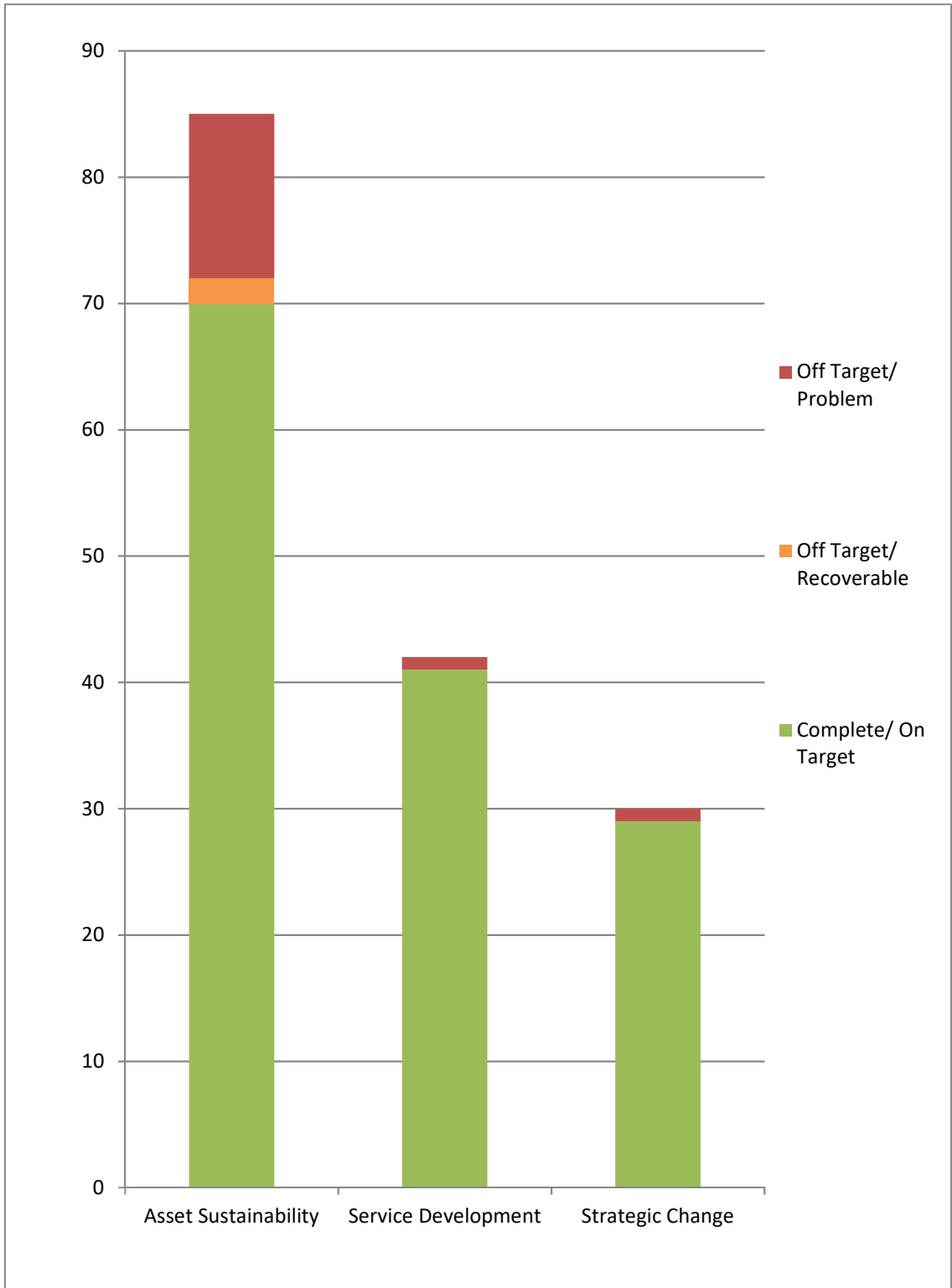
7.2 Project Position

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	70	2	13	85
Service Development	41	0	1	42
Strategic Change	29	0	1	30
Total	140	2	15	157
Service:				
ICT	7	0	0	7
Education	30	0	1	31
Live Argyll	19	0	0	19
Health & Social Care Partnership	16	0	1	17
Shared Offices	23	1	0	24
Roads & Infrastructure	22	1	13	36
Development & Economic Growth	17	0	0	17
CHORD	6	0	0	6
Total	140	2	15	157

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
RIS - Service Development	Fleet Management	Current Year Expenditure	Slippage into future years. Delays in the delivery of orders has led to this slippage. A number of vehicles (£800k) are forecast for delivery in March 2024, if these vehicles face any delays further slippage will occur before the year end.
RIS - Asset Sustainability	Environmental Projects	Current Year Expenditure	Slippage into future years. Planning applications and associated works are ongoing for the Cemeteries where works are still to commence. No further capital expenditure forecast for 2023-24 now that Tobermory Cemetery works are complete.
RIS - Asset Sustainability	Play Park Renewal	Current Year Expenditure	Slippage into future years. Engagement with Local Communities is taking place to determine the works which will go ahead, as these discussions are still taking place no expenditure is forecast to occur within 2023-24.
RIS - Asset Sustainability	Footway Improvements	Current Year Expenditure	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried out in 2024-25 alongside the 2024-25 programme.
RIS - Asset Sustainability	Active Travel	Current Year Expenditure	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried

			out in 2024-25 alongside the 2024-25 programme.
RIS - Asset Sustainability	Flood Prevention	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects. There were also unsuccessful tender processes due to excessive costs being quoted on returns which required retendering.
RIS - Asset Sustainability	Coastal Protection	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects.
RIS - Asset Sustainability	Coastal Change Adaptation	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects.
RIS - Asset Sustainability	Bute Seawall Repairs	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects.
RIS - Asset Sustainability	Helensburgh Flood Mitigation	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects. There were also unsuccessful tender processes

			due to excessive costs being quoted on returns which required retendering.
RIS - Asset Sustainability	Bridge Strengthening	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects.
RIS - Asset Sustainability	Local Bridge Maintenance Fund	Current Year Expenditure	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays in existing projects.
RIS - Strategic Change	Campbeltown Flood Scheme	Current Year Expenditure & Total Project Expenditure	Slippage into future years due to revised cash flow forecasts provided from Consultant and Contractor. As we approach the year end the financial position becomes clearer and total Project Expenditure is reporting an overspend due to an overspend on the Burnside Square project and compensation events that have been raised by the Contractor.
PropEdu-Asset Sustainability	Secondary Schools	Current Year Expenditure	Slippage into future years due to delays to the roof works at Islay High School. Works had been programmed to start in 2023-24 however delays due to weather conditions, tender returns exceeding project budget and redesigns of the scope of works has led to a slippage being reported.
PropNonEdu-Asset Sustainability	Tigh an Rudha	Current Year Expenditure	Slippage into future years. The project is delayed due to tender returns for Tigh An Rudha exceeding the anticipated costs of the project. HSCP projects are on pause while future of the Tigh an Rudha is determined.

RIS - Asset Sustainability	POPs Waste	Total Project Expenditure	Project is currently showing an overspend as the funding for the essential works of separating POPs waste has still to be identified.
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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 gross expenditure capital plan incorporating these proposed changes can be found in Appendix 9.

Department	Prev. Agreed Changes 2023-24 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	Future Years £'000	Total Capital Plan £'000
Asset Sustainability	(1,595)	(6,430)	6,430	0	0	0
Service Development	34	(246)	246	0	0	0
Strategic Change	(8,222)	(900)	(2,990)	(11,000)	14,890	0
Total	(9,783)	(7,576)	3,686	(11,000)	14,890	0
Service:						
ICT	154	0	0	0	0	0
Education	(903)	(977)	977	0	0	0
Live Argyll	(207)	0	0	0	0	0
Health & Social Care Partnership	6	(1,257)	1,257	0	0	0
Shared Offices	(364)	1	(1)	0	0	0
Roads & Infrastructure	(7,424)	(5,343)	1,453	(11,000)	14,890	0
Development & Economic Growth	(523)	0	0	0	0	0
Major Projects	(522)	0	0	0	0	0
Total	(9,783)	(7,576)	3,686	(11,000)	14,890	0

11.0 FUNDING

11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding has been allocated from revenue to clear small overspends across a number of projects.

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
12 January 2024

Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

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

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

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
Other variances under £50k			(25)	Total value of non-material variances less than +/-£50k
Total			(25)	

APPENDIX 2 – Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Fleet Management	2,512	2,266	246	Slippage into future years. Delays in the delivery of orders has led to this slippage. A number of vehicles (£800k) are forecast for delivery in March 2024, if these vehicles face any delays further slippage will occur before the year end.
Environmental Projects	650	200	450	Slippage into future years. Planning applications and associated works are ongoing for the Cemeteries where works are still to commence. No further capital expenditure forecast for 2023-24 now that Tobermory Cemetery works are complete.
Play Park Renewal	312	0	312	Slippage into future years. Engagement with Local Communities is taking place to determine the works which will go ahead, as these discussions are still taking place no expenditure is forecast to occur within 2023-24.
Footway Improvements	750	450	300	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried out in 2024-25 alongside the 2024-25 programme.
Active Travel	389	189	200	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried out in 2024-25 alongside the 2024-25 programme.
Flood Prevention	807	340	467	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects. There were also unsuccessful tender processes due to excessive costs being quoted on returns which require retendering.
Coastal Protection	99	6	93	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Coastal Change Adaptation	158	41	117	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Helensburgh Flood Mitigation	428	1	427	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects. There were also

				unsuccessful tender processes due to excessive costs being quoted on returns which require retendering.
Bridge Strengthening	1,336	373	963	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Local Bridge Maintenance Fund	1,000	173	827	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Campbeltown Flood Scheme	9,702	8,802	900	Slippage into future years due to revised cash flow forecasts provided from Consultant and Contractor. As we approach the year end the financial position becomes clearer and total project expenditure is reporting an overspend due to an overspend on the Burnside Square project and compensation events that have been raised by the Contractor.
Secondary Schools	1,129	852	277	Slippage into future years due to delays to the roof works at Islay High School. Works had been programmed to start in 2023-24 though delays due to weather conditions, tender returns exceeding project budget and redesigns of the scope of works has led to a slippage being reported.
Block Allocation - Education	916	216	700	Unallocated Education Block Allocation was kept aside to cover any of the RAAC costs which may have accelerated into 2023-24. Block allocation not required in 2023-24 has now been slipped into 2024-25.
Tigh an Rudha	600	109	491	Slippage into future years. The project is delayed due to tender returns for Tigh An Rudha exceeding the anticipated costs of the project. HSCP projects are on pause while future of the Tigh an Rudha is determined.
Block Allocation - HSCP	766	0	766	Slippage into future years. HSCP Block Allocation had not fully been allocated in 2023-24 as programme of works was in limbo while decision on Tigh an Rudha was being made. Above mentioned delays to the Tigh an Rudha has resulted in the HSCP Block Allocation slipping into 2024-25 along with the funding already allocated to Tigh an Rudha.
Other variances under £50k			16	Total value of non-material variances less than +/-£50k.
Total			7,552	

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	Total (Over)/ Under Forecast Variance £'000	Explanation
Campbeltown Flood Scheme	15,215	16,925	(710)	Total Project Expenditure is reporting an overspend due to an overspend on the Burnside Square project and compensation events that have been raised by the Contractor.
POPs Waste	0	110	(110)	Total Project Expenditure is reporting an overspend due to the funding still to be identified for the essential works to separate and store POPs Waste items.
Other variances under £50k			(0)	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			(820)	

SLIPPAGES AND ACCELERATIONS							
Project	2023-24 £'000	2024-25 £'000	2025-26 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Harbour Investment Programme		(3,890)	(11,000)	14,890	0	Reprofile future years expenditure	Earlier in 2023-24,
Burnett Building	1	(1)			0	Accelerate from 2024-25	Works scheduled for 2024-25, accelerate from 2024-25 to cover building survey costs.
Fleet Management	(246)	246			0	Slip budget from 2023-24	Slippage into future years. Delays in the delivery of orders has led to this slippage. A number of vehicles (£800k) are forecast for delivery in March 2024, if these vehicles face any delays further slippage will occur before the year end.
Environmental Projects	(450)	450			0	Slip budget from 2023-24	Slippage into future years. Planning applications and associated works are ongoing for the Cemeteries where works are still to commence. No further capital expenditure forecast for 2023-24 now that Tobermory Cemetery works are complete.
Play Park Renewal	(312)	312			0	Slip budget from 2023-24	Slippage into future years. Engagement with Local Communities is taking place to determine the works which will go ahead, as these discussions are still taking place no expenditure is forecast to occur within 2023-24.
Footway Improvements	(300)	300			0	Slip budget from 2023-24	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried out in 2024-25 alongside the 2024-25 programme.
Active Travel	(200)	200			0	Slip budget from 2023-24	Slippage into future years. The full footways programme for 2023-24 was not delivered within the year due to adverse weather, sickness within the team and other commitments. These works are forecasted to be carried out in 2024-25 alongside the 2024-25 programme.
Flood Prevention	(467)	467			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects. There were also unsuccessful tender processes due to excessive costs being quoted on returns which require retendering.

