ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

FINANCIAL MONITORING OVERVIEW – 30 JUNE 2026

1. INTRODUCTION

1.1 This report provides a summary of the overall financial position of the council for 2026-27 as at 30 June 2026. It outlines the key highlights from the detailed financial monitoring reports in respect of the following:

- Revenue Budget;
- Capital Plan;
- Financial Risks; and
- Reserves and Balances.

2. DETAIL

2.1 Revenue Budget

2.1.1 This report provides a summary of the actual and forecast outturn expenditure and income of the council in comparison to the approved 2026-27 revenue budget.

2.1.2 The approved 2026-27 revenue net expenditure budget totals £362.029m. There have been earmarking drawdowns of £2.617m in the year to date resulting in a net expenditure budget of £364.646m. There are currently no budget virements over £200k, requiring committee approval, at this stage.

2.1.3 As at 30 June 2026, there is an overall forecast overspend of £0.536m on the approved revenue budget for the year. This comprises a forecast under-recovery of Piers and Harbours and Council Tax income.

2.1.4 The 2026-27 approved budget savings options, to be achieved in 2026-27, total £4.636m. There are 42 savings options impacting 2026-27, of which 27 have been delivered (£3.359m), 14 are on track to be delivered (£1.037m) and 1 is being developed (£0.240m). Progress on the delivery of approved savings options will continue to be monitored throughout the year.

2.1.5 The HSCP is currently forecasting an overspend of £0.234m in respect of Social Work services. However, the HSCP expect this to be managed from within existing HSCP reserves, with no impact on the council's forecast position for the year. There remains a risk that the HSCP has insufficient reserves to meet this overspend and that the Council may be required to make an additional unbudgeted contribution to the HSCP during the year.

2.2 Capital Plan

2.2.1 This report provides an update on financial performance and the delivery of

capital projects against the approved Capital Plan budget and timescales as at Quarter 1 2026-27 (30 June 2026).

2.2.2 The proposed capital plan expenditure has increased by £38.455m as compared to the budget approved at Council 25 February 2026. Reprofiling of spend from 2025-26, totalling £16.544m, was approved at Council 24 June 2026 and is included in the revised budget total. A further £21.911m has been added to budget and is supported by a combination of grant income and borrowing.

2.2.3 Approved gross expenditure on the capital plan, excluding spend incurred in prior years, totals £258.994m, while project specific income, excluding amounts accounted for in prior years, totals £83.072m.

2.2.4 Forecast gross expenditure profile for the capital plan as at Quarter 1 is in line with budget, resulting in no forecast variance at this time.

2.2.5 Actual gross expenditure of £7.015m has been incurred in the year to date, representing 6.1% of the £114.101m gross expenditure budgeted for the year.

2.2.6 There are 173 projects within the approved Capital Plan. Of this total, 171 or 98.8% are Complete or On Track, 2 are Off Track but Recoverable and 0 are Off Track and Experiencing Problems.

2.3 Financial Risks

2.3.1 This report provides an update on the current known financial risks facing the council in 2026-27.

2.3.2 There are 6 quantifiable council wide risks identified for 2026-27, with a potential annual value totalling £3.6m, and with varying degrees of likelihood. In addition, there are 30 departmental/service risks, with a potential annual value totalling £4.877m, of which 5 are categorised as 'Likely' (annual value £1.199m).

2.3.3 Financial risks are monitored and reviewed on an ongoing basis, with actions put in place to mitigate or manage these risks.

2.4 Reserves and Balances

2.4.1 This report summarises the overall level of reserves and balances held by the council and monitors the use of the earmarked reserves held within the General Fund.

2.4.2 The council has a total of £420.319m unusable reserves that are not backed with resources. These are required purely for accounting purposes.

2.4.3 As at 31 March 2026, the council held usable reserves, totalling £128.765m, comprising the following:

- £3.421m Repairs and Renewals Fund;
- £3.494m Capital Funds;
- £3.330m Capital Grants Unapplied; and
- £118.520m General Fund, with £110.233m of this balance earmarked for specific purposes.

2.4.4 The 2026-27 opening earmarked reserves balance of £110.233m includes a significant level of reserves in respect of major infrastructure or projects of strategic importance. It is currently anticipated that a total of £41.928m will be drawn down during 2026-27, while £10.119m has been drawn down in the year to 30 June 2026, for previously approved specific purposes.

2.4.5 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2026-27, which amounts to £7.241m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.046m over and above the general contingency. This is currently forecast to decrease to £0.487m as at 31 March 2027.

2.4.6 The table below summarises the current position on the unallocated General Fund balance.

Heading	**Detail**	**£000**
Unallocated General Fund as at 1 April 2026	Unallocated balance over and above the 2% general contingency (£6.539m)	1,046
Current Forecast Outturn for 2026-27 as at 30 June 2026	Per Revenue Budget Monitoring report	(536)
Area Committees	To fund additional area committee meetings, agreed at Council June 26	(23)
Forecast Unallocated General Fund as at 31 March 2027		**487**

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

a) Recommend that Council approves the budget changes in Section 4 of the Capital Plan Monitoring report;

b) Note the contents of the 2026-27 Revenue Budget Monitoring, Financial Risks, and Reserves and Balances reports as at 30 June 2026; and Capital Plan Monitoring report as at Quarter 1, 30 June 2026.

c) Note there are no Virements requiring approval for this reporting period.

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the 2026-27 financial position of the council as at 30 June 2026.
4.3	Legal -	None.
4.4	HR –	None.
4.5	Customer Service -	None.

4.6	Risk –	Outlines 2026-27 Financial Risks.
4.7	Climate Change -	None
4.8	Fairer Scotland Duty -	None
4.9	Equalities – protected characteristics -	None.
4.10	Consumer Duty -	None.
4.11	Island Communities -	None.
4.12	Children's Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director /Section 95 Officer
21 July 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

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

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

2026-27 REVENUE BUDGET MONITORING – 30 JUNE 2026

1. EXECUTIVE SUMMARY

1.1 The main purpose of this report is to provide a summary of the financial performance of the council against the approved 2026-27 revenue budget as at 30 June 2026. It reports on the monitoring of forecast net expenditure across services, in comparison to the approved annual budget, and provides an explanation of significant variances. Details of actual expenditure incurred during 2026-27 to date are also provided. The report reflects proper accounting practice; and is based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.

1.2 The approved 2026-27 revenue net expenditure budget totals £362.029m. There have been earmarking drawdowns of £2.617m in the year to date resulting in a net expenditure budget of £364.646m. There are currently no budget virements over £200k, requiring committee approval, at this stage.

1.3 As at 30 June 2026, there is an overall forecast overspend of £0.536m (0.1%) on the approved revenue budget for the year.

1.4 The forecast net overspend across services (£0.236m) comprises a forecast overspend of £0.236m within the Executive Directorate (Kirsty Flanagan) resulting from Piers and Harbours income. Within Council Tax, there is an under-recovery of income of £0.300m estimated due to the previously anticipated re-base of income no longer being achievable as a result of appeals being granted and properties returning to the NDR register which was highlighted as a risk at the time. This position will be monitored and reviewed on an ongoing basis, with regular updates reported to committee throughout the year.

1.5 The 2026-27 revenue budget includes approved savings totalling £4.636m. The delivery of these savings will be monitored throughout the year and an update in this respect is included within the report.

1.6 The HSCP is currently forecasting an overspend of £0.234m in respect of Social Work services. However, the HSCP expect this to be managed from within existing HSCP reserves, with no impact on the council's forecast position for the year. There remains a risk that the HSCP has insufficient reserves to meet this overspend and that the Council may be required to make an additional unbudgeted contribution to the HSCP during the year.

1.7 There are a number of financial risks, which may impact the financial position of the council during 2026-27. These are outlined in a separate financial risks report.

ARGYLL AND BUTE COUNCIL

FINANCIAL SERVICES

POLICY AND RESOURCES COMMITTEE

20 AUGUST 2026

2026-27 REVENUE BUDGET MONITORING – 30 JUNE 2026

2. INTRODUCTION

2.1 The main purpose of this report is to provide a summary of the financial performance of the council against the approved 2026-27 revenue budget as at 30 June 2026. It reports on the monitoring of forecast net expenditure across services, in comparison to the approved annual budget, and provides an explanation of significant variances. Details of actual expenditure incurred during 2026-27 to date are also provided.

2.2 The report has been prepared in accordance with proper accounting practice. Financial forecasts are based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.

3. BUDGET CHANGES

3.1 The approved 2026-27 revenue net expenditure budget totals £362.029. In the period to 30 June 2026, the amount drawn down from earmarked reserve balances was £2.617m. The revised 2026-27 revenue net expenditure budget now totals £364.646m.

3.2 Virement is the process of transferring budget between cost centres, services or departments. The Council's constitution requires member approval of budget virements over £200k. There are no virements requiring approval since the last reporting period.

4. SUMMARY FINANCIAL POSITION

4.1 2026-27 Overall Council Financial Position

4.1.1 There is currently an overall forecast overspend of £0.536m or 0.1% for the year on the council's approved 2026-27 revenue budget. This is in relation to Piers and Harbours where there is a requirement that any surplus income must be ring-fenced to be used to continue providing the service and maintain the assets. As this is not currently budgeted for, a projected overspend has arisen. A summary of the forecast net expenditure for the year, in comparison to the approved budget, both on a departmental and subjective basis, is outlined within Appendix 1. This also provides information in respect of council-wide operational challenges and proposed mitigating actions.

4.2 Council Services Net Expenditure

4.2.1 At this stage, there is a forecast net overspend on approved service net expenditure budgets, totalling £0.236m. This results from the projected

overspend against Piers and Harbours in relation to income required to be ring-fenced for continuing service provision and maintaining the assets.

