

RESERVES AND BALANCES – UPDATED FOR BUDGET PACK 2024-25

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 usable reserves. Of this:
- £2.916m related to the Repairs and Renewals Fund
 - £4.503m related to Capital Funds
 - £86.409m was held in the General Fund with £79.466m of this balance earmarked for specific purposes.
- 1.4 The Council's General Fund contingency remains at 2% of net expenditure. This monetary level has been adjusted to take account of the revised net revenue expenditure proposed for 2024-25. The revised contingency of 2% of net expenditure amounts to £6.120m.
- 1.5 As at 31 December 2023 the forecast outturn for 2023-24 was estimated to be an overspend of £0.091m, however, this is subject to change during the final quarter of the financial year. Taking this outturn into consideration alongside the budgeted allocation to the General Fund agreed by Council on 23 February 2023, the earmarked balances no longer required and the proposed allocation for floral displays, the forecast surplus over contingency at 31 March 2024 is estimated to £2.220m, however, this is an estimated position and subject to change.
- 1.6 During 2023-24 there was a weather incident that caused significant damage to the areas infrastructure. While some of this is claimable through the Bellwin scheme there is a risk that revenue costs beyond the extended four month claim period will be a pressure to the General Fund and reduce the unallocated general fund balance by an estimated £0.839m.
- 1.7 Assessing the adequacy of reserves should take account of the strategic, operational and financial risks facing the Council and should consider both internal and external factors. There are 19 categories included in the risk analysis and 5 have been assessed as low, 3 low/medium, 7 medium and 4 medium/high. The medium/high risks are in respect of the potential impact of the UK exit from the EU, future funding, inflation rates and the general financial climate.

RESERVES AND BALANCES – UPDATED FOR BUDGET PACK 2024-25**2. INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances at 31 March 2023

- 3.2.1 The balances on each type of reserve at 31 March 2023 are set out in the two tables below, updated as 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	(5,291)
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 amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/2023 - 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			681	603	110	
Energy Efficiency Fund	218				218		
Existing Legal Commitments	476					37	439
Unspent Grant	13,179		489	1,811	4,684	6,195	19
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						566
Fleet - Timing Delay	658				174	484	
Hermitage Park	19				5	14	
Electric Vehicle Chargers	17				0	17	
COVID-19	5,512		257	592	3,086	1,320	257
Unspent Budget	13,566		1,140	1,770	2,609	7,116	931
Totals	79,466	4,776	41,401	6,032	12,791	21,721	2,316

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.

3.3.4 Due to the pressure on the capital programme, officers have conducted a review of the earmarked balances and have agreed release of the following reserves:

- Rothesay Academy – Demolition and Waste Disposal - £0.880m
- One Council Property - £0.566m
- Contingent Liability – Capital Project - £0.439m
- Tackling Digital Exclusion - £0.178m
- Island Post - £0.050m
- Levelling up Fund Bids - £0.099m

These amounts provide a total of £2.212m that could assist with some of the gap in the capital programme.

3.4 Unallocated General Fund Balance

3.4.1 The General Fund contingency is set at 2% of net expenditure for 2023-24 and amounts to £5.691m. This contingency is held to provide a working balance to help cushion the impact of uneven cash flows and cushion the impact of unexpected events. It is up to authorities to make their own judgement on the level of reserves taking local circumstances into account, for example, previous call on contingency and amount of unallocated reserves held. The contingency needs to be updated to reflect the updated budget for 2024-25. The budgeted net expenditure based on the proposed budget contained within the revenue budget overview report is £306.016m. 2% of this balance amounts to £6.120m. There is currently a contingency of £5.691m, therefore £0.429m will require to be moved from the unallocated General Fund balance to supplement the contingency.

3.4.2 The revenue budget position as at 31 December 2023 was estimated to be £0.091m overspent, however, this is subject to change during the final quarter of the financial year.

3.4.3 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.