Coastal Protection	(93)	93			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Coastal Change Adaptation	(117)	117			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Bute Seawall Repairs	(41)	41			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Helensburgh Flood Mitigation	(427)	427			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects. There were also unsuccessful tender processes due to excessive costs being quoted on returns which require retendering.
Bridge Strengthening	(963)	963			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Local Bridge Maintenance Fund	(827)	827			0	Slip budget from 2023-24	Slippage into future years. Resources were reallocated to the numerous emergencies which arose from the October 2023 weather incident. Resources were reallocated accordingly hence delays within existing projects.
Campbeltown Flood Scheme	(900)	900			0	Slip budget from 2023-24	Slippage into future years due to revised cash flow forecasts provided from Consultant and Contractor. As we approach the year end the financial position becomes clearer.
Secondary Schools	(277)	277			0	Slip budget from 2023-24	Slippage into future years due to delays to the roof works at Islay High School. Works had been programmed to start in 2023-24 though delays due to weather conditions, tender returns exceeding project budget and redesigns of the scope of works has led to a slippage being reported.
Block Allocation - Education	(700)	700			0	Slip budget from 2023-24	Unallocated Education Block Allocation was kept aside to cover any of the RAAC costs which may have accelerated into 2023-24. Block allocation not required in 2023-24 has now been slipped into 2024-25.
Tigh an Rudha	(491)	491			0	Slip budget from 2023-24	Slippage into future years. The project is delayed due to tender returns for Tigh An Rudha exceeding the anticipated costs of the

							project. HSCP projects are on pause while future of the Tigh an Rudha is determined.
Block Allocation - HSCP	(766)	766			0	Slip budget from 2023-24	HSCP Block Allocation had not fully been allocated in 2023-24 as programme of works was in limbo while decision on Tigh an Rudha was being made. Above mentioned delays to the Tigh an Rudha has resulted in the HSCP Block Allocation slipping into 2024-25 along with the funding already allocated to Tigh an Rudha.
Total Slippages and Accelerations	(7,576)	3,686	(11,000)	14,890	0		
Net Impact of Changes	(7,576)	3,686	(11,000)	14,890	0		

CAPITAL PROGRAMME FUNDING

	2023-24					2024-25					2025-26				
	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	11,900	222	-222	0	11,900	9,851	-276	0	129	9,704	10,007	54	0	0	10,061
Capital Grant - Area Control Accounts	0	0	0	51	51	0	0	0	0	0	0	0	0	0	0
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	1,195	-60	-651	0	484	350	0	651	0	1,001	400	0	0	0	400
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	5,800	0	14	0	5,814	304	0	314	400	1,018	0	0	-324	0	-324
Restricted Funding	1,613	0	-522	1,394	2,485	0	0	488	2,065	2,553	0	0	34	50	84
Funded by Reserves	11,909	6,533	0	243	18,685	8,187	289	0	186	8,662	1,175	-155	0	0	1,020
Additional Funding from Revenue	25	0	0	117	142	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	22,235	-13,035	-6,000	0	3,200	27,025	-5,025	2,110	0	24,110	29,700	20,300	-11,000	0	39,000
Prudential Borrowing	20,718	-6,510	-10,889	74	3,393	27	6,434	11,106	0	17,567	0	1,388	5	0	1,393
Loans Fund Review	0	2,694	651	0	3,345	1,331	0	-651	0	680	0	0	0	0	0
COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	74,517	-10,156	-17,619	1,879	48,621	46,197	1,422	14,018	2,780	64,417	40,404	21,587	-11,285	50	50,756

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2023-24	2024-25	2025-26	Reported	Source
Tobermory Top Flat - SHF	30			Jan-23	Revenue Funding
Dunoon STEM Hub	50			Jan-23	Revenue Funding
Dunoon STEM Hub	150			Jan-23	Grant Funding
Dunoon Cycle Bothy	145			Jan-23	Grant Funding
Gartbreck - Capping	118			Mar-23	Reserves
Dunoon Cycle Bothy	74			Mar-23	Scottish Government
Tigh Na Rhuda		400	50	Mar-23	Scottish Government
Helensburgh and Rosneath Cycleways		290		Jun-23	SPT
SPT - Bus Infrastructure		25		Jun-23	SPT
Dunoon STEM Hub		1,750		Jun-23	Rural Growth Deal
Rural Growth Deal planning stages	132			Jun-23	Rural Growth Deal
Public Conveniences Upgrade - Coastal Communities Fund	200			Jul-23	Coasal Communities Fund
Tobermory Harbour Wall and Railings, Phase 2	100			Jul-23	Coasal Communities Fund
Tobermory Harbour Wall and Railings, Phase 2	250			Jul-23	Scottish Government
Server Sustainability	95			Jul-23	Earmarked Reserves
Oban Depot Development	67			Aug-23	Revenue Funding
Roads Recon - STTS Funding	347			Aug-23	STTS
Roads Recon - STTS Funding	40			Sep-23	STTS
Coastal Change Adaptation		129		Sep-23	Scottish Government
Telecomms Network		236		Oct-23	Earmarked Reserves
Clean Energy - NDEEF1		-50		Oct-23	Earmarked Reserves
Rural Growth Deal - Clyde Engineering	25			Oct-23	Earmarked Reserves
Capital Grant - Area Control Accounts	51			Dec-23	Control accounts
Rural Growth Deal	5			Dec-23	Rural Growth Deal
Total	1,879	2,780	50		

OFF TRACK PROJECT		Appendix 6
Project Name: Fleet Management	Project Manager: John Blake	Risk: Low
Initial Start Date: On-going	Proposed End Date: On-Going	
How was this project initially funded? Prudential Borrowing	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target?		
Project is off target due to current year forecasted expenditure slipping out with 2023-24.		
What has caused the issue outlined above?		
The above issue has been caused due to procurement delays, continuation of delays caused by superconductor shortages in the vehicle manufacturing industry.		
What action will be taken to rectify this issue?		
Forecasts have been updated to reflect the updated anticipated delivery dates of ordered vehicles.		
What are the implications of the action proposed?		
Proposed actions will result in slippages being reported for 2023-24 and future year's forecasts changing to reflect the above mentioned delays. A number of deliveries are currently forecasted for March 2024, any delays to these deliveries will result in further slippages out with 2024 before the year end.		

OFF TRACK PROJECT		Appendix 6
Project Name: Environmental Projects	Project Manager: Hugh O'Neill	Risk: Low
Initial Start Date: On-going	Proposed End Date: N/A	
How was this project initially funded? Scottish Government General Capital Grant Allocation	Please detail any additional funding. Coastal Community Funding	
Previously Reported Committee and Date: N/A - First off track report	Next Reported Committee and Date:	
Why is the project classified as off target? Forecasted expenditure slipping out with 2023-24		
What has caused the issue outlined above? Works at Tobermory Cemetery were completed in July 2023. Planning applications and associated prep work are ongoing for the cemetery works in Campbeltown, Strachur, Sandbank, Lismore and Calgary. Slippage occurred due to initial profiling inaccuracy. No further capital expenditure is due on these cemeteries in 2023-24, therefore the profile requires amendment.		
What action will be taken to rectify this issue? Forecasts have been updated to reflect the forecasted expenditure on the planned cemetery works.		
What are the implications of the action proposed? Proposed actions will result in slippages being reported for 2023-24. No further implications associated with this slippage, the original forecast for 2023-24 was overstated as not enough planning time was considered when setting the capital profile.		

OFF TRACK PROJECT		Appendix 6
Project Name: Play Park Renewal	Project Manager: Hugh O'Neill	Risk: Low
Initial Start Date: 2021-22 - 1 st year of funding	Proposed End Date: 2025-26 - final year of funding (estimate)	
How was this project initially funded? Scottish Government Specific Capital Grant	Please detail any additional funding.	
Previously Reported Committee and Date: N/A - first time reported as off track	Next Reported Committee and Date:	
Why is the project classified as off target? Forecasted expenditure slipping out with 2023-24		
What has caused the issue outlined above? A full engagement process for the consideration of the improvement of 28 play parks across the area was completed in July 2023. Area committees have been updated with the reported findings and are now engaging with the local community councils. Due to the timing of these discussions, spend in 2023-24 is no longer forecast to occur. Slippage was caused by the original profile not allowing for as much planning and engagement time as was required.		
What action will be taken to rectify this issue? Forecasts have been updated to reflect that no expenditure is expected to occur in 2023-24.		
What are the implications of the action proposed? Proposed actions will result in slippages being reported for 2023-24.		

OFF TRACK PROJECT**Appendix 6**

Project Name: Footway Improvements Active Travel - works part of Footway Capital Scheme	Project Manager: Hugh O'Neill	Risk: Low
Initial Start Date: On-going	Proposed End Date: N/A	
How was this project initially funded? Scottish Government General Capital Grant Allocation	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target? Forecast expenditure slipping out with 2023-24		
What has caused the issue outlined above? Due to adverse weather, sickness within the team and other commitments the full footway works scheduled for 2023-24 were not completed within the year.		
What action will be taken to rectify this issue? Forecast expenditure for the remaining schemes has been slipped into 2024-25 as this is when the schemes will be carried out.		
What are the implications of the action proposed? Remaining 2023-24 schemes will now be completed during 2024-25 programme of works.		

OFF TRACK PROJECT		Appendix 6
Project Name: Flood Prevention Coastal Protection Coastal Change Adaptation Bute Seawall Repairs Helensburgh Flood Mitigation Bridge Strengthening Local Bridge Maintenance Fund	Project Manager: Elsa Simoes	Risk: Low
Initial Start Date: N/A	Proposed End Date: N/A	
How were these project initially funded? Scottish Government General Capital Grant Allocation Scottish Government Specific Capital Grant Allocation - Coastal Change Adaptations	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why are the projects classified as off target? Forecasted expenditure has slipped out with 2023-24 for the above Asset Sustainability projects.		
What has caused the issue outlined above? The team tasked with delivering these projects were tasked with allocating resources to the numerous emergencies which arose from the October 2023 flooding. Resources were reallocated accordingly from the Capital Plan – this resulted in those schemes being reprogrammed. Resources were not available to reach the anticipated forecasted expenditure for 2023-24. Unsuccessful tender processes due to excessive costs being quoted on returns also required retendering and further consumed resources.		
What action will be taken to rectify this issue? Forecasted expenditure has been slipped outwith 2023-24. Feasibility of achieving the current 2024-25 levels of work will be considered during year end discussions.		
What are the implications of the action proposed? Works previously programmed for 2023-24 have been pushed back to 2024-25 as tender processes continue to be progressed.		