4.2.2 A more detailed analysis of the financial position at service level for each Executive Directorate is given within Appendix 2. The appendix also provides information in respect of service specific operational challenges and proposed mitigating actions.

4.3 Loans Fund

4.3.1 The council's treasury position is actively managed in line with the approved 2026-27 Treasury Management Strategy and Annual Investment Strategy, in order to minimise debt interest costs. In addition, as at 31 March 2026, the council's external borrowing was below the level required to finance capital investment. It had been possible to defer new external borrowing due to the significant level of internal reserve balances held by the council and slippage experienced in the delivery of the approved capital programme. These factors will impact the net financing costs incurred during the year.

4.3.2 A review of the current Loans Fund and projected debt position of the council is currently being undertaken, to highlight potential opportunities within the existing budget for recurring or one-off savings, or the capacity to meet future capital investment priorities. At this stage, it is deemed prudent to assume that any potential budget underspend will be redirected to future council priorities, which may include a contribution to the 2027-28 forecast budget gap, with no impact on the revenue budget position in 2026-27.

4.4 Council Funding

Council Tax

4.4.1 The forecast level of Council Tax income is based on current and forecast Band D equivalents, and reflects actual collection levels to date; and projected levels for the remainder of the year, based on historical payment profile and collection rate data.

4.4.2 There is a forecast under-recovery of Council Tax income for the year of £0.300m. During the 2026-27 budget planning, a re-base of anticipated Council Tax income of £0.300m was included within the budget outlook. This was as a result of additional income in relation to the reclassification of self-catering units as domestic dwellings by the Assessor, following completion of both the 2022-23 and 2023-24 canvasses, which saw the transfer of properties from the Non-Domestic Rates to Council Tax registers. At this time, it was reported that there was a significant level of uncertainty in respect of the regulatory environment, with a risk of appeals being granted and properties returning to Non-Domestic Rates which presented a risk to the financial planning assumptions. The subsequent review removed a significant proportion of this anticipated taxbase and required in-year adjustments to billing, including the reduction of liabilities and, in some cases, the issue of credits or refunds towards the end of the financial year. The removals were processed in stages with the most significant impact being 130 properties transferred from Council Tax back to NDR. The timing of these changes, late in the financial year, meant the impact could not be reported earlier.

4.5 HSCP Financial Position

4.5.1 In respect of the Health and Social Care Partnership (HSCP), 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, Argyll and Bute 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. The council's contribution would reflect the element of the overspend related to Social Work. Whilst any additional payments by the council and NHS Highland will be deducted from future years funding, there is a risk that the council may require to make an additional unbudgeted contribution to the HSCP during the year.

4.5.2 As at 30 June 2026, the HSCP is forecasting an overspend of £0.234m for the year in respect of Social Work services, due to demand for residential placements within Children and Families. However, the HSCP expect this to be managed from within available HSCP reserves, with no impact on the council's forecast financial position. There remains a risk that the HSCP has insufficient reserves to meet this overspend and that the Council may be required to make an additional unbudgeted contribution to the HSCP during the year. The financial position of the HSCP in respect of Social Work services will continue to be monitored on an ongoing basis throughout the year.

4.6 2026-27 Year to Date Financial Position

4.6.1 The actual services net position at 30 June 2026 is net income of £16.204m against a budget of £15.928m. This indicates an underspend of £0.276m in comparison to the current profiled budget to 30 June 2026. However, the year to date variances within services largely relate to the timing of income and expenditure, and outstanding recharges to capital projects. Further detailed information in respect of the year to date position is included at summary level within Appendix 1 and at service level within Appendix 2.

4.7 Approved Revenue Budget Savings

4.7.1 The 2026-27 revenue budget included approved Operational/Management and Policy savings options to be delivered in 2026-27, totalling £4.636m. The delivery of these savings will be monitored throughout the year, with progress updates regularly reported to committee. A summary of the position as at 30 June 2026 is provided within Appendix 3. There are 42 savings options impacting 2026-27, of which 27 have been delivered (£3.359m), 14 are on track to be delivered (£1.037m) and 1 is being developed (£0.240m).

5. FINANCIAL RISKS

5.1 Financial risks are monitored and reviewed on an ongoing basis, with actions put in place to continue to mitigate or manage these risks. There are a number of both council-wide and service specific financial risks, which may impact the financial position of the council during 2026-27. These are outlined in a separate financial risks report.

6. CONCLUSION

6.1 This report summarises the financial performance of the council in respect of the approved 2026-27 revenue budget as at 30 June 2026.

7. IMPLICATIONS

7.1	Policy -	None.
7.2	Financial -	Outlines the financial position of the council in respect of the approved 2026-27 revenue budget.
7.3	Legal -	None.
7.4	HR -	None.
7.5	Customer Service -	None.
7.6	Risk -	Details of Financial Risks are separately reported.
7.7	Climate Change -	None.
7.8	Fairer Scotland Duty -	None.
7.9	Equalities – Protected Characteristics -	None.
7.10	Consumer Duty-	None.
7.11	Island Communities -	None.
7.12	Children's Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
17 July 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES
Appendix 1 – Summary Financial Position as at 30 June 2026
Appendix 2 – Departmental Financial Position as at 30 June 2026
Appendix 3 – Approved 2026-27 Revenue Budget Savings

For further information contact Anne Blue, Head of Financial Services
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FINANCIAL POSITION AS AT 30 JUNE 2026 **Appendix 1**

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2026

	YEAR TO DATE (YTD) POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Departmental Budgets								
Chief Executive's Unit	325	261	(64)	(24.5%)	1,206	1,206	0	0.0%
Executive Director (Douglas Hendry)	40,791	41,848	1,057	2.5%	169,201	169,201	0	0.0%
Executive Director (Kirsty Flanagan)	21,712	15,480	(6,232)	(40.3%)	74,042	74,278	(236)	(0.3%)
Social Work	5,040	4,602	(438)	(9.5%)	92,756	92,756	0	0.0%
Total Departmental Budgets	**67,868**	**62,191**	**(5,677)**	**(9.1%)**	**337,205**	**337,441**	**(236)**	**(0.1%)**
Central Budgets								
Other Operating Income and Expenditure	(4,626)	451	5,077	1125.7%	3,595	3,595	0	0.0%
Joint Boards	437	457	20	4.4%	1,828	1,828	0	0.0%
Non-Controllable Costs	471	1,327	856	64.5%	22,018	22,018	0	0.0%
Total Central Budgets	**(3,718)**	**2,235**	**5,953**	**266.4%**	**27,441**	**27,441**	**0**	**0.0%**
TOTAL NET EXPENDITURE	**64,150**	**64,426**	**276**	**0.4%**	**364,646**	**364,882**	**(236)**	**(0.1%)**
Financed By								
Scottish Government Grant Funding	(56,682)	(56,682)	0	0.0%	(276,253)	(276,253)	0	0.0%

Local Tax Requirement	(23,672)	(23,672)	0	0.0%	(78,274)	(77,974)	(300)	0.4%
Net Contributions to General Fund	0	0	0	0.0%	0	0	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(10,119)	(10,119)	0	0.0%
Total Funding	**(80,354)**	**(80,354)**	**0**	**0.0%**	**(364,646)**	**(364,346)**	**(300)**	**0.1%**
(Deficit)/Surplus for Period	**(16,204)**	**(15,928)**	**276**		**0**	**536**	**(536)**	**(0.1%)**

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2026

	YEAR TO DATE (YTD) 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	%
Subjective Category								
Employee Expenses	48,179	49,971	1,792	3.6%	226,957	226,957	0	0.0%
Premises Related Expenditure	2,497	3,684	1,187	32.2%	24,577	24,577	0	0.0%
Supplies and Services	6,950	7,118	168	2.4%	29,422	29,422	0	0.0%
Transport Related Expenditure	4,469	3,511	(958)	(27.3%)	20,611	20,611	0	0.0%
Third Party Payments	35,491	40,326	4,835	12.0%	202,970	202,970	0	0.0%
Capital Financing	96	0	(96)		11,771	12,007	(236)	(2.0%)
TOTAL EXPENDITURE	**97,682**	**104,610**	**6,928**	**6.6%**	**516,308**	**516,544**	**(236)**	**(0.1%)**
Income	(113,886)	(120,538)	(6,652)	5.5%	(516,308)	(516,008)	(300)	0.1%
(Deficit)/Surplus for Period	**(16,204)**	**(15,928)**	**276**		**0**	**536**	**(536)**	

Notes

YTD 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.

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.

Key Financial Challenges	Proposed Actions to address Financial Challenges
Managing increasing service demand and public expectations, alongside growing recruitment and retention challenges across Council departments, particularly in securing suitably qualified and experienced staff.	Work with departments to assess the impact of demand and workforce pressures on service capacity and capability, staff attendance, agency staff usage and associated costs. Collaborate with services and relevant support teams to identify, develop and implement appropriate responses.
Achieving a favourable year-end position and achieving savings targets in light of council wide risks to expenditure.	Maintain robust monitoring of the Council's financial position and savings delivery. Ensure emerging budget issues are identified promptly and reflected through the budget monitoring process.
Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2026-27 budget was agreed in February 2026 there are still significant budget gaps in future years.	Continue to progress savings options already identified and refine those requiring further development. Identify additional savings through themed reviews and business process reviews, supported by a longer-term approach to build a pipeline of savings deliverable over a number of years.
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 and collection processes 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.	Emerging issues should be highlighted as soon as possible so that their financial impact can be evaluated and reflected in budget monitoring and budget preparation processes. Ongoing issues, such as the Iran War, will be monitored regularly, with mitigation strategies developed to help offset unavoidable costs.
Future ongoing impact on revenue budgets as a result of the delivery of substantial capital projects such as Rothesay Pavilion and a new school on Mull.	Ensure costs are identified and reported on early in the process so Members are aware of the ongoing financial impact to budgets. Monitor and report on these regularly as part of the routine budget monitoring once the projects are complete.
Delivery of climate change measures which can be costly and result in overspends.	The council will look at financially sustainable options and closely monitor the impact of these on the budget position.

CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2026

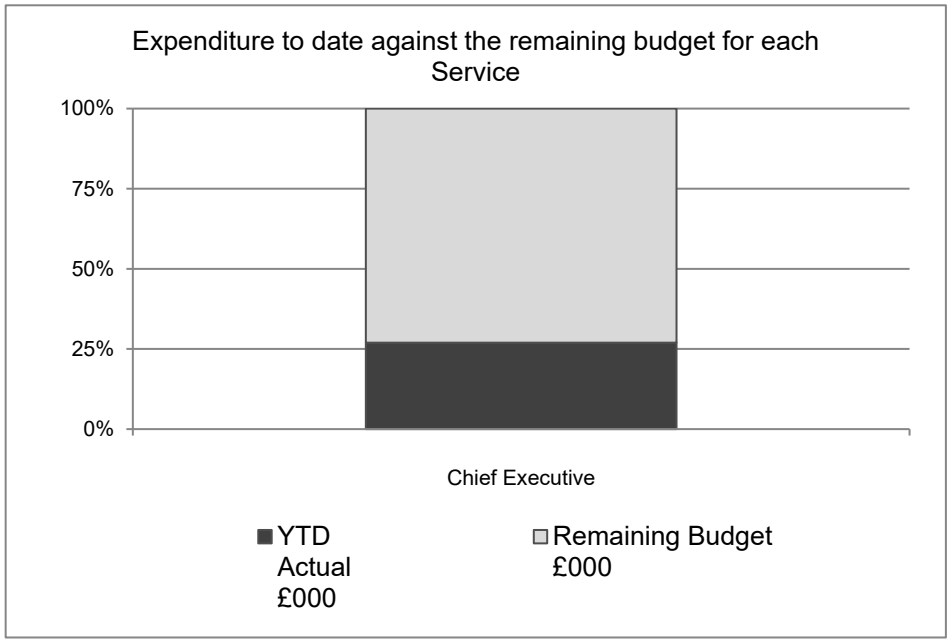
The department is currently forecasting spend in line with budget.

The department has a year to date overspend of £0.064m (5.3%) which can be attributed to budget profiling issues.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Jun) £000	Previous Forecast Variance Reported (May) £000	Change £000
Chief Executive	1,206	1,206	0	0	0
Totals	**1,206**	**1,206**	**0**	**0**	**0**

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2025-26 outturn position was an underspend of £386. This resulted from an overall underspend of £0.169m offset by earmarkings of £0.169m.

CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2026

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
To continue to deliver a high-quality service to support community engagement and participation.	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.
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.	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.
Demands for funding from community applications to the Supporting Communities Fund higher than available annual funds by about 40%.	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.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

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	129	127	(2)	(1.6%)	594	594	0	0.0%	Outwith reporting criteria
Community Planning & Development	196	134	(62)	(46.3%)	612	612	0	0.0%	YTD variance arises from profiling issues and earmarkings to be drawn down which will be updated for future reporting.
	325	**261**	**(64)**	**(24.5%)**	**1,206**	**1,206**	**0**	**0.0%**	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.
Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.
The Variance is the difference between budget and actual or forecast outturn.
A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.
A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.
An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2026

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	250	220	(30)	(13.6%)	1,041	1,041	0	0.0%	Earmarked funded posts for which draw downs have still to be done.
Premises	0	0	0	0.0%	0	0	0	0.0%	Outwith reporting criteria
Supplies and Services	18	5	(13)	(260.0%)	21	21	0	0.0%	Profiling, will be rectified in July.
Transport	2	3	1	33.3%	14	14	0	0.0%	Profiling, will be rectified in July.
Third Party	55	51	(4)	(7.8%)	205	205	0	0.0%	Outwith reporting criteria
Income	0	(18)	(18)	100.0%	(75)	(75)	0	0.0%	Profiling, will be rectified in July.
Totals	**325**	**261**	**(64)**	**(24.5%)**	**1,206**	**1,206**	**0**	**0.0%**	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.
Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.
The Variance is the difference between budget and actual or forecast outturn.
A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.
A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.
An explanation is given for any variance which exceeds £50,000 or 10%.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2026

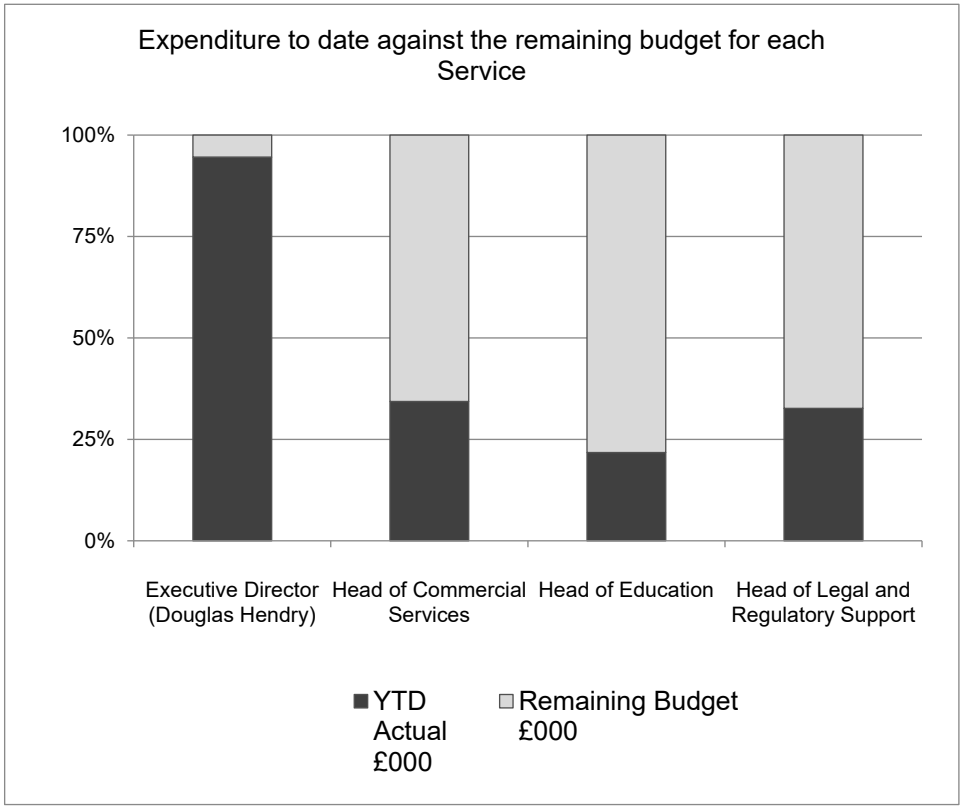
The department is currently forecasting a spend in line with budget.

The department has a year to date (YTD) underspend of £1.057m (2.5%). This is mainly due to the current budget profile, which will be refined through July.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Jun) £000	Previous Forecast Variance Reported (May) £000	Change £000
Executive Director (Douglas Hendry)	129	129	0	0	0
Head of Commercial Services	11,014	11,014	0	0	0
Head of Education	135,295	135,295	0	0	0
Head of Legal and Regulatory Support	22,763	22,763	0	0	0
Totals	**169,201**	**169,201**	**0**	**0**	**0**

Year to Date Position



EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2026

Key Financial Successes:

The 2025-26 year-end consolidated outturn position was an under spend of £0.842m after adjusting for automatic earmarking. Contributing factors included:

- Continuation of NDEEF and expansion of CEEF projects resulting in recurring annual saving in utilities and a significant contribution to meeting net zero targets.
- Received further funding from DRAX for solar panel projects in schools located in the area surrounding Cruachan Power Station, to the value of £25k, with potential for further funding.
- Further rationalisation of office space through Our Modern Workspace Programme has reduced utility costs, printer costs and cleaning costs as well as receiving Non-Domestic Rates relief for closed buildings.
- Successful grant applications by schools to Bright Starts, ACHA and the Library and Information Council
- Further expansion of the MCR pathways mentoring programme in schools within existing budgets and funding award streams.
- Effective contract management of NPDO and Hub School contracts, including a lower-than-expected insurance premium due to the annual renegotiation of insurance costs.
- Ongoing efficiency project in catering which has reduced staff costs, while menu redesign has led to an increase in school meal uptake.
- Within events there has been a significant increase in bookings for weddings and other private functions.
- In 2025-26 the Welfare Rights Team have helped residents of Argyll and Bute claim just under £5.5m in additional benefits that they were entitled to. The support is targeted at some of the most vulnerable in our communities and makes a significant difference to families and individuals both financially and to their overall health and wellbeing. As well as the financial benefit to residents, it also means extra money coming into the area as many will spend at least some of it in local businesses and services, resulting in an economic benefit to the area.