3.4.4 During 2023-24 there was a weather incident that caused significant damage to the areas infrastructure. While some of this is claimable through the Bellwin scheme there is a risk that revenue costs beyond the extended four month claim period will be a pressure to the General Fund and reduce the unallocated general fund balance by an estimated £0.839m.

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 and 3.3.4 – amounts previously earmarked that can be released back to General Fund	2,316
Transfer of contingency to maintain 2% level	Per paragraph 3.4.1	(429)
Forecast Outturn for 2023-24 as at 31 December 2023	Per paragraph 3.4.2	(91)
Allocation from unallocated general fund balance	Per paragraph 3.4.3	(8)
Estimated costs associated with weather incident not claimable through Bellwin scheme	Per paragraph 3.4.4	(839)
Estimated Unallocated General Fund Balance as at 31 March 2024		2,220

3.5 Loans Fund Review

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

	Agreed Allocation	Transferred to Earmarked Reserves in previous years	Transferred to Earmarked Reserves 23-24	Balance Remaining
	£000	£000	£000	£000
Provision for the increasing principal repayments	7,649			7,649
Provision to Support Organisational Change	500	(500)		0
Estimated Cost of 2020-21 redundancies that are part of budget savings proposals	600	(600)		0
Future Redundancies Provision	1,500	(1,500)		0
Spend to Save Route Optimisation	100	(100)		0

Funding Gap in Capital Programme	2,619		(2,619)	0
Capital Programme Intolerable Red Risks	574	(574)		0
Campbeltown Flood Prevention Scheme	1,406	(1,406)		0
Significant Strategic Change Projects	5,013	(2,856)	(2,157)	0
2020-21 Revenue Budget Contribution	600	(600)		0
	20,561	(8,136)	(4,776)	7,649

3.6 Review and Risk Assessment

- 3.6.1 Assessing the adequacy of reserves should take account of the strategic, operational and financial risks facing the Council and should consider both internal and external factors. Appendix 2 to this report identifies the range of issues in terms of budget assumptions and financial standing and management that should be considered in assessing the level of reserves. It relates only to consideration of the contingency to be held in the General Fund balance. A separate financial risk analysis report has been prepared looking at the overall financial risks relating mainly to the revenue budget but notes a couple of risks in respect of the capital budget also.
- 3.6.2 There are 19 categories included in the risk analysis and 5 have been assessed as low, 3 low/medium, 7 medium and 4 medium/high. The medium/high risks are in respect of the potential impact of the UK exit from the EU, future funding, inflation rates and the general financial climate.
- 3.6.3 Based on the above and taking cognisance of the level of unallocated general fund balance that remains, it is recommended that the contingency for the General Fund balance should be retained at 2%.

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. There is currently an estimated surplus over contingency of £2.220m after adjusting for the forecast outturn for 2023-24.

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 See Below
- 5.5.1 Equalities None

5.5.2	Socio-Economic Duty	None
5.5.3	Islands Duty	None
5.6	Climate Change	None
5.7	Risk	A contingency of £6.120m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
5.8	Customer Service	None.
5.9	The Rights of the Child (UNCRC)	None

Kirsty Flanagan
Executive Director/Section 95 Officer
6 February 2024

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget as at 31 December 2023

Appendix 2 – Risk Assessment for Review of Reserves

For further information contact Anne Blue, Head of Financial Services
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APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 December 2023

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Movement between categories	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	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	61,519	880,220		12,136	12,136	0	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	0	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	

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Released back to General Fund	Movement between categories	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
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 WIFI Upgrades	200,000	33,076			166,924	116,924	50,000	To extend WIFI 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
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, focussing 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	

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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	111,429	18,571	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.	111,429	0	18,571
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. Procurement in progress for resilient website solution. ITT issued with closing date 19/01. Contract Award expected by end Feb but unlikely £60k will be fully used in 2023/24, however exact amount to be carried forward unknown until payment schedule in contract award is known.	60,000	0	0
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 be provide capacity to deliver service efficiencies through the use of the 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. New temporary Digital Developer took up post on 18/09 and funds will be used for salary across the rest of the year – Mth 7 and 8 salary costs requested to be drawn down – totalling £7,243.09. Alison to draw down rest monthly. Will be fully spent.	11,630	16,370	0