OFF TRACK PROJECT		Appendix 6
Project Name: Campbeltown Flood Scheme	Project Manager: Jamie Salmon	Risk: High
Initial Start Date: 01/08/2016 Works Contract commenced - 27/05/2022	Proposed End Date: Q1 2024-25 with defect period running to February 2026	
How was this project initially funded? Scottish Government Prudential Borrowings	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target?		
Current year forecast expenditure slipping out with 2023-24 and total project forecasting an overspend.		
What has caused the issue outlined above?		
Current year slippage has been caused by the live nature of the Construction and Services Contracts. Budget is updated on a Monthly basis considering the monthly revised cashflow predictions from AECOM (the consultant) and Dawson Wam (the contractor). The cause for forecasted expenditure to slip out with 2023-24 was due to additional works being required at Dalaruan Street Culvert. These works were compensation events involving Scottish Gas and Scottish Water to carry out diversions and enabling works. These works delayed the progress on Dalaruan Street culvert and as such the slippage reflects this.		
Overspend is forecasted due to the following: £500k of compensation events which have been raised by the Contractor £300k overspend on the Burnside Square Services and Works project within the scheme		
What action will be taken to rectify this issue?		
Profile has been updated to reflect the up-to-date cashflow predictions from AECOM and Dawson Wam, Estates, Public Utilities and Infrastructure Design. Compensation events have been monitored closely to ensure these have been managed in accordance with the condition of contract (Works Contract) – this is ongoing as with all contracts managed by Infrastructure Design.		
What are the implications of the action proposed?		
The project is now forecasted to be overspent.		

OFF TRACK PROJECT		Appendix 6
Project Name: Secondary Schools	Project Manager: Rhona Mitchell	Risk: Low
Initial Start Date: N/A	Proposed End Date: N/A	
How was this project initially funded? Block allocation	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target? Forecasted expenditure has slipped out with 2023-24.		
What has caused the issue outlined above? Delays to the works on the roof at Islay High School has caused forecasted expenditure for 2023-24 to slip into 2024-25. Works had been programmed to start in 2023-24 though delays due to weather conditions, tender returns exceeding project budget and redesigns of the scope of works has led to a slippage being reported.		
What action will be taken to rectify this issue? Capital monitoring has been updated to reflect the delay in the project commencing, works are ongoing to bring project scope in line with budgetary constraints after previous tender returns exceeding this.		
What are the implications of the action proposed? Works are now scheduled to commence in 2024-25.		

OFF TRACK PROJECT		Appendix 6
Project Name: Tigh An Rhuda	Project Manager: Rhona Mitchell	Risk: Med
Initial Start Date:	Proposed End Date:	
How was this project initially funded? Scottish Government Capital Grant Block allocation	Please detail any additional funding. SG Island Funding	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target? Forecasted expenditure has slipped out with 2023-24.		
What has caused the issue outlined above? The project is delayed due to tender returns for Tigh An Rudha exceeding the anticipated costs of the project. HSCP projects are on pause while future of the Tigh an Rudha scope of works is determined.		
What action will be taken to rectify this issue? Forecasted expenditure has been slipped to reflect that Tigh An Rudha will not commence until at least 2024-25.		
What are the implications of the action proposed? Scope of project is still to be fully determined, as such no expenditure is expected for the remainder of 2023-24.		

OFF TRACK PROJECT		Appendix 6
Project Name: POPs Waste	Project Manager: A Millar	Risk: Med
Initial Start Date: November 2023	Proposed End Date: TBC	
How was this project initially funded? TBC	Please detail any additional funding.	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target? Project is currently reporting a forecasted overspend.		
What has caused the issue outlined above? New Waste legislation has been introduced on the disposal of Persistent Organic Pollutants (POPs). POPs are organic chemical substances which pose a risk to human health and the environment due to their persistence in the environment, bioaccumulation through the food chain and long-range environmental transport across a wide geographical range. These items of waste will need to be stored separately from general waste at landfill sites before being disposed of which will incur additional capital expenditure. A forecast of £110k has been reported in the capital monitoring which is currently shown as an overspend and will require additional funding to be identified.		
What action will be taken to rectify this issue? Funding will be identified during the budget setting process. Once identified the forecasted overspend will be eliminated.		
What are the implications of the action proposed? No further implications.		

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

APPENDIX 7

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
Campbeltown Flood Scheme	4,992	8,802	15,925	15,215	01/08/2016	02/05/2024	Red	Contractor's updated programming of work moved Public Utility works from 22/23 to 23/24
Street Lighting LED Replacement	3,226	61	3,900	3,900	01/08/2016	31/12/2024	Green	Tender for final package of works still to be awarded.
Helensburgh Waterfront Development	23,415	977	24,392	24,392	01/04/2017	31/03/2024	Green	Physically complete, retentions outstanding
CHORD Oban	7,279	626	7,905	7,905	27/10/2016	31/03/2022	Green	Issues with contract close out impacting on timescales.
TIF - Halfway House Roundabout	66	56	640	640	tbc	tbc	Green	Scope of project still to be determined - budget to be reprofiled.
CHORD Rothesay	15,231	6,737	24,012	24,012	tbc	tbc	Green	Project recommenced.
Harbour Investment Programme	7,397	3,243	91,335	91,335	01/04/2017	31/03/2028	Green	Budget slipped into future years.
Dunoon Primary	10,635	234	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	10,085	34	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	2,844	406	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Helensburgh Office Rationalisation	11,538	300	11,838	11,838	25/04/2013	31/12/2022	Green	Project subject to legal dispute.
CHORD Dunoon	12,495	27	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	47	560	1,129	1,129	01/02/2022	01/09/2024	Green	Development Agreement still to be concluded.
Carbon Management - Non Education	29	21	50	50	01/04/2015	31/12/2024	Green	Projects being determined.
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	489	56	590	590	22/01/2015	31/12/2025	Green	
Campbeltown Schools Redevelopment	2,092	38	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,529	28	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project proposed for 23-24.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Complete.
TIF - Lorn/Kirk Road	2,169	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.
Clean Energy - NDEEF1	964	224	1,331	1,331	tbc	31/03/2024	Green	
Clean Energy - NDEEF2	0	50	1,140	1,140	tbc	tbc	Green	
Net Zero	0	0	366	366	tbc	tbc	Green	
Strategic Change Total	129,739	22,482	240,388	239,678				

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 December 2023

	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	5,557	5,558	(1)	10,402	8,169	2,233	23,042	23,042	0
Executive Director Kirsty Flanagan	5,552	5,576	(24)	15,609	11,436	4,173	38,026	38,136	(110)
Asset Sustainability Total	11,109	11,134	(25)	26,011	19,605	6,406	61,068	61,178	(110)
Service Development Projects									
Executive Director Douglas Hendry	321	321	0	526	526	0	16,438	16,438	0
Executive Director Kirsty Flanagan	2,264	2,264	0	6,244	5,998	246	38,354	38,354	0
Service Development Total	2,585	2,585	0	6,770	6,524	246	54,792	54,792	0
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	2	2	0	234	234	0	10,869	10,869	0
Replacement of Oban High	0	0	0	406	406	0	3,250	3,250	0
Kim Primary School	0	0	0	34	34	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	0	0	0	201	201	0
NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	761	761	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	400	400	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	0	0	0	0	0	0	1,938	1,938	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	0	0	0	182	182	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF1	145	145	0	224	224	0	1,331	1,331	0
Clean Energy - NDEEF2	0	0	0	50	50	0	1,140	1,140	0
Net Zero	0	0	0	0	0	0	366	366	0
Campbeltown Flood Scheme	7,293	7,293	0	9,702	8,802	900	15,215	15,925	(710)
Street Lighting LED Replacement	31	31	0	61	61	0	3,900	3,900	0
Harbour Investment Programme	1,131	1,131	0	3,200	3,200	0	91,292	91,292	0
Harbour Investment Programme Non - PB	0	0	0	43	43	0	43	43	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	1	1	0	56	56	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	56	56	0	640	640	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	0	0	0	27	27	0	12,522	12,522	0
CHORD Oban	0	0	0	626	626	0	7,905	7,905	0
CHORD Rothesay	3,605	3,605	0	6,737	6,737	0	24,012	24,012	0
Helensburgh Waterfront Development	76	76	0	977	977	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	560	560	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	12,284	12,284	0	23,416	22,516	900	240,028	240,738	(710)
Total Expenditure	25,978	26,003	(25)	56,197	48,645	7,552	355,888	356,708	(820)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	(128)	(128)	0	(578)	(578)	0
Executive Director Kirsty Flanagan	(430)	(430)	0	(1,097)	(1,097)	0	(1,097)	(1,097)	0
Asset Sustainability Total	(430)	(430)	0	(1,225)	(1,225)	0	(1,675)	(1,675)	0
Service Development Projects									
Executive Director Douglas Hendry	0	0	0	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	(108)	(108)	0	(6,569)	(6,569)	0	(24,663)	(24,663)	0
Service Development Total	(108)	(108)	0	(6,569)	(6,569)	0	(32,434)	(32,434)	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	(1,131)	(1,131)	0	(3,200)	(3,200)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	(113)	(113)	0	(2,154)	(2,154)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	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	(1,131)	(1,131)	0	(6,612)	(6,612)	0	(105,714)	(105,714)	0
Total Income	(1,669)	(1,669)	0	(14,406)	(14,406)	0	(139,823)	(139,823)	0
Net Total	24,309	24,334	(25)	41,791	34,239	7,552	216,065	216,885	(820)

MONITORING REPORT							Appendix 8		
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY							31 December 2023		
	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	3,747	3,747	0	5,859	4,882	977	13,409	13,409	0
Live Argyll	561	561	0	1,062	1,062	0	2,125	2,125	0
Health and Social Care Partnership	613	613	0	2,147	890	1,257	3,452	3,452	0
Shared Offices	636	637	(1)	1,334	1,335	(1)	4,056	4,056	0
Asset Sustainability Total	5,557	5,558	(1)	10,402	8,169	2,233	23,042	23,042	0
Service Development Projects									
Ardriishaig Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0
Clyde Cottage - 600 hour provision	0	0	0	0	0	0	556	556	0
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0
Islay High and Rosneath Primary School Pitches	0	0	0	0	0	0	719	719	0
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0
Tarbert High School - Biomass enabling work	0	0	0	0	0	0	0	0	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0
Early Learning and Childcare - 1140 Hours	320	320	0	320	320	0	7,774	7,774	0
CO2 Monitoring - Covid Mitigation in Schools	0	0	0	113	113	0	192	192	0
Early Learning and Childcare - 1140 Hours - CFCR	0	0	0	0	0	0	1,379	1,379	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0	38	38	0
Riverside Leisure Centre Refurbishment	1	1	0	1	1	0	1,246	1,246	0
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0
Service Development Total	321	321	0	526	526	0	16,438	16,438	0
Strategic Change Projects									
Campbelltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	2	2	0	234	234	0	10,869	10,869	0
NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	761	761	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	400	400	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	0	0	0	0	0	0	1,938	1,938	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	0	0	0	182	182	0
Campbelltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF1	145	145	0	224	224	0	1,331	1,331	0
Clean Energy - NDEEF2	0	0	0	50	50	0	1,140	1,140	0
Net Zero	0	0	0	0	0	0	366	366	0
CHORD Oban	0	0	0	626	626	0	7,905	7,905	0
CHORD Rothesay	3,605	3,605	0	6,737	6,737	0	24,012	24,012	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	0	0	0	27	27	0	12,522	12,522	0
Helensburgh Waterfront Deveopment	76	76	0	977	977	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	560	560	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	3,828	3,828	0	10,297	10,297	0	125,964	125,964	0
Total Expenditure	9,706	9,707	(1)	21,225	18,992	2,233	165,444	165,444	0
INCOME									
Asset Sustainability									
Education	0	0	0	(125)	(125)	0	(125)	(125)	0
Shared Offices	0	0	0	(3)	(3)	0	(3)	(3)	0
Asset Sustainability Total	0	0	0	(128)	(128)	0	(578)	(578)	0
Service Development Projects									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0
Service Development Total	0	0	0	0	0	0	(7,771)	(7,771)	0
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Net Departmental Total	9,706	9,707	(1)	17,798	15,565	2,233	145,097	145,097	0