Key Financial Challenges:	**Proposed Actions to address Financial Challenges:**
Rising demand and complexity of young people with Additional Support Needs, placing significant pressure on staffing, placements and budgets.	Continuous analysis and review of delivery models, robust costings of the current delivery model implemented in August 2025, and continual monitoring of associated budgets. Maximise use of Additional Support for Learning Funding, Whole Family Wellbeing Funding and Mental Health and Wellbeing Funding, whilst working collaboratively across Children's Services.
Impact of the current cost of living crisis on the cost of the school day for learners and their families.	Collaborate with schools to ensure effective use of Strategic Equity Funding, Pupil Equity Funding and SG Core Curriculum funding to close the poverty related attainment gap and identify other multi

	agency 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 service usage, budget outturn and future budget requirements. Strategies in place to redesign services in line with demand.
Ensure that the School Catering Service remains efficient and effective as the requirement to comply with the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020, has increased the cost of producing a school meal.	Continue working with finance to review the efficiency of the service, through good procurement of supplies and the use of a school meal pre order app that reduces food waste. Produce meals that pupils want to eat through regular consultation and a range of menu choices.
The Scottish Government has increased the amount of ringfenced Education funding. This funding is dependent on maintaining teacher numbers to a set level. Additionally, Councils have been asked to make progress towards reduced teacher class contact time.	Monitor teacher numbers and associated costs, highlighting any budget pressures or potential penalties should staffing levels fall below target. Collaboration with the Education Service to prepare robust costings for the impact of any reduction in teacher class contact time.
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.
Increasing demand for statutory legal work, child protection, tribunals, and contract and procurement pressures. Rising litigation and claims as well as an increase in reactive workload.	Early legal intervention, strong contract and procurement compliance and focus legal resource on high risk statutory and financial exposure cases. Digital systems to streamline case management and document handling.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

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	122	109	(13)	(11.9%)	129	129	0	0.0%	The YTD overspend is due to on-going additional property costs following Storm Eowyn. These will be reviewed in July.
		122	**109**	**(13)**	**(11.9%)**	**129**	**129**	**0**	**0.0%**	
Head of Commercial Services	Catering	1,067	1,177	110	9.4%	1,404	1,404	0	0.0%	The YTD underspend is mainly due to the current budget profile which will be refined through July. Additionally, the catering fixed and variable bid have still to be calculated and processed up to the end of June.
Head of Commercial Services	Central/Management Costs	359	303	(56)	(18.5%)	1,431	1,431	0	0.0%	The YTD overspend is mainly due to miscoding of payroll posts which will be corrected in July combined with under-recovery of rental income.
Head of Commercial Services	CHORD	58	58	0	0.0%	32	32	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Cleaning	450	504	54	10.7%	191	191	0	0.0%	The YTD underspend is due to lower than anticipated use of bank staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	1,493	1,330	(163)	(12.3%)	5,557	5,557	0	0.0%	The YTD overspend is mainly due to the current budget profile which will be refined through July with the draw down of earmarked reserves to fund contract variations.
Head of Commercial Services	Events & Commercial Catering	(4)	(11)	(7)	63.6%	16	16	0	0.0%	This YTD overspend is due to lower than budgeted income in Commercial Cafés.
Head of Commercial Services	Property Portfolio	(90)	(50)	40	(80.0%)	(196)	(196)	0	0.0%	The YTD underspend is due to timing of receipt of rental

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

										income, the profile will be refined through July.
Head of Commercial Services	Property Services	392	475	83	17.5%	1,278	1,278	0	0.0%	The YTD underspend is due to recruitment delays and staff vacancies across Property Services combined with profiling of expenditure which will be refined through July.
Head of Commercial Services	Shared Offices	59	218	159	72.9%	1,301	1,301	0	0.0%	The YTD underspend is due to the Cleaning recharge not having been processed for 26-27 yet. This should be rectified in July. Additionally, the position is impacted by outstanding expenditure accruals for CRA carried forward from 2025/26.
		3,784	**4,004**	**220**	**5.5%**	**11,014**	**11,014**	**0**	**0.0%**	
Head of Education	Additional Support for Learning	3,275	3,368	93	2.8%	15,461	15,461	0	0.0%	The YTD underspend is mainly due to delays in recruitment.
Head of Education	Central/Management Costs	846	771	(75)	(9.7%)	2,621	2,621	0	0.0%	The YTD overspend is mainly due to the current budget profile which will be refined through July. The remainder is due to overspends in computer software, licenses and subscriptions, budget will require to be identified to cover.
Head of Education	Community Learning & Development	1	0	(1)	0.0%	15	15	0	0.0%	Outwith Reporting Criteria
Head of Education	Early Learning & Childcare	4,093	4,336	243	5.6%	21,481	21,481	0	0.0%	The YTD underspend is mainly due to delays in recruitment.
Head of Education	Primary Education	9,693	10,171	478	4.7%	42,985	42,985	0	0.0%	The YTD underspend is mainly profile related and will be rectified through July. Additionally, the catering service meal charges have still to be calculated and

										processed up to the end of June. Under the Scheme of Devolved School Management, schools are permitted flexibility at financial year end, therefore no forecast variance will be processed.
Head of Education	Pupil Support	1,012	1,061	49	4.6%	5,430	5,430	0	0.0%	Outwith Reporting Criteria
Head of Education	Schools - Central Services	1,155	752	(403)	(53.6%)	3,038	3,038	0	0.0%	The YTD overspend is due to an outstanding income accrual for grant funding combined with miscoding of IT equipment which should be moved to capital in due course.
Head of Education	Secondary Education	9,377	9,804	427	4.4%	44,264	44,264	0	0.0%	The YTD underspend is mainly profile related and will be rectified through July. Additionally, the catering service meal charges have still to be calculated and processed up to the end of June. Under the Scheme of Devolved School Management, schools are permitted flexibility at financial year end, therefore no forecast variance will be processed.
		29,452	**30,263**	**811**	**2.7%**	**135,295**	**135,295**	**0**	**0.0%**	

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

Head of Legal & Regulatory Support	Central/Management Costs	79	84	5	6.0%	406	406	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	86	57	(29)	(50.9%)	216	216	0	0.0%	The YTD overspend is due to an outstanding income accrual for a contribution from Police Scotland.
Head of Legal & Regulatory Support	Elections	32	2	(30)	(1500.0%)	17	17	0	0.0%	The YTD overspend is for software costs (budget will need to be identified for this) combined with election expenditure incurred.
Head of Legal & Regulatory Support	Governance	236	250	14	5.6%	874	874	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	120	169	49	29.0%	859	859	0	0.0%	The YTD underspend is due to delays in recruitment.
Head of Legal & Regulatory Support	Legal Services	120	123	3	2.4%	858	858	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	NPDO and Hub Schools	6,302	6,315	13	0.2%	17,316	17,316	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Procurement, Commercial and Contract Management	287	313	26	8.3%	1,444	1,444	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Trading Standards & Advice Services	171	159	(12)	(7.6%)	773	773	0	0.0%	Outwith Reporting Criteria
		7,433	**7,472**	**39**	**0.5%**	**22,763**	**22,763**	**0**	**0.0%**	
		40,791	**41,848**	**1,057**	**2.5%**	**169,201**	**169,201**	**0**	**0.0%**	

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

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 30 JUNE 2026

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	28,254	28,544	290	1.0%	125,986	125,986	0	0.0%	The YTD underspend is due to delays in recruitment and vacancies across the whole service. Vacancy savings will be harvested through July which will refine the budget position.
Premises	1,138	1,752	614	35.1%	8,457	8,457	0	0.0%	The YTD underspend is mainly due to the recharge for the cleaning trading account not having been processed up to June, this will be rectified through July.
Supplies and Services	2,548	3,272	724	22.1%	14,827	14,827	0	0.0%	The YTD underspend is mainly due to the current budget profile of prepared meals and catering purchases offset by an overspend in glow for IT devices which will be rectified from Capital.
Transport	98	81	(17)	(21.0%)	354	354	0	0.0%	The YTD overspend position is due to a high level of essential staff travel required within Education.
Third Party	9,942	9,654	(288)	(3.0%)	49,204	49,204	0	0.0%	The YTD overspend is mainly due to the current budget profile which will be refined through July. The remainder of the overspend position is due to a contract variation payment to Live Argyll that requires a draw down of funds from an earmarked reserve.
Income	(1,189)	(1,455)	(266)	18.3%	(29,627)	(29,627)	0	0.0%	The YTD under recovery of income is mainly due to the budget profile of rental income and feedin tariff income. Both will be refined through July.
Totals	**40,791**	**41,848**	**1,057**	**2.5%**	**169,201**	**169,201**	**0**	**0.0%**	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.
Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.
The Variance is the difference between budget and actual or forecast outturn.
A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.
A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.
An explanation is given for any variance which exceeds £50,000 or 10%.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES SUMMARY AS AT 30 JUNE 2026

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 30 JUNE 2026

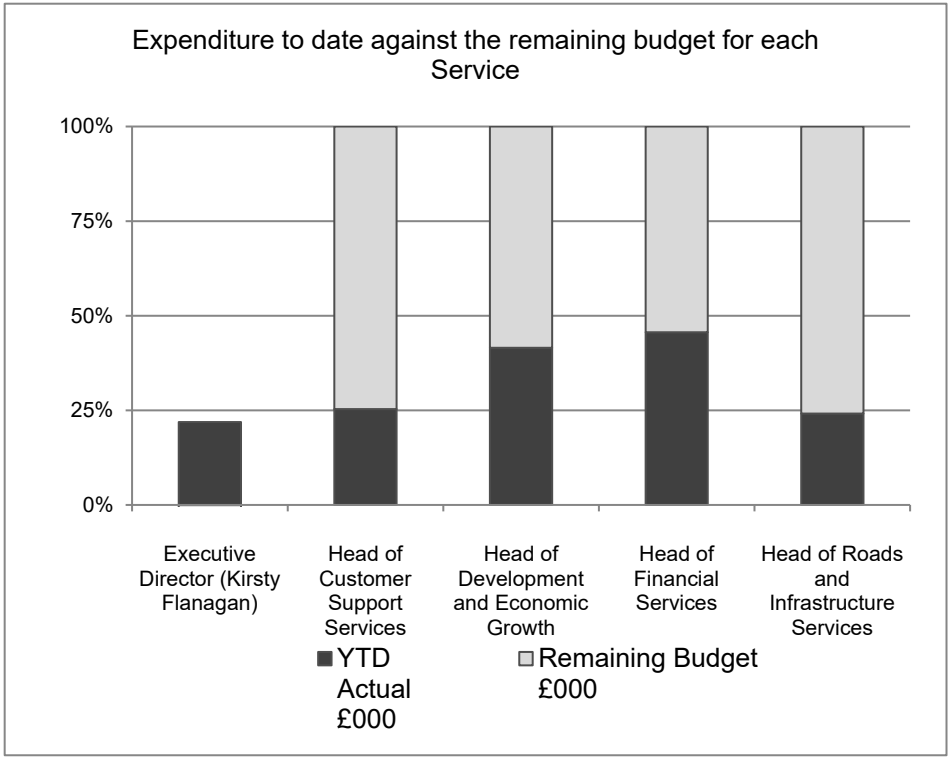
Piers and Harbours is forecasting an overspend of £0.236m (0.3%), because surplus income must be ring-fenced for use within the service. This requirement, which is not currently budgeted for, arises from the Harbours Act 1964 and requires income to be used to provide the service and maintain associated assets.