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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 MGT'S 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		0	0	0	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025.	0	0	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

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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 Ardrishaig North Project spent in 22/23 and drawn down in 24/25.	0	140,000	
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	
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. 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	80,000		

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065	Non Departmental	Non Departmental	Community Resilience Fund	76,447	0			76,447	0	76,447	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	0	76,447	
				13,565,615	1,769,919	930,681	0	10,865,015	2,609,009	8,256,006		4,378,928	6,309,590	1,946,416

APPENDIX 2

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
Cost and Demand Pressures	As part of maintaining the medium term budgetary outlook, cost and demand pressures for 2024-25 and beyond have been kept under review. The cost and demand pressures for 2024-25 amount to £2.995m for Council services. A general allowance for unidentified cost and demand pressures has been built into the budget outlook for 2025-26 and future years: £0.250m in the best case scenario, £0.500m per annum in the mid-range, and £1m per annum in the worst case scenario.	Medium (2023-24 Medium)
Service Income	Service income levels have been reviewed as part of constructing the budget. In addition fees and charges have been reviewed. The cost of living crisis affecting our customers is likely to continue to affect the uptake of some Council services and the amount of income generated.”	Medium (2023-24 Medium)
Council Wide Cost Risks	<p>The financial risk analysis identified 6 council wide cost risks currently amounting to £6.833m as follows:</p> <ul style="list-style-type: none"> • The pay award exceeding 3% has been categorised as likely with an assessed financial impact of £3.233m based on the estimated cost of a 5% uplift being agreed with Trade Unions. This assessment is based on a combination of the ongoing high levels of inflation and the outcome of the 2023-24 pay negotiations. • Four risks covering utility costs, the IJB referring to Council for additional funding, Council Tax Income and a general inflationary risk have been categorised as possible with a combined assessed financial impact of £3.591m; and 	Medium (2023-24 Medium)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	<ul style="list-style-type: none"> The risk of a shortfall in savings options being delivered fully has been categorised as unlikely with an assessed financial impact of £0.009m. 	
Funding Risks	<p>The Scottish Budget was announced on 19 December 2023 and the finance circular with the local authority allocations issued on 21 December 2023. After settlement commitments there was a reduction in funding of £2.409m for Argyll and Bute Council.</p> <p>The other element of funding is Council Tax. Scottish Government announced a Council Tax freeze for 2024-25 which would be fully funded based on an average 5% increase. For Argyll and Bute, the indicative funding offered is £0.100m less than 5% and the funding is conditional on Councils accepting a Council Tax freeze. As a result of the reduction in the settlement, Members will need to give consideration as to whether to accept the Council Tax freeze or increase beyond 5% in order to help balance the budget.</p> <p>In May 2022 the Scottish Government published the Investing in Scotland's Future: Resource Spending Review which was intended to provide a guide to the Scottish Government's funding envelope over the period 2022/23 to 2026/27. For local Government, the review suggested that funding for local government would be on a flat cash basis until at least 2025/26. This was not the case for 2024/25 which saw a cash cut of £62.7m to Local Government core revenue funding, As a result of this the Council is likely to continue to have to make challenging decisions about service delivery in order to stay within its future budgets.</p>	Medium/High (2023-24 Medium/High)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	<p>The Scottish Government undertook a Capital Spending Review in 2020-21 which provided an outline five-year indicative allocation for general capital grant. It suggested that the settlement in 2021-22 would remain constant until 2025-26 therefore this was used as the basis for funding the Capital Programme over the next five years. This was not the case for 2024/25 which saw a cash cut of £54.9m to Local Government core and specific capital funding. This equates to a £0.937m reduction in general capital grant for Argyll and Bute Council.</p> <p>As a result of all issues noted above, this risk has been kept as Medium/High.</p>	
Savings Risks	<p>The Council agreed to a number of management/operational and policy savings as part of previous budgets that would deliver an additional £0.093m of savings in 2024-25. There are also further savings proposals amounting to £5.455m for 2024-25 which includes £2.687m arising from reduced Strathclyde Pension Fund rates, which is guaranteed to be delivered and £1.594m released from reserves, leaving a balance of £1.174m to be delivered by services. The Council has a good track record on delivering savings options but due to the value of savings to be achieved, the risk remains at a Medium level.</p>	<p>Medium (2023-24 Medium)</p>
Inflation Rates	<p>CPI Inflation fell to 3.9% in November 2023, being the lowest rate since January 2022. There are still concerns that inflation remains “sticky” in places and the latest Bank of England CPI forecasts suggest that, although inflation is expected to continue to fall, the rate of the reduction is not now as quick as had been forecast in the Bank’s reporting earlier in 2023. In addition, the current security threats to shipping transiting through the Red Sea to the Suez Canal is forcing operators to reroute their ships around</p>	<p>Medium/High (2023-24 Medium/High)</p>