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT										Appendix 8	
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										31 December 2023	
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs				
	Budget £000s	Actual £000s	(Over)/Under £000s	Budget £000s	Forecast £000s	(Over)/Under £000s	Budget £000s	Forecast £000s	(Over)/Under £000s		
EXPENDITURE											
Asset Sustainability Projects											
Flood Prevention	101	101	0	807	340	467	1,305	1,305	0		
Coastal Protection	2	2	0	9	6	3	99	199	100	0	
Coastal Change Adaptation	30	30	0	158	41	117	287	287	0		
Bute Sea Wall Repairs	46	46	0	100	59	41	680	680	0		
Helensburgh Flood Mitigation	1	1	0	428	1	427	428	428	0		
Bridge Strengthening	240	240	0	1,336	373	963	1,686	1,686	0		
Local Bridge Maintenance Fund	123	123	0	1,000	173	827	5,203	5,203	0		
Roads Reconstruction	3,619	3,619	0	7,419	7,419	0	15,419	15,419	0		
Roads Reconstruction - Helensburgh CHORD	0	0	0	47	47	0	47	47	0		
Roads Reconstruction - Oban CHORD	0	0	0	3	3	0	3	3	0		
Helensburgh CHORD - Signage etc	0	0	0	10	10	0	10	10	0		
Lighting	0	0	0	440	440	0	1,040	1,040	0		
Environmental Projects	191	191	0	650	200	450	1,021	1,021	0		
Play Park Refurbishment	0	0	0	312	0	312	938	938	0		
Public Convenience Upgrades	54	54	0	282	282	0	282	282	0		
Footway Improvements	381	381	0	750	450	300	750	750	0		
Glengorm - Capping	0	0	0	0	0	0	0	0	0		
Glengorm - Cell and Transfer Station (PB)	89	89	0	89	89	0	89	89	0		
Sartrbeck - Capping	6	6	0	6	6	0	200	200	0		
POPs Waste	0	24	(24)	0	0	(24)	0	110	(110)		
EV Quick Chargers	0	0	0	62	62	0	62	62	0		
Tobermory Car Park	0	0	0	96	96	0	96	96	0		
Active Travel	0	0	0	389	189	200	389	389	0		
Block Allocation - RIS	0	0	0	0	0	0	4,268	4,268	0		
Sewer Sustainability	120	120	0	352	352	0	1,177	1,177	0		
PC Replacement	306	306	0	518	518	0	1,835	1,835	0		
Telecomms Network	243	243	0	256	256	0	480	480	0		
Asset Sustainability Total	5,552	5,576	(24)	15,609	11,436	4,173	38,026	38,136	(110)		
Service Development Projects											
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0		
Campbelltown Old Quay	0	0	0	0	0	0	1,381	1,381	0		
Fleet Management - Prudential Borrowing	1,188	1,188	0	2,187	2,187	0	4,861	4,861	0		
Fleet Management	0	0	0	325	79	246	4,538	4,538	0		
Lismore Ferry	0	0	0	15	15	0	672	672	0		
Oban Depot Development Project	9	9	0	9	9	0	2,189	2,189	0		
Lochgilphead Depot Rationalisation	33	33	0	33	33	0	62	62	0		
Jackson's Quarry Refurbishment	0	0	0	0	0	0	285	285	0		
Witchburn Road Demolition	0	0	0	0	0	0	158	158	0		
Safe Streets, Walking and Cycling (CWSS)	0	0	0	370	370	0	3,383	3,383	0		
SPT - bus infrastructure	0	0	0	0	0	0	1,430	1,430	0		
Cycleways - H&L (FSPT)	7	7	0	300	300	0	3,402	3,402	0		
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	50	50	0	53	53	0		
Town Centre Funds	341	341	0	718	718	0	4,328	4,328	0		
Rural Growth Deal	160	160	0	162	162	0	212	212	0		
Dunoon Cycle Bothy	220	220	0	292	292	0	563	563	0		
Dunoon STEM Hub	19	19	0	713	713	0	2,558	2,558	0		
Ardriahga North Active Travel	75	75	0	112	112	0	880	880	0		
Nature Restoration Fund	0	0	0	346	346	0	346	346	0		
Gibraltar Street Public Realm Improvements	12	12	0	222	222	0	250	250	0		
Hermitage Park	0	0	0	26	26	0	3,388	3,388	0		
West Coast UAV Innovation Logistics and Training Hub	0	0	0	0	0	0	0	0	0		
Applications Projects	200	200	0	348	348	0	3,193	3,193	0		
Service Development Total	2,264	2,264	0	6,244	5,998	246	38,354	38,354	0		
Strategic Change Projects											
Campbelltown Flood Scheme	7,203	7,203	0	9,702	8,802	900	15,215	15,925	(710)		
Street Lighting LED Replacement	31	31	0	61	61	0	3,900	3,900	0		
Harbour Investment Programme	1,131	1,131	0	3,200	3,200	0	91,292	91,292	0		
Harbour Investment Programme - Non PB	0	0	0	43	43	0	43	43	0		
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0		
TIF - Oban Airport Business Park	1	1	0	56	56	0	590	590	0		
TIF - Halfway House Roundabout	0	0	0	56	56	0	640	640	0		
Strategic Change Total	8,456	8,456	0	13,119	12,219	900	114,064	114,774	(710)		
Total Expenditure	16,272	16,296	(24)	34,972	29,653	5,319	190,444	191,264	(820)		
INCOME											
Asset Sustainability											
EV Quick Chargers	0	0	0	(27)	(27)	0	(27)	(27)	0		
Roads Reconstruction	(430)	(430)	0	(470)	(470)	0	(470)	(470)	0		
Tobermory Car Park	0	0	0	(400)	(400)	0	(400)	(400)	0		
Asset Sustainability Total	(430)	(430)	0	(1,097)	(1,097)	0	(1,097)	(1,097)	0		
Service Development Projects											
Applications Projects	0	0	0	(46)	(46)	0	(437)	(437)	0		
Safe Streets, Walking and Cycling	0	0	0	(376)	(376)	0	(2,988)	(2,988)	0		
SPT	0	0	0	(25)	(25)	0	(1,268)	(1,268)	0		
Cycleways - H&L (FSPT)	0	0	0	(590)	(590)	0	(3,502)	(3,502)	0		
Town Centre Funds	0	0	0	(625)	(625)	0	(2,237)	(2,237)	0		
Rural Growth Deal	(81)	(81)	0	(182)	(182)	0	(212)	(212)	0		
Dunoon STEM Hub	0	0	0	(2,050)	(2,050)	0	(2,558)	(2,558)	0		
Ardriahga North Active Travel	0	0	0	0	0	0	(50)	(50)	0		
Dunoon Cycle Bothy	0	0	0	(394)	(394)	0	(563)	(563)	0		
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0		
Hermitage Park	0	0	0	0	0	0	(3,319)	(3,319)	0		
Fleet Management - PB	0	0	0	(2,187)	(2,187)	0	(4,861)	(4,861)	0		
Fleet Management	(27)	(27)	0	(27)	(27)	0	(27)	(27)	0		
Lochgilphead Depot Rationalisation	0	0	0	0	0	0	0	0	0		
Millpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0		
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0		
Oban Depot - Appin Depot Sale	0	0	0	0	0	0	0	0	0		
Oban Depot - Revenue Contribution	0	0	0	(67)	(67)	0	0	0	0		
Lismore Ferry	0	0	0	0	0	0	(500)	(500)	0		
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0		
Service Development Total	(108)	(108)	0	(6,569)	(6,569)	0	(24,663)	(24,663)	0		
Strategic Change Projects											
Campbelltown Flood	0	0	0	0	0	0	(270)	(270)	0		
Harbour PB	(1,131)	(1,131)	0	(3,200)	(3,200)	0	(91,292)	(91,292)	0		
01 TIF - Lorn/Kirk Road	0	0	0	(113)	(113)	0	(2,154)	(2,154)	0		
Strategic Change Total	(1,131)	(1,131)	0	(3,313)	(3,313)	0	(93,716)	(93,716)	0		
Total Income	(1,669)	(1,669)	0	(10,979)	(10,979)	0	(119,476)	(119,476)	0		
Net Departmental Total	14,603	14,627	(24)	23,993	18,674	5,319	70,968	71,788	(820)		

CAPITAL PLAN 2023-24
Overall Summary

APPENDIX 9

Service	Previous Years £000's	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total
Education	39,077	6,037	5,006	3,521	0	0	53,641
Shared Offices	17,661	1,910	3,343	977	0	0	23,891
ICT	2,529	1,474	1,593	1,221	0	0	6,817
RIS	26,197	24,731	46,640	44,028	17,623	0	159,219
DEG	18,331	3,424	2,653	0	0	0	24,408
HSCP	1,246	972	2,085	477	0	0	4,780
Live Argyll	1,274	1,084	636	427	0	0	3,421
CHORD	68,156	8,989	2,461	105	0	0	79,711
Overall Total	174,471	48,621	64,417	50,756	17,623	0	355,888

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27		2027-28	Total
			Years	£000s	£000s		£000s	£000s	£000s	
Asset Sustainability	Education	Asbestos Control/Removal Works		0	7	0	0	0	0	7
		Block Allocation - Education		0	216	866	520	0	0	1,602
		Digital Inclusion 20-21		0	9	0	0	0	0	9
		Free School Meals		0	379	900	1,495	0	0	2,774
		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	0	0	0	0	0	0
		Pre-5's/Nurseries		0	0	0	0	0	0	0
		Primary Schools		0	3,370	2,420	1,280	0	0	7,070
		School Houses - Housing Quality Standard		0	13	0	0	0	0	13
Secondary Schools		0	852	820	226	0	0	1,898		
Asset Sustainability Total			0	4,854	5,006	3,521	0	0	13,381	
Service Development	Education	Ardrishaig 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	0	0	0	0	0	556
		CO2 Monitoring - Covid Mitigation in Schools		79	113	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		7,454	320	0	0	0	0	7,774
		Early Learning and Childcare - 1140 Hours - CFCR		1,379	0	0	0	0	0	1,379
		Iona Primary School - Pre Five Unit (600 hours funding)		490	0	0	0	0	0	490
		Islay High & Rosneath PS Pitches		719	0	0	0	0	0	719
		Lochgoilhead 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			13,421	471	0	0	0	0	13,892	
Strategic Change	Education	Campbeltown Schools Redevelopment		2,092	38	0	0	0	0	2,130
		Dunoon Primary School		10,635	234	0	0	0	0	10,869
		Kirn Primary School		10,085	34	0	0	0	0	10,119
		Replacement of Oban High School		2,844	406	0	0	0	0	3,250
Strategic Change Total			25,656	712	0	0	0	0	26,368	
Overall Total			39,077	6,037	5,006	3,521	0	0	53,641	