The department is reporting a year-to-date overspend of £6.232m (40.3%). This is mainly due to budget profiling, particularly for Piers and Harbours income; outstanding roads and transport recharges following delays in the new Roads Costing System; and delays in grant claims and receipts for qualifying expenditure already incurred.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Jun) £000	Previous Forecast Variance Reported (May) £000	Change £000
Executive Director (Kirsty Flanagan)	(354)	(354)	0	0	0
Head of Customer Support Services	10,741	10,741	0	0	0
Head of Development and Economic Growth	9,648	9,648	0	0	0
Head of Financial Services	8,419	8,419	0	0	0
Head of Roads and Infrastructure Services	45,588	45,824	(236)	0	(236)
Totals	**74,042**	**74,278**	**(236)**	**0**	**(236)**

Year to Date Position



EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 30 JUNE 2026

Key Financial Successes: The department had a challenging 2025-26 financial year with a net overspend of £1.371m reported after automatic earmarkings were applied. This was primarily driven by the under-recovery of income from ferry berthing (especially at Craignure, Rothesay and Dunoon), under-recovery of commercial refuse collection charges, additional spend relating to Private Sector Housing Grants, overspends in Homeless Accommodation, under-recovery of vacancy savings and unachieved savings from the RIS review, offset partially by the over-recovery of income in infrastructure design and recylate sales.	
Key Financial Challenges:	**Proposed Actions to address Financial Challenges:**
Ensuring that services spend to budget and do not overspend.	Detailed monitoring in the key areas overspent in 2025-26 to highlight concerns early and mitigate before becoming an overspend.
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Rising cost of materials, software and consultancy services across the service will result in a reduction in activity or overspends.	Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as early as possible.
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 increases in service demand and delivery costs.	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.
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	Close monitoring of Winter Maintenance activity and reporting of the financial implications through the budget monitoring process. The Council has a winter policy which sets out the intervention level and locations to be treated in cold weather. The number of treatments is determined by weather conditions. 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.
Climate Change Mitigation impacting on the department's key infrastructure will result in overspends because of increased inspection and maintenance activity.	The Council will continue to tackle climate change, looking at financially sustainable options and will closely monitor the financial consequences.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 30 JUNE 2026

Dangerous buildings costs as there is no budget for this expenditure, and the council has no control over the demand for the service.	Building Standards, Legal Services and Financial Services are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
The end of the Waste PPP contract has required a new contract to be put in place for the disposal of waste, with costs unknown until agreements are made, this could put pressure on the Waste budget.	To closely monitor all service components of Waste Management.
Reduced berthing income from CalMac Ferries using the Council's harbour facilities.	Larger CalMac ferries normally berthing at Craignure have been replaced by smaller vessels due to wider fleet issues, with MV Isle of Mull having the greatest impact. CalMac and the Council continue to discuss a funding model to guarantee annual income and reduce volatility and financial risk.
Roads and Lighting overspends caused by the lead times involved in completing final measures for finished capital works.	Roads operatives to be prompted to complete measures as soon as schemes are complete so that income will be recorded more timeously.
Repairs and maintenance in relation to harbours overspent due to the age of assets.	Consider whether these assets should be included within the scope of the RIS review for replacement through capital funding, or whether a spend-to-save option is viable. If neither option is progressed, the risk and associated cost pressure will remain.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

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	138	87	(51)	(58.6%)	(354)	(354)	0	0.0%	YTD variance relates to consultancy costs in relation to final RIS review costs (covered by earmarkings to be drawn down) and work by Triple Value Impact, funding for which is to be confirmed.
		138	**87**	**(51)**	**(58.6%)**	**(354)**	**(354)**	**0**	**0.0%**	
Head of Customer Support Services	Central/Management Costs	36	40	4	10.0%	221	221	0	0.0%	YTD variance relates to staff vacancies due to vacancy savings not yet being processed.
Head of Customer Support Services	Communications	73	68	(5)	(7.4%)	337	337	0	0.0%	Outwith reporting criteria
Head of Customer Support Services	Customer Service Centres	373	435	62	14.3%	2,020	2,020	0	0.0%	YTD variance mainly relates to profile of income in Mail Room which should rectify over the year.
Head of Customer Support Services	HR	676	658	(18)	(2.7%)	3,017	3,017	0	0.0%	Outwith reporting criteria
Head of Customer Support Services	ICT	1,584	1,523	(61)	(4.0%)	5,138	5,138	0	0.0%	YTD variance due to profile of maintenance which should rectify over the year.
Head of Customer Support Services	Registrars	(21)	(13)	8	(61.5%)	8	8	0	0.0%	YTD variance due to profile of income which should rectify over the year.
		2,721	**2,711**	**(10)**	**(0.4%)**	**10,741**	**10,741**	**0**	**0.0%**	

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

Head of Development & Economic Growth	Airports	332	297	(35)	(11.8%)	1,288	1,288	0	0.0%	YTD variance due to profile of maintenance budget which should rectify over the year.
Head of Development & Economic Growth	Building Control	(136)	(27)	109	(403.7%)	104	104	0	0.0%	YTD variance relates to an increase in Building Standards income and one-off funding of £81K to help fund service improvements which is still to be utilised.
Head of Development & Economic Growth	Central/Management Costs	147	147	0	0.0%	722	722	0	0.0%	Outwith reporting criteria
Head of Development & Economic Growth	Culture & Heritage	(35)	57	92	161.4%	252	252	0	0.0%	YTD variance relates to an outstanding accrual for Rothesay Pavilion.
Head of Development & Economic Growth	Development Management	214	16	(198)	(1237.5%)	419	419	0	0.0%	YTD variance relates to the profile of Planning fee income.
Head of Development & Economic Growth	Development Policy	156	109	(47)	(43.1%)	509	509	0	0.0%	YTD variance relates to grant expenditure incurred but not yet claimed for.
Head of Development & Economic Growth	Economic Development	1,281	341	(940)	(275.7%)	1,332	1,332	0	0.0%	YTD variance relates to grant income which is still to be received and Earmarked Reserves that require to be drawn down.
Head of Development & Economic Growth	Environmental Health	243	352	109	31.0%	1,647	1,647	0	0.0%	YTD variance relates to staff vacancies (vacancy savings not yet taken) and profile of Private Landlord Registration income budget.
Head of Development & Economic Growth	Environmental Initiatives	28	28	0	0.0%	136	136	0	0.0%	Outwith reporting criteria

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

Head of Development & Economic Growth	Housing	1,710	1,055	(655)	(62.1%)	2,943	2,943	0	0.0%	YTD variance relates to grant expenditure incurred but not yet claimed for.
Head of Development & Economic Growth	Private Landlords	(78)	(13)	65	(500.0%)	0	0	0	0.0%	YTD variance relates to the profile of the Short Term Lets income budget.
Head of Development & Economic Growth	Transportation Policy	143	66	(77)	(116.7%)	296	296	0	0.0%	YTD variance relates to grant expenditure incurred but not yet claimed for.
		4,005	**2,428**	**(1,577)**	**(65.0%)**	**9,648**	**9,648**	**0**	**0.0%**	
Head of Financial Services	Accounting & Budgeting	699	698	(1)	(0.1%)	3,349	3,349	0	0.0%	Outwith reporting criteria
Head of Financial Services	Internal Audit & Fraud	81	91	10	11.0%	408	408	0	0.0%	YTD variance relates to staff vacancies due to vacancy savings not yet being processed.
Head of Financial Services	Revenues & Benefits	2,749	2,829	80	2.8%	3,674	3,674	0	0.0%	YTD variance relates to profiling issues which will be resolved for future reporting.
Head of Financial Services	Scottish Welfare Fund	311	293	(18)	(6.1%)	988	988	0	0.0%	Outwith reporting criteria
		3,840	**3,911**	**71**	**1.8%**	**8,419**	**8,419**	**0**	**0.0%**	
Head of Roads & Infrastructure Services	Amenity	1,030	1,000	(30)	(3.0%)	3,613	3,613	0	0.0%	Outwith reporting criteria