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	<p>Africa instead. This will increase the cost of imports from Asia to Europe which is likely to adversely impact inflation, slowing the rate of reduction or potentially pushing inflation back up.</p> <p>The Bank of England Monetary Policy Committee reported in November 2023 that it would keep monetary policy restrictive for long enough to “squeeze inflation” out of the system and that it was much too early to be thinking about rate cuts. However, the forecast suggests that the pace of the reduction is likely to be slow with the most significant reduction not forecast until late 2024.</p> <p>Given the volatility of inflation levels in the last year and the ongoing challenges facing the UK economy it would be prudent to consider a level of inflation over and above the unavoidable/ inescapable provision and a general 2% inflation has been included within the worst case scenario for 2025-26 onwards (of £1.6m per annum). For 2024-25, despite the overall rate of inflation being forecast to reduce over the year, officers expect that inflationary pressures will continue to be a point of financial pressure throughout the year and Finance staff will work in conjunction with Services to monitor the situation very closely.</p>	
Interest Rates	<p>The Council has a large proportion of its borrowing secured at fixed rates which reduces the risk to increases in interest rates. Borrowing is being managed to reduce where possible surplus cash available for investment subject to working capital/cash flow requirements.</p> <p>Surplus funds are invested and although investment returns have increased in 2023/24, the Council return is currently marginally below the target SONIA rate but this is due to market fluidity. Current forecasts of interest rates are</p>	Low (2023-24 Low)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	based on advice from our treasury advisors. Investment rates are forecast to reduce in the second half of 2024 as interest rates fall – assuming no change in direction by the Bank of England – and the Council will continue to look for the best rates of return for new investments.	
Financial risks	The Council has managed surplus funds invested to reduce exposure to risks associated with money market deposits. It retains a working balance of £10m to meet cash flow needs. Investments are managed based on the credit worthiness of agreed counterparties based on credit scores of recognised agencies. This should avoid having to borrow in an unplanned way from the money markets.	Low (2023-24 Low)
Strategic risks	The strategic risk register is subject to a formal review by SMT bi-annually, and these reviews have already taken place in April and October of 2023. SMT have agreed the current actions to address the risks.	Medium (2023-24 Medium)
Operational risks	Operational risks are reviewed formally each quarter by Departmental Management Teams. Any operational risks that are identified as high are reported to the Strategic Management Team as part of the bi-annual review of the Strategic Risk Register.	Medium (2023-24 Medium)
Impact of UK withdrawal from the EU	<p>On the 31st December 2020, with the Transition Period concluding, EU Law jurisdiction in the UK, and access to the EU Single Market ended. The UK-EU Trade Cooperation Agreement (TCA) agreed on 24th December 2020 and ratified by the UK Parliament on 30th December (European Union (Future Relationship) Act 2020) covered the most urgent matters.</p> <p>While it is not easy to disentangle the impact of EU Exit, COVID-19 and global unrest in Eastern Europe and the Middle East, it is clear that the local</p>	Medium/High (2023-24 Medium/High)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	<p>Argyll and Bute economy has witnessed the anticipated impacts from the trade friction caused by replacing membership of the EU Single Market and Customs Union with a relatively narrowly drawn Free Trade Agreement.