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Shared Offices	5-7 East Clyde Street - Coastal Communities Fund	0	0	0	0	0	0	0
		Argyll House, Dunoon	0	9	0	0	0	0	9
		Asbestos Capital Property Works	0	51	0	0	0	0	51
		Block Allocation	0	152	298	427	0	0	877
		Bowmore Area Office	0	76	0	0	0	0	76
		Burnett Building	0	3	107	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
		Helensburgh and Lomond Civic Centre - Emergency Heating Pipewc	0	130	0	0	0	0	130
		Hill Street Dunoon Rewire	0	33	0	0	0	0	33
		Kilmory Castle	0	0	1,409	0	0	0	1,409
		Legionella Control Works	0	144	0	0	0	0	144
		Manse Brae District Office	0	0	0	0	0	0	0
		Manse Brae Roads Office	0	2	0	0	0	0	2
Our Modern Workspace	0	683	480	0	0	0	1,163		
Asset Sustainability Total		0	1,335	2,294	427	0	0	4,056	
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudentie	1,938	0	0	0	0	0	1,938
		Carbon Management Business Cases (FPB)	201	0	0	0	0	0	201
		Carbon Management Capital Property Works 16/17	19	0	0	0	0	0	19
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	0	107
		Clean Energy - NDEEF1	964	224	143	0	0	0	1,331
		Clean Energy - NDEEF2	0	50	540	550	0	0	1,140
		Helensburgh Office Rationalisation (FPB,REC)	11,538	300	0	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	0	956
		Net Zero	0	0	366	0	0	0	366
		Non-NPDO Schools PV Panel Installations	400	0	0	0	0	0	400
		NPDO Schools Solar PV Panel Installations	761	0	0	0	0	0	761
Oil to Gas Heating Conversions (FPB)	182	0	0	0	0	0	182		
Strategic Change Total		17,661	575	1,049	550	0	0	19,835	
Overall Total		17,661	1,910	3,343	977	0	0	23,891	

Category	Service	Project	Previous Years					Total £000s
			2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Strategic Change	CHORD	CHORD - Dunoon	12,495	27	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,529	28	0	0	0	6,557
		CHORD - Oban	7,279	626	0	0	0	7,905
		CHORD - Rothesay	15,231	6,737	1,973	71	0	24,012
		Helensburgh Waterfront Development	23,415	977	0	0	0	24,392
		HWD - FFE	316	34	0	0	0	350
		Kilmory Business Park Phase 2AA	47	560	488	34	0	1,129
		OBC for Dunoon Pier	2,844	0	0	0	0	2,844
Strategic Change Total			68,156	8,989	2,461	105	0	79,711
Overall Total			68,156	8,989	2,461	105	0	79,711

Category	Service	Project	Previous	2023-24 £000's	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s	
			Years							
Asset Sustainability	ICT	Block Allocation - ICT		0	0	132	0	0	0	132
		PC Replacement		0	518	648	669	0	0	1,835
		Server Sustainability		0	352	425	400	0	0	1,177
		Telecomms Network		0	256	72	152	0	0	480
Asset Sustainability Total			0	1,126	1,277	1,221	0	0	3,624	
Service Development	ICT	Applications Projects		2,529	348	316	0	0	0	3,193
Service Development Total				2,529	348	316	0	0	0	3,193
Overall Total				2,529	1,474	1,593	1,221	0	0	6,817

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	RIS	Block Allocation	0	0	0	4,268	0	0	4,268
		Bridge Strengthening	0	373	1,313	0	0	0	1,686
		Bute Sea Wall Repairs	0	59	621	0	0	0	680
		Coastal Change Adaptation	0	41	246	0	0	0	287
		Coastal Protection	0	6	193	0	0	0	199
		Environmental Projects	0	200	821	0	0	0	1,021
		EV Quick Chargers	0	62	0	0	0	0	62
		Flood Prevention	0	340	772	155	38	0	1,305
		Footway Improvements	0	450	300	0	0	0	750
		Glengorm - Capping	0	0	0	0	0	0	0
		Glengorm - Cell and Transfer Station (PB)	0	89	0	0	0	0	89
		Helensburgh CHORD - Signage etc	0	10	0	0	0	0	10
		Helensburgh Flood Mitigation	0	1	427	0	0	0	428
		Investment in Active Travel	0	189	200	0	0	0	389
		Lighting	0	440	600	0	0	0	1,040
		Local Bridge Maintenance Fund	0	173	4,827	203	0	0	5,203
		Plant and Machinery	0	0	0	0	0	0	0
		Public Convenience Upgrades	0	282	0	0	0	0	282
		Roads Reconstruction	0	7,419	8,000	0	0	0	15,419
		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	96	0	0	0	0	96		
Asset Sustainability Total			0	10,280	18,867	5,017	38	0	34,202
Service Development	RIS	Campbeltown Old Quay	1,381	0	0	0	0	0	1,381
		Depot Rationalisation	0	0	0	0	0	0	0
		Fleet Management - Prudential Borrowing	2,674	1,941	246	0	0	0	4,861
		Jackson's Quarry Refurbishment	285	0	0	0	0	0	285
		Lismore Ferry Replacement	637	15	20	0	0	0	672
		Lochgilphead Depot Rationalisation	29	33	0	0	0	0	62
		Oban Depot Development	2,180	9	0	0	0	0	2,189
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	0	221
		Witchburn Road Demolition	158	0	0	0	0	0	158
Service Development Total			10,582	2,339	1,446	0	0	0	14,367
Strategic Change	RIS	Campbeltown Flood Scheme	4,992	8,802	1,410	11	0	0	15,215
		Harbour Investment Programme PB	7,397	3,200	24,110	39,000	17,585	0	91,292
		Street Lighting LED Replacement	3,226	61	613	0	0	0	3,900
Strategic Change Total			15,615	12,063	26,133	39,011	17,585	0	110,407
Overall Total			26,197	24,682	46,446	44,028	17,623	0	158,976

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardishaig North Active Travel	755	112	13	0	0	0	880
		Cycleways - H&L (FSPT)	2,812	300	290	0	0	0	3,402
		Dunoon Cycle Bothy	259	292	12	0	0	0	563
		Dunoon STEM Hub	95	713	1,750	0	0	0	2,558
		Gibraltar Street Public Realm Improvements	28	222	0	0	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	3	50	0	0	0	0	53
		Hermitage Park	3,362	26	0	0	0	0	3,388
		Nature Restoration Fund	0	346	0	0	0	0	346
		Rural Growth Deal	50	162	0	0	0	0	212
		Safe Streets, Walking and Cycling (CWSS)	3,013	370	0	0	0	0	3,383
		SPT - bus infrastructure	1,405	0	25	0	0	0	1,430
		Town Centre Funds	3,611	718	0	0	0	0	4,329
Service Development Total			15,393	3,311	2,090	0	0	0	20,794
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	56	45	0	0	0	590
		TIF - Halfway House Roundabout	66	56	518	0	0	0	640
Strategic Change Total			2,938	113	563	0	0	0	3,614
Overall Total			18,331	3,424	2,653	0	0	0	24,408

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	HSCP	Ardfenaig	0	27	0	0	0	0	27
		Block Allocation	0	0	1,058	184	0	0	1,242
		Capital Property Works	0	79	0	0	0	0	79
		Digitalising telecare	0	100	0	0	0	0	100
		Dunoon Hostel	0	0	0	0	0	0	0
		Eadar Glinn	0	0	0	0	0	0	0
		East King Street Childrens Home	0	58	0	0	0	0	58
		Glencruitten Hostel	0	81	36	143	0	0	260
		Gortonvogie	0	1	0	0	0	0	1
		Greenwood/Woodlands	0	216	0	0	0	0	216
		Lochgilphead Resource Centre	0	16	0	0	0	0	16
		Rothesay Community Education Centre	0	0	0	0	0	0	0
		Shellach View	0	144	0	0	0	0	144
		Thomson Home Rothesay	0	0	0	0	0	0	0
		Tigh An Rudha HFE	0	109	991	150	0	0	1,250
Tobermory Top Flat	0	28	0	0	0	0	28		
Asset Sustainability Total			0	918	2,085	477	0	0	3,480
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	972	2,085	477	0	0	4,780

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	343	48	40	0	0	431
		Corran Halls Gaelic Centre	0	113	46	84	0	0	243
		Inveraray CARS	0	0	0	0	0	0	0
		Kintyre Community Education Centre - Lift Shaft Refurbishment	0	2	0	0	0	0	2
		LA - Indoor Cycles	0	0	0	0	0	0	0
		Lochgilphead Library Relocation	0	14	0	0	0	0	14
		Moat Centre (Roofing)	0	0	0	0	0	0	0
		Queen's Hall - Partition Wall	0	0	0	0	0	0	0
		Riverside Leisure Centre - Health Suite Upgrade	0	204	0	0	0	0	204
		Rothesay Swimming Pool	0	40	25	50	0	0	115
		The Moat Centre - Gym Store	0	0	0	0	0	0	0
		The Moat Centre - Heating Upgrade	0	0	0	0	0	0	0
The Moat Centre - Window Upgrade	0	0	0	0	0	0	0		
Victoria Halls, Helensburgh	0	78	0	0	0	0	78		
Asset Sustainability Total			0	1,062	636	427	0	0	2,125
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	1	0	0	0	0	1,246
Service Development Total			1,245	1	0	0	0	0	1,246
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	1,084	636	427	0	0	3,421

TREASURY MANAGEMENT MONITORING REPORT – 31 DECEMBER 2023

1.0. EXECUTIVE SUMMARY

- 1.1. This report sets out the Council's treasury management position for the period 1 November 2023 to 31 December 2023 and includes information on:
- Overall borrowing position
 - Borrowing activity
 - Investment activity
 - Economic background
 - Interest rate forecast
 - Prudential Indicators
- 1.2. Estimated borrowing is below the Capital Financing Requirement for the period to 31 December 2023, at this stage in the financial year capital expenditure is below target.
- 1.3. The net movement in external borrowing in the period 1 November 2023 to 31 December 2023 was £3m.
- 1.4. The levels of investments were £56.929m at 31 December 2023. The rate of return achieved was 5.054% compared to the target SONIA rate which was 5.187%.
- 1.5. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy on the basis of security first, liquidity second and then return.

TREASURY MANAGEMENT MONITORING REPORT – 31 DECEMBER 2023

2.0. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 November 2023 to 31 December 2023 and includes information on:

- Overall borrowing position
- Borrowing activity
- Investment activity
- Economic background
- Interest rate forecast
- Prudential Indicators

3.0. 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 2023. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26
	£000	£000	£000
CFR at 1 April	291,782	286,645	316,648
Net Capital Expenditure	6,593	42,195	40,911
Less Loans Fund Principal Repayments	(5,950)	(6,254)	(6,573)
Less: NPDO Repayment	(5,780)	(5,938)	(6,235)
Estimated CFR 31 March	286,645	316,648	344,751
Less Funded by NPDO	(111,564)	(105,784)	(105,846)
Estimated Net CFR 31 March	175,081	210,864	238,905
Estimated External Borrowing at 31 March	142,534	170,835	189,152
Gap	32,547	40,029	49,753

3.2. Borrowing is below the Capital Financing Requirement for the period to 31 December 2023. Whilst borrowing rates are still comparatively low, the Council has delayed taking out any new long term borrowing, as rates are expected to drop towards the end of 2024 plus the Council has significant cash balances which reduces the need to borrow in the short term.

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

3.4. The Council's estimated net capital financing requirement at 31 December 2023 is £175.081m. The table below shows how this has been financed. £109.377m is funded by loans and there are substantial internal balances of £122.633m of which £56.929m are currently invested, as detailed in section 3.7, leaving a net internal balance of £65.704m.

	Position at 31/10/23	Position at 31/12/23
	£000	£000
Loans	112	109
Net Internal Balances	72	66
Total CFR	184	175

3.5. During the period from 1 November 2023 to 31 December 2023, £24m of loans were repaid and was replaced with new borrowing of £21m. The analysis of the movement in borrowing is shown in the table below:

	Actual £m
External Loans Repaid 1st November 2023 to 31st December 2023	(24)
Borrowing undertaken 1st November 2023 to 31st December 2023	21
Net Movement in External Borrowing	(3)

3.6. 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 October 2023	328	4.40%
Temp borrowing at 31st December 2023	222	4.40%

Investment Activity

- 3.7. The average rate of return achieved in the Council's investments to 31 December 2023 was 5.054% compared to the SONIA (Sterling Overnight Index Average) rate for the same period of 5.187%. The Council's rate of return is marginally less than SONIA due to the rapid rise in interest rates which increased SONIA faster than the Council was able to redeem its existing lower rated investments. At 31 December 2023 the Council had £56.929m of short term investments at an average rate of 5.054%. 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	2,779	5.15%	Short Term A-2, Long
Cambridgeshire County Council	22/01/2024	5,000	1.00%	AA
London Borough of Croydon	10/10/2024	5,000	4.10%	AA
National Bank of Kuwait	09/04/2024	7,500	5.13%	Short Term A-1, Long
First Abu Dhabi Bank	09/05/2024	5,000	5.27%	Short Term A-1+,
London Borough of Croydon	10/06/2024	5,000	5.30%	AA
Close Brothers	31/01/2024	2,500	5.87%	Short Term A-1, Long
First Abu Dhabi Bank	01/02/2024	5,000	5.93%	Short Term A-1+,
First Abu Dhabi Bank	09/08/2024	5,000	6.16%	Short Term A-1+,
Goldman Sachs	16/02/2024	5,000	5.93%	Short Term A-1, Long
Australia and New Zealand Banking Group	16/02/2024	5,000	5.92%	Short Term A-1+,
MMF- Federated	Call	1,600	0.00%	AAA
MMF - Legal and General	Call	2,550	0.00%	AAA
Total		56,929		

- 3.8. All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy. These cash balances are in excess of what is required for normal operating purposes but the economic environment for investments has improved over the last few months with an increase in interest rates, making investing these monies easier than in previous years.