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

Head of Roads & Infrastructure Services	Car Parking	(125)	(241)	(116)	48.1%	(585)	(585)	0	0.0%	YTD variance relates to profile of car parking income which should rectify over the coming months.
Head of Roads & Infrastructure Services	Central/Management Costs	887	836	(51)	(6.1%)	3,362	3,362	0	0.0%	YTD variance due to the profile of income recharges which will be rectified for next reporting period.
Head of Roads & Infrastructure Services	Depots	90	(89)	(179)	201.1%	(360)	(360)	0	0.0%	YTD variance relates to profile of income which will be rectified for next monitoring period.
Head of Roads & Infrastructure Services	Fleet & Transport	3,282	1,579	(1,703)	(107.9%)	13,039	13,039	0	0.0%	YTD variance mainly relates to profile of income which will be rectified for next monitoring period and overspend on fleet repairs and fuel.
Head of Roads & Infrastructure Services	Infrastructure	190	209	19	9.1%	1,024	1,024	0	0.0%	Outwith reporting criteria
Head of Roads & Infrastructure Services	Marine	(326)	(912)	(586)	64.3%	(383)	(147)	(236)	61.6%	YTD variance relates to the profile of berthing income within Piers and Harbours which will be monitored closely over the coming months. Forecast variance due to the requirement to earmark any surplus income within Piers and Harbour at year end.
Head of Roads & Infrastructure Services	Network & Traffic Management	51	69	18	26.1%	358	358	0	0.0%	YTD variance relates to staff vacancies due to vacancy savings not yet being processed.
Head of Roads & Infrastructure Services	Road Safety	28	52	24	46.2%	187	187	0	0.0%	YTD variance relates to staff vacancies due to vacancy savings not yet being processed.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

Head of Roads & Infrastructure Services	Roads & Lighting	4,538	1,695	(2,843)	(167.7%)	8,652	8,652	0	0.0%	YTD variance due to Roads recharges not yet processed for the year so far due to the transition from Total to the new WDM roads costing system being delayed. Year to date recharges will be processed once new system available and profile error will be resolved.
Head of Roads & Infrastructure Services	Waste	1,363	2,145	782	36.5%	16,681	16,681	0	0.0%	YTD variance mainly relates to profiling with one large invoice expected in July to rectify.
		11,008	**6,343**	**(4,665)**	**(73.6%)**	**45,588**	**45,824**	**(236)**	**(0.5%)**	
		21,712	**15,480**	**(6,232)**	**(40.3%)**	**74,042**	**74,278**	**(236)**	**(0.3%)**	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.
Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.
The Variance is the difference between budget and actual or forecast outturn.
A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.
A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.
An explanation is given for any variance which exceeds £50,000 or 10%

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2026

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	10,636	11,483	847	7.4%	53,546	53,546	0	**0.0%**	YTD variance mainly due to vacant posts across the services whilst awaiting vacancy savings to be processed.
Premises	551	849	298	35.1%	3,813	3,813	0	**0.0%**	YTD variance mainly due to profiling on Street Lighting and refuse collection recharges not yet processed.
Supplies and Services	3,751	2,928	(823)	(28.1%)	11,217	11,217	0	**0.0%**	Purchase of MS365 software with earmarkings not yet drawn down, alongside payments made against UK SPF and Community Led Local Development which will be offset by grant income.
Transport	4,181	3,259	(922)	(28.3%)	19,009	19,009	0	**0.0%**	Mixture of profiling, spend that will be covered from earmarkings and fuel prices that are greater than budget.
Third Party	12,428	17,271	4,843	28.0%	75,523	75,523	0	**0.0%**	YTD variance mainly due to profiling of Housing Benefits Private, including DHP, as well as profiling on Waste Private Contractors. Year to date Roads trading accounts payments yet to be processed also impacting on this variance.
Capital Financing	0	0	0	0.0%	3,697	3,933	(236)	**(6.4%)**	Forecast variance due to the requirement to earmark any surplus income within Piers and Harbour at year end.
Income	(9,835)	(20,310)	(10,475)	51.6%	(92,763)	(92,763)	0	**0.0%**	Variance due to profile of Housing Benefit subsidies received (linking to Third Party variance above), the profile of the transport recharge to education and Roads recharges not yet processed for the year so far due to the transition from Total to the new WDM roads costing system being delayed. Year to date recharges will be processed once new system available and profile error will be resolved.
Totals	**21,712**	**15,480**	**(6,232)**	**(40.3%)**	**74,042**	**74,278**	**(236)**	**(0.3%)**	

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2026

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.
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EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 30 JUNE 2026

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Marine	(383)	(147)	(236)	61.6%	Piers and harbours income must be used for the service and related assets, with any surplus ring-fenced for that purpose under the Harbours Act 1964. This is currently unbudgeted for.

Red Variance is a forecast variance which is greater than +/- £50k

SOCIAL WORK – AS AT 30 JUNE 2026

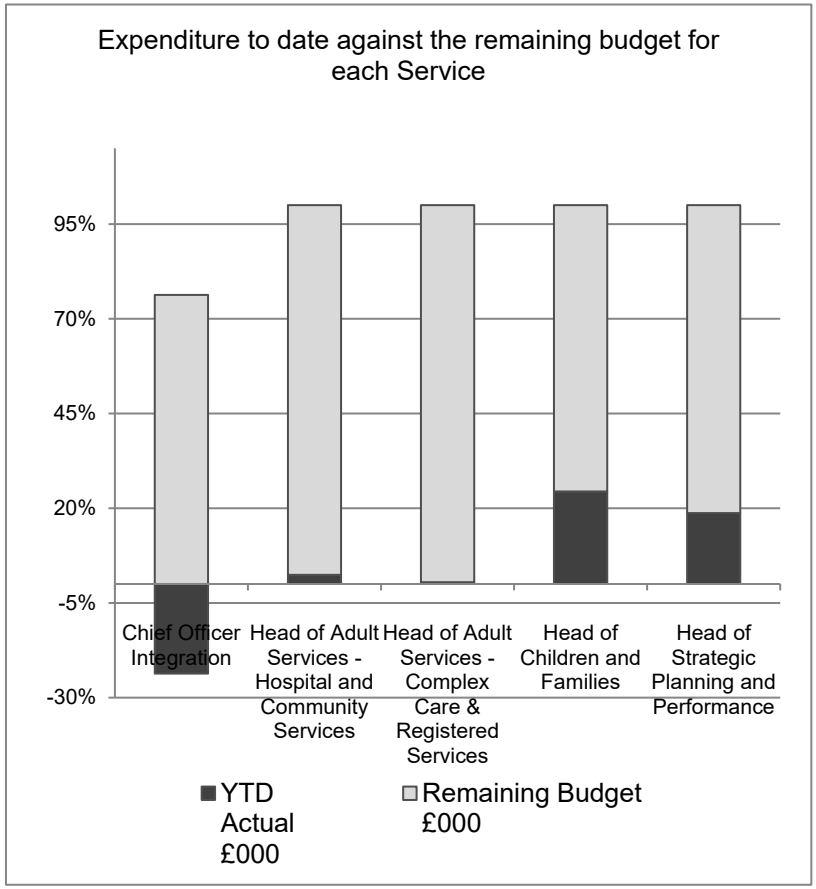
The department is currently forecasting an overspend of £0.234m (0.3%). This is due to demand for residential placements within Children and Families. The Integration Joint Board will be expected to recover this position by the end of the financial year or offset the overspend from its budget reserves. Consequently, there is a reported forecast variance of zero within the overview position at Appendix 1 but the detail explaining the variances are noted below for information.

The department has a year-to-date overspend of £0.438m (9.5%) which is due to demand driven services within Children and Families.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Jun) £000	Previous Forecast Variance Reported (May) £000	Change £000
Chief Officer Integration	594	378	216	0	216
Head of Strategic Planning and Performance	587	583	4	0	4
Head of Adult Services - Hospital and Community Services	8,320	8,336	(16)	0	(16)
Head of Adult Services - Complex Care & Registered Services	64,077	64,247	(170)	0	(170)
Head of Children and Families	19,178	19,446	(268)	0	(268)
Totals	**92,756**	**92,990**	**(234)**	**0**	**(234)**

Year to Date Position



SOCIAL WORK – AS AT 30 JUNE 2026

Key Financial Successes: Delivered a balanced budget at the end of 2025/26 after utilising £2.553m of pension reserves held in the council and adding £0.057m to IJB reserves.	
Key Financial Challenges:	**Proposed Actions to address Financial Challenges:**
Deliver the savings total for 2026/27 of £2.252m.	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.	Support from finance to assist strategic managers to develop and identify further savings options 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.
Cost of the 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 June 2026 of £0.331m.	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 30 JUNE 2026

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	76	138	62	44.9%	1,909	1,629	280	14.7%	The YTD variance is due to timing differences on third party payments and the forecast variance reflects unallocated centrally held budgets.
Chief Officer Integration	Social Work Central Support	(343)	(638)	(295)	46.2%	(1,315)	(1,251)	(64)	4.9%	The YTD variance is due to timing differences on third party payments and the forecast variance is due to higher than budgeted expenditure in relation to NHS recharges.
		(267)	**(500)**	**(233)**	**91.2%**	**594**	**378**	**216**	**19.5%**	
Head of Strategic Planning & Performance	Management & Central Costs	100	115	15	13.0%	549	546	3	0.5%	The YTD variance is due to vacant posts within the team and the forecast variance is outwith reporting criteria.
Head of Strategic Planning & Performance	Service Development	10	7	(3)	(42.9%)	38	37	1	2.6%	The YTD variance is due to timing differences on re-charges to Health Boards and the forecast variance is outwith reporting criteria.
		110	**122**	**12**	**(29.8%)**	**587**	**583**	**4**	**3.2%**	
Head of Adult Services - Hospital and Community Services	Management & Central Costs	(26)	(24)	2	(8.3%)	638	560	78	12.2%	The YTD variance is outwith reporting criteria and the forecast variance is due to lower than budgeted third party payments.
Head of Adult Services - Hospital and Community Services	Older People	228	319	91	28.5%	7,682	7,776	(94)	(1.2%)	The YTD variance is due timing differences on third party payments and the forecast variance is due to the carers respite forecast expenditure being higher than budgeted.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