</p> <p>In August 2023, the UK Government published the Border Target Operating Model which sets out our new approach to Safety and Security controls (applying to all imports), and Sanitary and Phytosanitary controls (applying to imports of live animals, germinal products, animal products, plants and plant products) at the border. It sets out how controls will be delivered through simplification, digitisation and the UK's new Single Trade Window. Over the coming year there are a number of timescales for delivery of health certifications on imports, physical checks on products, and the requirement for Safety and Security declarations.</p> <p>Limited inward migration since EU Exit, has been detrimental to addressing the skills gaps and recruitment challenges faced by a number of sectors, such as hospitality, care and construction, which are of key importance to the Argyll and Bute economy and communities. This is further exacerbated by the cost of living crisis for many residents and communities, coupled with a cost of doing business crisis, due to the significant and spiralling inflationary cost pressures and availability of goods and labour, which has been a direct impact from EU Exit as well as global unrest.</p> <p>On this basis, the overall risk assessment is still Medium/High.</p>	
General financial climate	The finance settlement only covers 2024-25 and the Scottish Government is still to meet its commitment to provide a three-year settlement. A prudent approach to estimating income from council tax has been taken. Risks	Medium/High (2023-24 Medium/High)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
	<p>arising from inflation, interest rates, cost pressures and demand led pressures have been outlined above.</p> <p>Due to ongoing uncertainties regarding the level of funding from Scottish Government and continued volatility of interest rates it would be prudent to retain this risk to medium/high.</p>	
Availability of contingency funds	The Council currently has sufficient contingency funds to meet its target.	Low (2023-24 Low)
Overall financial standing	The Council has managed to achieve its contingency target in previous years. Actual costs are normally contained within budget. Borrowing costs are largely fixed at the moment, as the Council's need to borrow is currently very low due to the high levels of funds it is holding, and improvements in the rates of return for the investments made by the Treasury team are generating better than budgeted returns with the surplus funds generated supporting the Council's overall financial position. In addition to the contingency there are significant earmarked funds. Cost and demand pressures are identified and provided for if necessary and the impacts of inflationary changes are continually monitored and adjusted for in the Council's financial forecasts.	Low/Medium (2023-24 Low/Medium)
Track record in budget management	The Council has a good track record of containing expenditure within budget. The Council is on track to contain costs within budget for 2023-24.	Low (2023-24 Low)
Financial information and	Revenue and capital budgets are monitored on a monthly basis with budget allocated to responsible managers. A risk-based approach is taken to	Low/Medium (2023-24 Low/Medium)

Risk Assessment for Review of Reserves		
Risk Category	Comment	Assessment
reporting arrangements	budget monitoring and the budget monitoring process is continually being reviewed to identify ongoing improvements.	
Insurance cover	The Council has adequate insurance cover.	Low (2023-24 Low)
Internal controls	The statement of internal controls identifies a generally adequate control framework although there are areas for improvement. An audit plan is approved and delivered each year to monitor internal controls. The Council's Audit and Scrutiny Committee continues to actively develop and adopt good practice.	Low/Medium (2023-24 Low/Medium)
Health and Social Care Partnership Financial Position	It is prudent to have a factor in terms of the Health and Social Care Partnership financial position. If there is an overspend within Social Work, that cannot be funded by IJB reserves or by an underspend by the other partner body, then the Council will require to give an additional payment. Any additional payment would require to be paid back to the Council in the future. As part of the Council's risk analysis we have reported a risk of £1m to the Council in 2023-24. The risk factor remains at Medium at this stage.	Medium (2023-24 Medium)