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 2023-24 are attached in Appendix 3.

4.0. CONCLUSION

4.1 In the period from 1 November 2023 to 31 December 2023, the Council's borrowing remained unchanged, and is currently below the Capital Financing Requirement. There are substantial internal balances, of which £56.929m is currently invested. The investment returns were 5.054%.

5.0. IMPLICATIONS

5.1.	Policy	None
5.2.	Financial	Complies with Annual Treasury Strategy
5.3.	Legal	None
5.4.	HR	None
5.5.	Fairer Duty Scotland:	
	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
4 January 2024

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

For further information contact Anne Blue, Head of Financial Services
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Appendix 1 – Economics Update

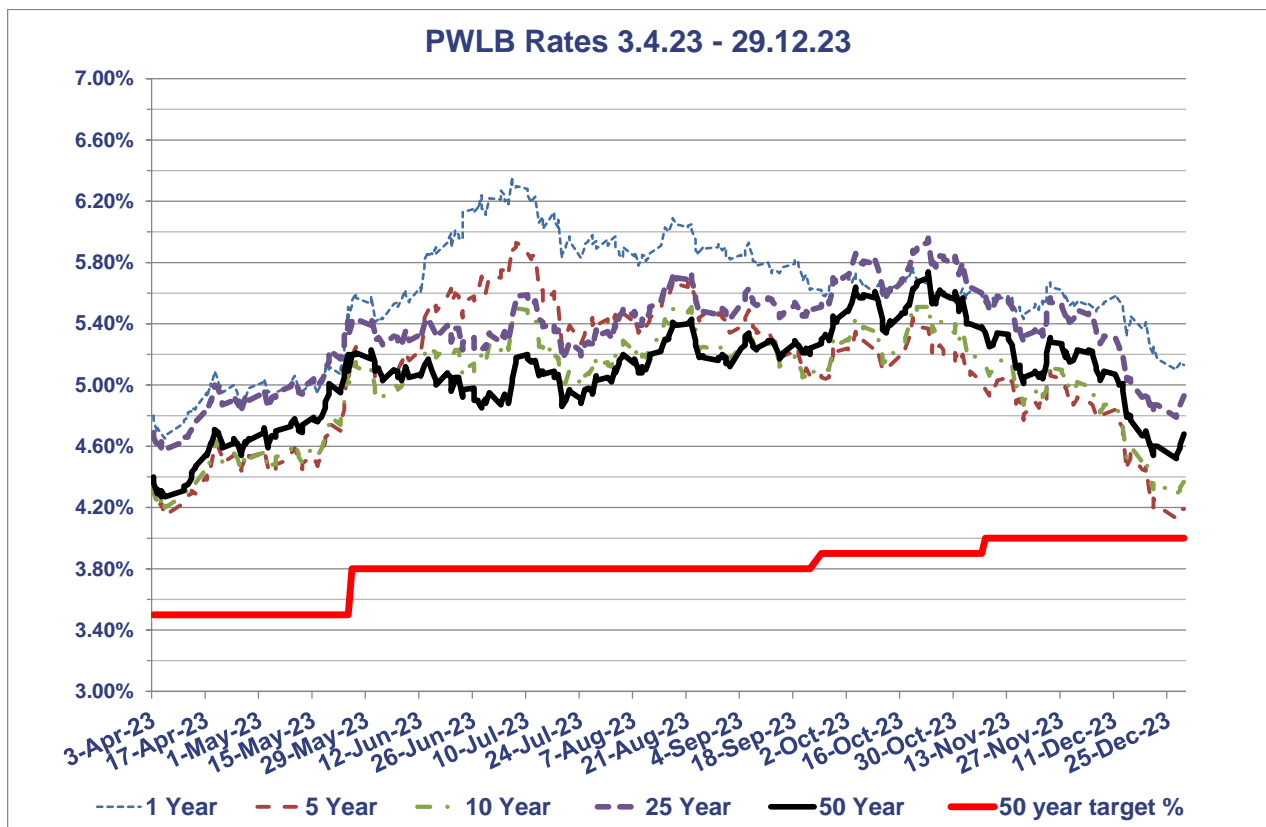
- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%;
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
 - The Bank of England holding Bank Rate at 5.25% in November and December;
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before

starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until H2 2024.

- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.



MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

Appendix 2 – Interest Rate Forecast

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.

Link provided the following forecasts on 08 January 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

- The Link forecast 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.

Additional notes by Link on this forecast table: -

- Our central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).
- Naturally, timing on this matter will remain 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.
- 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 7th November and reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.
- Naturally, timing on this matter will remain 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.

- 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.
- On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing a little better at this stage of the economic cycle than may have been expected. Nonetheless, with approximately 400,000 households per quarter facing a mortgage interest reset at higher levels than their current rate, the economy will face on-going headwinds from that source, in addition to lower income households having to spend disproportionately on essentials such as food, energy and rent payments.

PWLB RATES

- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

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

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, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

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

- Despite the recent tightening to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance, inclusive of natural maturities and Quantitative Tightening (QT)**, could be too much for the markets to comfortably digest without higher yields compensating.

Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2023-24	2023-24	2024-25	2025-26
(1). EXTRACT FROM BUDGET				
	Forecast Outturn	Original Estimate	Forecast Outturn	Forecast Outturn
Capital Expenditure	£'000	£'000	£'000	£'000
Non - HRA	6,593	43,110	42,195	40,911
TOTAL	6,593	43,110	42,195	40,911
Ratio of financing costs to net revenue stream				
Non - HRA	4.25%	4.37%	4.40%	4.43%
Net borrowing requirement				
brought forward 1 April *	291,782	304,498	286,645	316,648
carried forward 31 March *	286,645	372,359	316,648	344,751
in year borrowing requirement	(5,137)	67,861	30,003	28,103
In year Capital Financing Requirement				
Non - HRA	(5,137)	67,861	30,003	28,103
TOTAL	(5,137)	67,861	30,003	28,103
Capital Financing Requirement as at 31 March				
Non - HRA	286,645	372,359	316,648	344,751
TOTAL	286,645	372,359	316,648	344,751

PRUDENTIAL INDICATOR	2023-24	2024-25	2025-26
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	268	283	305
other long term liabilities	112	113	108
TOTAL	380	396	413
Operational boundary for external debt -			
borrowing	263	278	300
other long term liabilities	109	110	105
TOTAL	372	388	405
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 day (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2023/24	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 DECEMBER 2023

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 £666.354m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2023 the Council had a total of £93.828m of usable reserves. Of this:
- £2.916m relates to the Repairs and Renewals Fund
 - £4.503m relates to Capital Funds
 - £86.409m was held in the General Fund, with £79.466m of this balance earmarked for specific purposes.
- 1.4 During 2023-24, the amount of £4.776m which was previously agreed to be utilised from the one-off reprofiling gain from the Loans Fund Review was drawn down into Earmarked Reserves to be used to fund the Capital Programme as detailed in paragraph 3.5.1. This results in the total earmarked balance increasing to £84.242m.
- 1.5 Of the earmarked balance of £84.242m:
- £41.505m is invested or committed for major initiatives/capital projects
 - £6.032m has already been drawn down
 - £13.087m is still to be drawn down in 2023-24
 - £23.618m is planned to be spent in future years
- 1.6 The Council's General Fund contingency level is set at 2% of net expenditure for 2023-24 which equates to £5.691m. At the beginning of the financial year there was £1.252m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 23 February 2023, the earmarked balances no longer required, the current forecast outturn position for 2023-24 and the proposed allocation for floral displays the Council is forecast to have a £1.276m surplus over contingency.

RESERVES AND BALANCES - UPDATE AS AT 31 DECEMBER 2023**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 2023

- 3.2.1 The balances on each type of reserve at 31 March 2023 are set out in the two tables below, per the Unaudited Accounts for 2022-23.

Unusable Reserves	£000
Revaluation Reserve	174,952
Capital Adjustment Account	268,788
Financial Instruments Adjustment Account	(1,871)
Pensions Reserve	232,073
Accumulated Absences Account	(7,588)
Total Unusable Reserves	666,354

Usable Reserves	£000
Repairs and Renewals Fund	2,916
Capital Fund and Usable Capital Receipts Reserve	4,503
General Fund	86,409
Total Usable Reserves	93,828
Total Reserves	760,182

- 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 2023 can be analysed as follows:

	Balance 31/03/23 £000
Balance on General Fund as at 31 March 2022	96,081
Decrease to General Fund balance at end of 2022-23	(9,672)
Earmarked Balances	(79,466)
Contingency allowance at 2% of net expenditure	(5,691)
Unallocated balance as at 31 March 2023	1,252

- 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 2023, the new amount earmarked from the Loans Fund gain (see section 3.5.1), 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 31/03/2023 - per year end published report	New Earmarkings in year	Invested or committed for major initiatives /capital projects	Drawn-down to 2023-24 Budget as at 31/12/23	Still to be drawn-down in 2023-24	Planned Spend Future Years	Released to General Fund
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	7,247		6,847	400			
Investment in Affordable Housing	3,163		3,059				104
Capital Projects	16,059	4,776	20,835				
Lochgilphead and Tarbert Regeneration	1,460		1,460				
Support for Rural Growth Deal	756		756				
Asset Management Investment	2,098		2,070	28			
Piers and Harbours Investment Fund	2,789		2,789				
Scottish Government Initiatives	2,834			383	152	2,299	
CHORD	378				150	228	
DMR Schools	1,394			669	692	33	
Energy Efficiency Fund	218				218		
Existing Legal Commitments	476					476	
Unspent Grant	13,179		489	1,811	4,684	6,195	
Unspent Third Party Contribution	265			31	97	137	
Previous Council Decision - Other	3,808		1,699	225	424	1,460	
Redundancy Provision	1,578				500	1,078	
Supporting Organisational Change	1,426			111	89	1,226	
One Council Property Team	566				189	377	
Fleet - Timing Delay	658				174	484	
Hermitage Park	19				5	14	
Electric Vehicle Chargers	17				0	17	
COVID-19	5,512		257	592	3,347	1,316	
Unspent Budget	13,566		1,140	1,782	2,666	7,978	
Totals	79,466	4,776	41,401	6,032	13,387	23,318	104

3.3.3 Investment in Affordable Housing £0.104m – this earmarked balance provides cash backed reserves for the loans to registered social landlords. It is estimated that as at 31 March 2024, the balance on the remaining loans will be £3.059m, therefore £0.104m can be released back to the general fund.