		202	**295**	**93**	**31.5%**	**8,320**	**8,336**	**(16)**	**(0.2%)**	
Head of Adult Services - Complex Care & Registered Services	Learning Disabilities	(1,924)	(1,885)	39	(2.1%)	17,051	16,761	290	1.7%	The YTD variance is outwith reporting criteria. The forecast underspend reflects known commitments for current approved packages of care and higher than budgeted income projections.
Head of Adult Services - Complex Care & Registered Services	Management & Central Costs	22	28	6	21.4%	127	121	6	4.7%	The YTD variance is due to various small timing differences in supplies and services. The forecast variance is due to a number of small underspends forecast in supplies and services expenditure.
Head of Adult Services - Complex Care & Registered Services	Mental Health	(61)	(136)	(75)	55.2%	3,967	4,310	(343)	(8.6%)	The YTD variance is due to timing differences in third party payments. The forecast overspend reflects known commitments for residential care packages partially offset by underspend in addictions/substance misuse.
Head of Adult Services - Complex Care & Registered Services	Older People	1,788	1,743	(45)	(2.6%)	39,816	39,821	(5)	(0.0%)	The YTD and forecast variances are outwith reporting criteria.
Head of Adult Services - Complex Care & Registered Services	Physical Disability	488	448	(40)	(8.9%)	3,116	3,234	(118)	(3.8%)	The YTD variance is outwith reporting criteria. The forecast overspend is based on anticipated costs for approved packages of care for PD clients.
		313	**198**	**(115)**	**63.0%**	**64,077**	**64,247**	**(170)**	**(6.0%)**	
Head of Children & Families	Child Protection	815	904	89	9.9%	4,244	4,116	128	3.0%	The YTD variance is due to multiple vacancies across the teams. The forecast underspend is due to a

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2026

										number of vacant posts in each of the area teams and known commitments in the contact and welfare service area.
Head of Children & Families	Children with a Disability	214	229	15	6.6%	994	759	235	23.6%	The YTD variance is outwith reporting criteria. The forecast underspend reflects the current level of commitments within the service area.
Head of Children & Families	Criminal Justice	493	488	(5)	(1.0%)	338	345	(7)	(2.1%)	The YTD and forecast variances are outwith reporting criteria
Head of Children & Families	Looked After Children	2,346	2,042	(304)	(14.9%)	8,948	9,603	(655)	(7.3%)	The YTD and forecast variances are due to higher than budgeted demand for children's residential placements.
Head of Children & Families	Management & Central Costs	814	824	10	1.2%	4,654	4,623	31	0.7%	The YTD and forecast variances are outwith reporting criteria
		4,682	**4,487**	**(195)**	**(4.4%)**	**19,178**	**19,446**	**(268)**	**(1.4%)**	
GRAND TOTAL		**5,040**	**4,602**	**(438)**	**(9.5%)**	**92,756**	**92,990**	**(234)**	**(0.3%)**	

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SOCIAL WORK - SUBJECTIVE SUMMARY AS AT 30 JUNE 2026

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	8,575	8,969	394	**4.4%**	41,412	42,944	(1,532)	**(3.7%)**	The YTD underspend is due to vacant posts across the whole service. The forecast overspend reflects the forecast cost of agency cover for the full financial year for the care at home service.
Premises	363	326	(37)	**(11.4%)**	1,478	1,655	(177)	**(12.0%)**	The YTD and forecast overspends are due to unbudgeted property costs to house agency workers in the care at home service.
Supplies & Services	471	470	(1)	**(0.2%)**	1,387	1,388	(1)	**(0.1%)**	The YTD and forecast variances are outwith reporting criteria.
Transport	182	154	(28)	**(18.2%)**	698	796	(98)	**(14.0%)**	The YTD and forecast variances are due to increased costs of pool cars within the care at home service.
Third Party	12,441	12,165	(276)	**(2.3%)**	73,304	72,749	555	**0.8%**	The YTD variance is due to timing differences on payments to other depts and the forecast variance reflects current commitments for external care at home placements and supported living services.
Income	(16,992)	(17,482)	(490)	**2.8%**	(25,523)	(26,542)	1,019	**(4.0%)**	The YTD variance is due to timing differences in re-charges to health's boards and the forecast variance is due greater than budgeted income forecasts for community alarms and charges to clients.
Totals	**5,040**	**4,602**	**(438)**	**(9.5%)**	**92,756**	**92,990**	**(234)**	**(0.3%)**	

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SOCIAL WORK - RED VARIANCES SUMMARY AS AT 30 JUNE 2026

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Integration Headquarters	1,909	1,629	280	14.7%	The forecast variance reflects unallocated centrally held budgets.
Social Work Central Support	(1,315)	(1,251)	(64)	4.9%	The forecast variance is due to greater than budgeted expenditure on NHS recharges.
Management & Central Costs	638	560	78	12.2%	The forecast variance is due to lower than budgeted expenditure on third party payments.
Older People	7,682	7,776	(94)	(1.2%)	The forecast variance is due to the carers respite expenditure forecast being higher than budgeted.
Learning Disabilities	17,051	16,761	290	1.7%	The forecast underspend reflects known commitments for current approved packages of care and greater than budgeted income projections.
Mental Health	3,967	4,310	(343)	(8.6%)	The forecast overspend reflects known commitments for residential care packages partially offset by underspend in addictions/substance misuse services.
Physical Disability	3,116	3,234	(118)	(3.8%)	The forecast overspend is based on anticipated costs for approved packages of care for PD clients.
Child Protection	4,244	4,116	128	3.0%	The forecast underspend is due to a number of vacant posts in each of the area teams and known commitments in the contact and welfare service area.
Children with a Disability	994	759	235	23.6%	The forecast underspend reflects the current level of commitments within the service area.
Looked After Children	8,948	9,603	(655)	(7.3%)	The forecast overspend reflects current known demand for residential placements.

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

MONITORING OF BUDGET SAVINGS OPTIONS APPROVED FEBRUARY 2026

APPENDIX 3

POSITION AS AT 30 JUNE 2026

					2026-27			2027-28			2028-29			
Ref	**Department**	**Service**	**Service Delivery Area**	**Saving Summary**	**Saving**	**FTE**	**H/Count**	**Saving**	**FTE**	**H/Count**	**Saving**	**FTE**	**H/Count**	**Status of Implementation**
COM07	Executive Director Douglas Hendry	Commercial Services	Estates	Increase commercial income for new leases.	240.00	0.0	0	240.00	0.0	0	240.00	0.0	0	Being Developed
COM03	Executive Director Douglas Hendry	Commercial Services	Catering	School food procurement & efficiency.	150.00	0.0	0	150.00	0.0	0	150.00	0.0	0	Delivered
COM09	Executive Director Douglas Hendry	Commercial Services	Commercial Services	Commercial investment technical resource.	79.00									Delivered
COM06	Executive Director Douglas Hendry	Commercial Services	Commercial Services	Reduce consultancy budget.	50.00	0.0	0	50.00	0.0	0	50.00	0.0	0	Delivered
COM10	Executive Director Douglas Hendry	Commercial Services	Commercial Services	Site investigation works.	21.00									Delivered
EDU02	Executive Director Douglas Hendry	Education	Schools	Following falling school rolls and parental preference for larger nearby schools, four schools - Minard, Achaleven, Kilchrenan and Southend - have been formally closed by agreement. The saving relates to staffing budgets that are no longer required, as the affected staff have been redeployed.	700.00	0.0	0	700.00	0.0	0	700.00	0.0	0	Delivered
EDU08	Executive Director Douglas Hendry	Education	Universal Free School Meals	As a result of an efficiency exercise in catering and a falling school roll the service is able to offer a saving of £250k.	250.00	0.0	0	250.00	0.0	0	250.00	0.0	0	Delivered
EDU09	Executive Director Douglas Hendry	Education	Early Years Teachers	Removal of teacher time to every ELC facility.	108.00	1.6	16	108.00	1.6	16	108.00	1.6	16	Delivered
EDU03	Executive Director Douglas Hendry	Education	Early Years	Remove 2 early years posts that are vacant due to reducing rolls.	82.00	2.0	2	82.00	2.0	2	82.00	2.0	2	Delivered
EDU07	Executive Director Douglas Hendry	Education	MCR Pathways	There is an £80k earmarked reserve that was set aside by the service to ensure MCR Pathways programme could be delivered across all of the Council's schools. This earmarking is now no longer required as schools contribute funding and other funding streams have been identified to deliver this important work.	80.00									Delivered
EDU01	Executive Director Douglas Hendry	Education	Early Years - Postive Starts Budget	Scottish Child Minder Association is currently working with the service on a similar placement programme - Family Childminding Partnership. This comes at no cost to the Council so the previous budget can be removed.	50.00	0.0	0	50.00	0.0	0	50.00	0.0	0	Delivered
EDU05	Executive Director Douglas Hendry	Education	Wellbeing, Inclusion and achievement	Post for wellbeing work comes to an end July 2026.	46.00	1.0	1	74.00	1.0	1	74.00	1.0	1	On Track to be Delivered
EDU04	Executive Director Douglas Hendry	Education	Life Long Learning and Support	Remove a 0.4fte Teacher post at end of current contract period. This post supported schools with English as an Additional Language, inclusion, UNCRC including Rights Respecting Schools.	18.00	0.4	1	24.00	0.4	1	24.00	0.4	1	On Track to be Delivered
EDU10	Executive Director Douglas Hendry	Education	Teachers	Removal of 100 day promise earmarked reserve. Plan to release in 2027-28 to allow for time to conclude any unfulfilled capital Promise commitments.	0.00	0.0	0	500.00	0.0	0	0.00	0.0	0	On Track to be Delivered
LRS01	Executive Director Douglas Hendry	Legal and Regulatory Services	NPDO and Hub Schools	Contract measures has identified a one-off saving of £150,000 in addition to a recurring saving of £100,000.	250.00	0.0	0	100.00	0.0	0	100.00	0.0	0	Delivered
LRS02	Executive Director Douglas Hendry	Legal and Regulatory Services	Procurement	Education Purchasing Team paid for from core resources, no need for earmarked reserve.	210.00									Delivered
LRS05	Executive Director Douglas Hendry	Legal and Regulatory Services	Legal Services	Reduction in Solicitor SLGE11 post by 14 hours.	25.00	0.4	0	25.00	0.4	0	25.00	0.4	0	Delivered
LRS06	Executive Director Douglas Hendry	Legal and Regulatory Services	Legal Services	Removal of Admin post currently vacant.	25.00	0.9	1	25.00	0.9	1	25.00	0.9	1	Delivered
LRS04	Executive Director Douglas Hendry	Legal and Regulatory Services	Legal Services	Removal of part time Senior Solicitor post due to retirement - 7 hours @ SLGE12.	14.00	0.2	1	14.00	0.2	1	14.00	0.2	1	Delivered
LRS09	Executive Director Douglas Hendry	Legal and Regulatory Services	NPDO Schools	Recharge to Argyll College can be fully budgeted.	9.00	0.0	0	9.00	0.0	0	9.00	0.0	0	Delivered