3.4 Unallocated General Fund Balance

- 3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2023-24 and amounts to £5.691m. At the beginning of the financial year there was £1.252m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 23 February 2023, the earmarked balances no longer required, the current forecast outturn position for 2023-24 and the proposed allocation for floral displays the Council is forecast to have a £1.276m surplus over contingency.
- 3.4.2 The revenue budget position as at 31 December 2023 was estimated to be a £0.091m overspend.
- 3.4.3 Social Work, as a part of the Integrated Joint Board (IJB), are able to hold any surplus within reserves therefore it is expected that any underspend that materialises would be transferred to the IJB reserves and the General Fund of the Council would not be impacted. Note that as at 31 December, Social Work was projecting a breakeven position.
- 3.4.4 The Environment, Development and Infrastructure Committee on 31 August 2023 agreed to pursue a blended model of options for the provision of floral displays and recommended the additional revenue cost for 2023-24 of £0.008m be funded from the unallocated General Fund and built into the budget outlook estimates for future years.
- 3.4.5 The table below summarises the position of the unallocated General Fund balance taking into consideration the points noted above.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2023	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.691m	1,252
Budgeted allocation to General Fund for 2023-24 Budget	Per the Budget Motion at Council on 23 February 2023	19
Earmarked Balances no longer required	Per paragraph 3.3.3 – amount previously earmarked that can be released back to the general fund	104
Current Forecast Outturn for 2023-24 as at 31 December 2023	Per paragraph 3.4.2.	(91)
Social Work outturn adjustment	Per paragraph 3.4.3 - Social Work would expect to transfer any surplus to internal IJB reserves	0
Allocation from unallocated general fund balance	Per paragraph 3.4.4	(8)
Estimated Unallocated balance as at 31 March 2024		1,276

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 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 in previous years	Transferred to Earmarked Reserves 23-24	Balance Remaining
	£000	£000	£000	£000
Provision for increasing principal repayments	7,649			7,649
Funding Gap in Capital Programme	2,619		(2,619)	0
Significant Strategic Change Projects	5,013	(2,856)	(2,157)	0
Completed Projects	5,280	(5,280)		0
	20,561	(8,136)	(4,776)	7,649

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 December 2023 the estimated unallocated General Fund, after taking into consideration the budget motion, the current forecast outturn for 2023-24 and the proposed allocation for floral displays, the Council is estimated to have a £1.276m surplus over contingency.

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 £5.691m (equivalent to 2% of net expenditure) has been set aside as part of the

5.8 Customer Service - general fund. This has been subject to a risk assessment.
None.

Kirsty Flanagan
Executive Director/Section 95 Officer
12 January 2024

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 December 2023

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent in 2025/26 onwards
001	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855	0		8,855	0	8,855	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.	0	8,855	
002	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	25,100	9,900		15,200	0	15,200	To deliver a number of Digital Service Transformation Projects with a commitment of £0.035m towards a Supply Staff Booking system. Phase 1 of the project is nearing completion.	9,900	15,200	
003	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Academy - Demolition and Waste Disposal	953,875	73,655		880,220	0	880,220	Since Rothesay Academy was vacated over 15 years ago no site clearance has taken place and there are potential Health and Safety and insurance cover implications due to deterioration of the building. £55,000 earmarking has allowed clearance of remaining materials and debris. Also £840,000 to fund estimated future costs of demolition (subject to removal of listed status) to be added to an existing earmarking. There are potential Health and Safety and insurance cover implications due to deterioration of the building.	73,655	880,220	0
004	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Charity	750,000	0		750,000	0	750,000	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.	0	750,000	
005	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Essential repairs	306,400	0		306,400	0	306,400	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.	0	306,400	
006	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	84,688	24,750		59,938	59,938	0	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which were imposed from April 2017. The remaining funds were carried forward to the 2023/24 revaluation cycle however a recent change in position by the Scottish Government may restrict the appeals which can be made. This is still under discussion and Gerald Eve Surveyors have been appointed as specialist advisers on this matter. In the event that appeals are limited there may be an opportunity to utilise Gerald Eve for more general valuation advice subject to Procurement approval.	84,688	0	
007	Executive Director (Douglas Hendry)	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	0	0		0	0	0	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing). Lochgilphead Primary complete and remainder of funds to be used to commence Rothesay Project. This project now completed.	0	0	
008	Executive Director (Douglas Hendry)	Commercial Services	Mid Argyll Community Pool	30,000	30,000		0	0	0	At the Council Budget meeting on 23 February 2023, the Council committed to a one-off investment of £0.030m to Mid Argyll Community Pool in response to an external funding request. Paid.	30,000	0	
009	Executive Director (Douglas Hendry)	Commercial Services	MacTaggart Leisure Islay	30,000	30,000		0	0	0	At the Council Budget meeting on 23 February 2023, the Council committed to a one-off investment of £0.030m to MacTaggart Leisure, Islay in response to an external funding request. Paid.	30,000	0	
010	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013	0		21,013	21,013	0	For Site Investigation works in relation to Tweeddale Street Car Park and Oban Airport Business Park, exploring commercial opportunities to develop the sites and raise revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations these are now complete. The remainder of the budget is intended to be utilised for other site investigation and pre-development works to further develop commercial opportunities across the council area.	21,013	0	
011	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697	0		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	
012	Executive Director (Douglas Hendry)	Commercial Services	(2023 Contract Inflation Adjustments) MAKI/Islay Pools SLA - inflationary increase	9,523	9,523		0	0	0	Additional pressure resulting from the February 2023 inflation rate being higher than the assumptions built into the non-pay inflation calculation which went to Council at budget setting and reflects the difference between what was in the budget and what will need to be paid under the SLAs. The February inflation figure wasn't known until the middle of March, after the budget was set, and the recent trend in inflation reductions turned around in February with an increase.	9,523	0	0
013	Executive Director (Douglas Hendry)	Education	ASN Review	1,255,000	0		1,255,000	0	1,255,000	To fund capital costs of ASN adaptations as part of ASN Review to increase equity of provision across Argyll and Bute. This will be subject to a business case as part of the wider ASN review. Update: Business case now approved and working group set up with quotes for works being carried out Jan 2024.	0	1,255,000	0
014	Executive Director (Douglas Hendry)	Education	Reduced Teacher Staffing Costs - Strike Action	800,000	0		800,000	0	800,000	To fund one off savings in 2024-25 from the underspend in staffing from strike action.	0	800,000	0
015	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) School Wi-Fi Upgrades	200,000	33,076		166,924	116,924	50,000	To extend Wi-Fi coverage within school settings through the purchase of additional hardware such as access points, switches and other networking hardware. This will result in more flexible learning spaces and support the growing number of devices within schools.	150,000	50,000	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
016	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	146,579	1,942		144,637	144,637	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, 21/22 and 22/23 as part of the ongoing transformation work in the Education service, focusing on digital and virtual learning technology and the development of learning clusters. This will continue into 2023/24.	146,579	0	
017	Executive Director (Douglas Hendry)	Education	MCR Pathways Pilot	80,000	40,872		39,128	0	39,128	Funding to support implementation of MCR Pathways mentoring programme within three secondary schools for 2023-24 academic year. Funding will allow the employment of a dedicated Co-ordinator within each setting to develop and implement the programme which is designed to benefit care experienced and other disadvantaged pupils through targeted mentoring support.	40,872	39,128	0
018	Executive Director (Douglas Hendry)	Education	Gaelic Specific Grant	30,000	0		30,000	0	30,000	Proposal to fund the continuation of the Principal Teacher Languages (Gaelic focus) post for the 2023-24 academic year to promote and develop Gaelic Medium Education across Argyll and Bute. This earmarking refers to the Council contribution towards the Gaelic grant for 22-23.	0	30,000	0
019	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) Cashless Catering	30,000	0		30,000	5,000	25,000	To support the ongoing implementation of the new cashless catering system during the testing and roll out phase.	5,000	25,000	0
020	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000	0		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 was released back to the general fund in 2021-22 because the rollout project was almost complete with only £0.01m expected spend in 23/24.	10,000	0	
021	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	1,815	0		1,815	1,815	0	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	1,815	0	
022	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Education Purchasing Officers	210,000	37,000		173,000	0	173,000	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.	37,000	173,000	
023	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000	0		92,000	0	92,000	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	0	92,000	
024	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Councillor IT Equipment	44,557	0		44,557	0	44,557	There is currently no budget for the provision and renewal of IT equipment for members. The earmarking identifies a resource to utilise spend for that purpose to ensure that members have continued support in maintaining and replacing vital IT equipment.	0	44,557	
025	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	43,302	0		43,302	0	43,302	The funding will be used to maintain the ICT equipment used to support the provision of on-line and hybrid Council meetings.	0	43,302	
026	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Debt Counselling & Welfare Rights	21,452	0		21,452	0	21,452	To meet the cost of a Debt Counselling and Welfare Rights Management System.	0	21,452	
027	Executive Director (Douglas Hendry)	Legal and Regulatory Support	(2023 Contract Inflation Adjustments) NPDO and DBFM School Contracts – inflationary increase	350,000	350,000		0	0	0	Additional pressure resulting from the February 2023 inflation rate being higher than the assumptions built into the non-pay inflation calculation which went to Council at budget setting and reflects the difference between what was in the budget and what will need to be paid under the NPDO/Hub DBFM Schools contracts. The February inflation figure wasn't known until the middle of March, after the budget was set, and the recent trend in inflation reductions turned around in February with an increase.	350,000	0	0
028	Executive Director (Douglas Hendry)	Legal and Regulatory Support	(2023 Digital Projects) Replacement of Council Chambers Online Meeting Equipment	130,000	0		130,000	130,000	0	Current online meeting system is less than resilient and has failed on a number of occasions, leading to issues at strategic committees. A condition assessment by the incumbent maintenance contractor has highlighted that the current equipment is now at end of life and unsupportable due to the obsolescence of the system. Discussions with ICT have taken place to identify a simpler more robust solution to be procured.	130,000	0	0
029	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) iTrent Project	332,000	0		332,000	147,000	185,000	Combination of parallel running of the new iTrent system alongside the legacy systems for up to 18 months whilst iTrent is implemented and additional staffing resource to implement iTrent in late June 2024 and support staff for the first 3 months of operation through summer 2024. Total includes £73k from Financial services for funding additional staffing resource to implement the payroll components of the iTrent HR and Payroll System by the end of June 2024 and support staff for the first 3 months of operation during summer 2024.	147,000	185,000	0
030	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	113,594	0		113,594	53,594	60,000	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 (172) created at 2020/21 year end for 'Digital Projects' combined with this earmarking to cover these costs for 3 years.	53,594	60,000	
031	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150	0		109,150	95,790	13,360	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 23/24 and £13,360 to be spent in 24/25 to fund a graduate trainee and 3 apprentices to deliver trainee development and modern apprenticeship opportunities	95,790	13,360	
032	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455	0		63,455	63,455	0	To complete one of a number of Digital Service Transformation projects with a commitment of £0.064m to increase Schools Bandwidth.	63,455	0	
033	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Resilient Website Project	60,000	0		60,000	60,000	0	Cybersecurity action to move to a cloud based website platform that would improve resilience and enable service continuity in the event of a cyber attack. Procurement in progress for resilient website solution and Scotgov Cloud Services Project providing input. Contract Award expected by end 2023.	60,000	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
034	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Project Officer	60,000	0		60,000	60,000	0	Employ a temporary Digital Project Officer as part of OD changes.	60,000	0	0
035	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000	0		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	
036	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Engagement Services Developer	28,000	7,242		20,758	4,388	16,370	To fund 50% of a new temporary LGE10 post. The post is a Digital Engagement Services Developer that will provide capacity to deliver service efficiencies through the use of the new CREATE/RPA software. The other 50% of the post can be funded from a current vacancy. New temporary Digital Developer took up post on 18/09 and funds will be used for salary across the rest of the year – to be drawn down in FQ4.	11,630	16,370	0
037	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,601	288		27,313	27,313	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	
038	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	19,436	0		19,436	19,436	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.	19,436	0	
039	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	13,824	0		13,824	13,824	0	To facilitate the implementation of technical efficiency improvements and new processes	13,824	0	
040	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470	0		11,470	11,470	0	To deliver a number of Digital Service Transformation Projects with an original commitment of €0.030m towards a replacement Learning Management System €0.030m.	11,470	0	
041	Executive Director (Kirsty Flanagan)	Development & Economic Growth	Planning Income (Saving 23-24)	340,000	340,000		0	0	0	To fund one off operational saving MGTs agreed for the 2023/24 budget	340,000	0	0
042	Executive Director (Kirsty Flanagan)	Development & Economic Growth	Planning Income	60,000	0		60,000	60,000	0	To fund additional resources to support and develop the Council's planning service.	60,000	0	0
043	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	385,193	0		385,193	116,000	269,193	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	269,193	
044	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	80,664	0		80,664	40,946	39,718	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. Applications have been received and payments will be made in 2023-2024.	40,946	39,718	
045	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Island Post	50,461	0		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	
046	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)	21,177	0		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 Hoping to implement the replacement for IDOX in March 2024 but there have been severe issues/delays with the new programme	21,177	0	
047	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	20,000	0		20,000	20,000	0	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	0	
048	Executive Director (Kirsty Flanagan)	Financial Services	Financial Systems	33,748	0		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.	33,748	0	
049	Executive Director (Kirsty Flanagan)	Financial Services	Accounting and Budgeting Team Resilience	30,664	0		30,664	16,664	14,000	To fund the implementation of a new staffing structure in 2022/23 as agreed at ELT on 12 April 2022 which has been implemented. The residual funding is being used to meet the costs of ongoing professional accountancy training over the period 2022/23 to 2026/27	16,664	14,000	
050	Executive Director (Kirsty Flanagan)	Financial Services	CIPFA	24,040	1,835		22,205	4,165	18,040	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	6,000	18,040	
051	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,967,056	3,344		1,963,712	716,540	1,247,172	This will 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. This will include scoping work for the creation of a waste transfer station at Helensburgh and landfill cell construction works at Gartbreck (£640k for Capital works on Gartbreck completed in 2022/23, reserve will be drawn down for this in 2023/24).	719,884	410,000	837,172
052	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	375,022	76,749		298,273	3,251	295,022	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26.	80,000	80,000	215,022
053	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	140,000	0		140,000	0	140,000	At the Council meeting on 27 February 2020, 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 23/24. £260k Footways Reconstruction programme now spent and will be drawn down against capital programme during 23/24. £140k Ardrihsaigh North Project spent in 22/23 and drawn down in 24/25.	0	140,000	

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
054	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	81,884	0		81,884	81,884	0	At the Council meeting on 27 February 2020, 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 have been received and budget will be drawn down to cover their cost. The remaining budget will be used towards running the vehicles.	81,884	0	
055	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099	0		28,099	0	28,099	Delay with introduction of amenity time recording system due to increased costs. Discussions ongoing to find alternative cheaper solution. The software/system being introduced by HR/Payroll during 2023-24 offers a time-recording facility. Although not included in the current HR/Payroll spec, once the new system is up and running, the proposal would be to investigate the time-recording system to see if viable for amenity time recording purposes.	0	28,099	
056	Executive Director (Kirsty Flanagan)	Roads & Infrastructure Services	(2023 Contract Inflation Adjustments) Waste PPP	255,000	0		255,000	150,000	105,000	Adjustment to inflation included in the budget based on updated RPIX figures at February 2023. Based on the current forecast it is anticipated the full earmarking will not be required and is unlikely to exceed £150K. For the purposes of balancing this spreadsheet I have entered £150K against 2023-24 and the balance against 2024-25 at this stage. Will be monitored monthly.	150,000	105,000	0
057	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000	0		1,000,000	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000,000	
058	Non Departmental	Non Departmental	Oban TIF (Tax Incremental Financing - Excess NDR)	875,651	0		875,651	0	875,651	This is the surplus NDR after paying all Loans Charges in respect of TIF infrastructure projects. This fund will be used in the future as TIF projects are delivered.	0	0	875,651
059	Non Departmental	Non Departmental	Loans Fund	385,279	385,279		0	0	0	At the Council Budget meeting on 24 February 2022, Saving F501, 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 earmarking is being released as a saving to help bridge the 2023/24 budget gap.	385,279	0	0
060	Non Departmental	Non Departmental	Loans Fund	300,000	300,000		0	0	0	To fund one off operational saving MGT3 agreed for the 2023/24 budget	300,000	0	0
061	Non Departmental	Non Departmental	Information Management (Balance of Funding)	209,844	9,375		200,469	0	200,469	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	9,375	200,469	
062	Non Departmental	Non Departmental	Spend to Save Route Optimisation Software	100,000	17,225		82,775	82,775	0	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020 - Spend to save route optimisation (£0.100m) which will be spent over 2023/24.	100,000	0	
063	Non Departmental / Social Work	Non Departmental	Engagement with Hub North re provision of services for older adults and vulnerable people across Argyll and Bute	100,000	0		100,000	100,000	0	At the Council budget meeting February 23, an allocation of £0.1m from the Unallocated General Fund balance for the Health and Social Care Partnership to engage, in partnership with the Council, with Hub North to develop a strategic business case in relation to the provision of services for older adults and other vulnerable people across Argyll and Bute.	100,000	0	
064	Non Departmental	Non Departmental	CHARTS	80,000	0		80,000	80,000	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.	80,000		
065	Non Departmental	Non Departmental	Community Resilience Fund	76,447	0		76,447	0	76,447	At the Council Budget meeting on 23 February 2023, the Council committed to £0.075m one-off investment in CHARTS in response to an external funding request will be spent in 23-24	0	76,447	
				13,565,615	1,782,055	0	11,783,560	2,665,905	9,117,655	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	4,447,960	7,189,810	1,927,845

APPENDIX 2

COVID
As at 31 December 2023

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
001	Chief Executive's Unit	Community Planning	Community Planning - temp post to support communities	55,000	0			55,000	55,000	0	Post supporting year 1 of supporting communities fund	55,000	0	0
002	Chief Executive's Unit	Community Planning	Covid impacts – support to communities'	49,147	47,926			1,221	1,221	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 the longer term impacts of COVID-19 on local community organisations.	49,147	0	0
003	Executive Director (Douglas Hendry)	Education	Logistics Funding - Safe Opening of Schools	699,036	0			699,036	50,000	649,036	Scottish Government funding to ensure the safe opening and operation of schools. Includes transport, PPE, cleaning, ventilation and expansion of estate. It is likely that any unused balances would have to be returned to the Scottish Government. Window replacement programme in schools with windows that do not open, this will improve ventilation. £500k to fund one off savings 2024-25.	50,000	649,036	0
004	Executive Director (Douglas Hendry)	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - £45m Grant	421,198	69,832			351,366	311,366	40,000	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes.	381,198	40,000	0
005	Executive Director (Douglas Hendry)	Education	Education to Support Young People	191,042	160,560			30,482	0	30,482	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.600m. Agreed 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.	160,560	30,482	0
006	Executive Director (Douglas Hendry)	Education	Recruitment of Additional Teachers and Support Staff in Schools	51,371	51,371			0	0	0	Fund additional teachers and support staff. Complete.	51,371	0	0
007	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Welfare Rights Support	131,634	64,906			66,728	0	66,728	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.	64,906	66,728	0
008	Executive Director (Kirsty Flanagan)	Customer Support Services	Self Isolated Support / Self Isolated Support Grant (HR)	65,250	49,750			15,500	0	15,500	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities. The funds are being used for a number of Customer Service and Business efficiency related projects including a system and consultancy of RPA (robotic process automation) and application development. A full corporate website upgrade and renewal using specialist web resources and the Digital Reception Project. Year 2 of Create/RPA low code and robotics system due for payment in October - £49k to be drawn down. Procurement underway for Digital Registration Platform with contract award due FQ3.	49,750	15,500	0
009	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation and Marketing Argyll and Bute	389,992	0			389,992	300,000	89,992	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. 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 and 2023/24 seasons.	300,000	89,992	0
010	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund	217,600	0			217,600	217,600	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. Expenditure should be incurred during 23-24 to draw down against.	217,600	0	0
011	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Sector Support Grant)	95,398	0			95,398	95,398	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, to be split £115,000 for Shop fronts and £35,000 Business support via Business Gateway (as at 25/10/23 Shop fronts have £84,248 remaining and Bus support have £11,150 should all be spent in 23/24	95,398	0	0
012	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Development - temp post to support economic recovery	55,000	0			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. To be used to fund Settlement Project Support Offices during 23-24.	55,000	0	0
013	Executive Director (Kirsty Flanagan)	Development and Economic Growth	EH Covid Posts	37,775	0			37,775	37,775	0	Funding initially for 2 posts for 2 years. Posts were initially recruited to with one leaving and the other going on maternity leave resulting in delays in expenditure. One employee is now back from maternity leave and earmarked reserve will be drawn down to cover their costs in 23-24.	37,775	0	0
014	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (New Enterprise Support Grant)	31,159	0			31,159	31,159	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish. Fund fully committed, there was a delay in getting all payments made and remainder will be made in 23-24.	31,159	0	0
015	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Shop Local)	26,793	0			26,793	26,793	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2022/23 and 2023/24, buying additional cards and allow the cards to gather momentum and support local businesses.	26,793	0	0
016	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Small Business Development Grant)	24,988	0			24,988	24,988	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. Fully committed with final payments due in 2023-2024.	24,988	0	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
017	Executive Director (Kirsty Flanagan)	Financial Services	Housing Benefits Private	321,524	35,640			285,884	285,884	0	Specific funding allocation for Housing Benefit including DHP. Funds will be used to continue to support vulnerable people initially financially affected by the COVID-19 outbreak but now facing the cost of living crisis to sustain their tenancies. This earmarking will help offset potential overspends in the DHP/ Scottish Welfare Fund budget going forward.	321,524	0	
018	Executive Director (Kirsty Flanagan)	Financial Services	Flexible Food Fund	194,156	107,620			86,536	86,536	0	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food and Fuel Fund (ABFFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. Working in partnership with the Community Food Forum, Bute Advice Centre and ALIenergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund helps support daily living expenses. In the period from 10 January 2021 to 30 November 2022 client gain in extra benefits income for families was £2.25 million with 1,550 families had been supported. The project has been extended to 31 March 2025 with funding coming from the UK Shared Prosperity Fund and this earmarking to support it. It is proposed that underspends from the Flexible Funding for Supporting People at tier 4 COVID will be used to support this project over the next two years to cover a funding gap of £50,000. The Scottish Government have provided this funding and have endorsed this award winning project promoting it as part of the solution to end the need for foodbanks nationally.	194,156	0	
019	Executive Director (Kirsty Flanagan)	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	76,357	4,666			71,691	71,691	0	Funding from SG 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 re COVID, particularly those at risk through health and social inequalities. This support could cover the same types of support. In June 2021 the Council agreed to support 20 projects led by a range of Council officers, officers from the HSCP and members of the third sector to deliver wide ranging support across our region. A report will be presented to members in due course.	76,357	0	
020	Executive Director (Kirsty Flanagan)	Financial Services	Self Isolated Support Grant	5,316	0			5,316	0	5,316	Unspent admin funding for processing Self Isolation Support Grants.	0	5,316	
021	Non Departmental	Non Departmental	Recovery and Renewal Fund	1,547,000	0			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. Commitments have been made against this fund as follows: Levelling up bid costs £0.150m, Scotland Loves Local overspend £0.037m and Rothsay Pavilion £1.360m.	1,547,000	0	
022	Non Departmental	Non Departmental	COVID Funding	418,337	0			418,337	0	418,337	Net balance on COVID cost centres at year end 2022/23 with proposals on use to be developed.	0	0	418,337
023	Non Departmental	Non Departmental	Capital pressure	257,000	0			257,000	0	257,000	Pressure identified on the 20/21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan. To be incurred during 23-24 and drawn down in 24-25.	0	257,000	
024	Non Departmental	Non Departmental	Levelling up Fund bids per P&R February 22	150,000	0			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	
				5,512,073	592,271	0	0	4,919,802	3,347,411	1,572,391		3,939,682	1,154,054	418,337