Ref	Department	Service	Service Delivery Area	Saving Summary	Saving	FTE	H/Count	Saving	FTE	H/Count	Saving	FTE	H/Count	Status of Implementation
LRS08	Executive Director Douglas Hendry	Legal and Regulatory Services	NPDO and Hub Schools	Reduce School Survey Budget.	8.00	0.0	0	8.00	0.0	0	8.00	0.0	0	Delivered
LRS07	Executive Director Douglas Hendry	Legal and Regulatory Services	IJB Governance & Committee Services	Review Recharge - increase by 4%.	4.00	0.0	0	4.00	0.0	0	4.00	0.0	0	On Track to be Delivered
CSS03	Executive Director Kirsty Flanagan	Customer Support Services	ICT	All ICT Savings - SWAN Networking cost savings, reduced SQL licences and remove Forcepoint Content filtering (from April 2027).	260.00	0.0	0	604.00	0.0	0	819.00	0.0	0	On Track to be Delivered
CSS02	Executive Director Kirsty Flanagan	Customer Support Services	Communications	Remove part time Research and Insight Officer post and efficiency saving by changing an SLGE11 post to two part time SLGE10 posts.	38.00	0.5	1	38.00	0.5	1	38.00	0.5	1	On Track to be Delivered
CSS04	Executive Director Kirsty Flanagan	Customer Support Services	HR	Refocus work and use of more digital systems and processes that are expected to save staff time. Also a small amount of savings in non staffing budgets, e.g. training and travel and subsistence.	35.00	0.8	2	191.00	TBC	TBC	191.00	TBC	TBC	On Track to be Delivered
DEG03	Executive Director Kirsty Flanagan	Development and Economic Growth	Regulatory Services	Removal of Crown Estate Funding for redevelopment of 5-7 East Clyde Street, Helensburgh.	270.00									Delivered
DEG07	Executive Director Kirsty Flanagan	Development and Economic Growth	Development Management/ Planning	Increase budget for planning fees to reflect income trends.	150.00	0.0	0	50.00	0.0	0	50.00	0.0	0	On Track to be Delivered
DEG08	Executive Director Kirsty Flanagan	Development and Economic Growth	Development Policy and Housing	Transfer costs to Strategic Housing Fund for 2 staff working on the delivery of housing related activity.	147.00	2.0	2	147.00	2.0	2	147.00	2.0	2	Delivered
DEG04	Executive Director Kirsty Flanagan	Development and Economic Growth	Strategic Transport	Increased income (£90,000) from landing fees due to Bristows operating from Oban Airport from 1 April 2026. In addition £50,000 one off saving due to grant funding that can be used for staff costs.	140.00	0.0	0	90.00	0.0	0	90.00	0.0	0	On Track to be Delivered
DEG06	Executive Director Kirsty Flanagan	Development and Economic Growth	Transformational Projects	Capitalisation of project management costs within Rural Growth Deal PMO (capital funding would need identified).	112.00	0.0	0	112.00	0.0	0	112.00	0.0	0	On Track to be Delivered
FS04	Executive Director Kirsty Flanagan	Financial Services	Revenues and Benefits	Devolved Empty Property Relief - Removal of forecast underspend.	330.00									Delivered
FS07	Executive Director Kirsty Flanagan	Financial Services	Finance	Reduction to contingencies provision.	200.00	0.0	0	100.00	0.0	0	100.00	0.0	0	Delivered
FS06	Executive Director Kirsty Flanagan	Financial Services	Accounting and Budgeting	Recharge to capital.	120.00	0.0	0	60.00	0.0	0	60.00	0.0	0	Delivered
FS01	Executive Director Kirsty Flanagan	Financial Services	Revenues and Benefits	Removal of two Benefits posts.	90.00	2.0	2	80.00	2.0	2	80.00	2.0	2	On Track to be Delivered
FS08	Executive Director Kirsty Flanagan	Financial Services	Finance	Release of earmarked reserves.	80.00									Delivered
FS03	Executive Director Kirsty Flanagan	Financial Services	Revenues and Benefits	Over-recovery of agency income.	40.00									Delivered
FS02	Executive Director Kirsty Flanagan	Financial Services	Revenues and Benefits	Removal of one post from Council Tax Admin Team.	20.00	0.6	1	20.00	0.6	1	20.00	0.6	1	On Track to be Delivered
RIS08	Executive Director Kirsty Flanagan	Roads and Infrastructure	Parks	Reduction to operational budget in parks resulting in reduced level of service.	88.00	3.0	3	106.00	3.0	3	106.00	3.0	3	On Track to be Delivered
RIS04	Executive Director Kirsty Flanagan	Roads and Infrastructure	Roads and Infrastructure Services	Reduction in administration costs.	36.00	1.0	1	44.00	1.0	1	44.00	1.0	1	On Track to be Delivered
RIS07	Executive Director Kirsty Flanagan	Roads and Infrastructure	Ports and Harbours	Campbeltown overtime to be covered by Shipping Berthing Fees.	35.00	0.0	0	35.00	0.0	0	35.00	0.0	0	Delivered
RIS01	Executive Director Kirsty Flanagan	Roads and Infrastructure	Amenity Services	15% Increase in Fees and Charges for parking.	22.00	0.0	0	22.00	0.0	0	22.00	0.0	0	Delivered
RIS02	Executive Director Kirsty Flanagan	Roads and Infrastructure	Amenity Services	15% Increase in Fees and Charges for Cemeteries and Crematorium (6% already accounted for in budget outlook).	4.00	0.0	0	4.00	0.0	0	4.00	0.0	0	Delivered
				TOTALS	**4,636**	**16.36**	**34**	**4,116**	**15.6**	**32**	**3,831**	**15.6**	**32**	

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

CAPITAL PLAN MONITORING REPORT - 2026-27 QUARTER 1

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on financial performance and the delivery of capital projects against the approved Capital Plan budget resources and timescales as at Quarter 1, 30 June 2026.

1.2 This report, being the first quarterly report for 2026-27, provides a summary of the total capital plan as approved on 25 February 2026, reflecting the financial impact of the decisions made at budget setting. It also reflects the impact of decisions made by Council on 24 June 2026 that impact on the capital plan.

1.3 The proposed capital plan expenditure has increased by £38.455m as compared to the budget approved at Council 25 February 2026. Reprofiling of spend from 2025-26, totalling £16.544m, was approved at Council 24 June 2026 and is included in the revised budget total. A further £21.911m has been added to budget and is supported by a combination of grant income and borrowing. A full summary is provided in paragraph 4.9.

1.4 Projects completed as at 31 March 2026 have been removed from the plan, reducing the gross expenditure and related financing streams by £24.883m and £1.522m respectively. Details of completed projects are included within Appendix 5. These projects are now operational, and any expected retention value has been accrued. The removal of the actual expenditure and income has had no impact on the budget projections for 2026-27 onwards.

1.5 **Financial Position**:

- **Capital Plan Budget** – Proposed expenditure budget totals £258.994m, with identified income streams totalling £83.072m (paragraph 4.9), giving an underlying borrowing requirement across 2026-27 and future years of £175.922m.

- **Underlying Borrowing Requirement** – The budget changes detailed in this report have increased the underlying borrowing requirement for 2026-27 to £63.993m (increase of £17.234m) and for the total capital plan 2026-29 to £175.922m (increase of £18.764m).

- **Capital Plan Forecast Expenditure** – Forecast expenditure totals £258.994m, compared to a proposed budget of £258.994, resulting in no forecast variance at this time.

- **2026-27 Actual Expenditure to Date** – Actual expenditure of £7.015m has been incurred in the year to date, representing 6.1% of the £114.101m expenditure budgeted for 2026-27.

1.6 **Physical Delivery:**

- **Asset Sustainability** – of the 100 projects there are currently 99 projects (99%) on track, 1 project off track but recoverable and 0 projects off track.

- **Service Development** – all projects (100%) are currently on track.

- **Strategic Change** – of the 29 projects there are currently 28 projects (96.5%) on track, 1 project off track but recoverable and 0 projects off track.

1.7 There are a number of known risks, specifically related to the Capital Plan, which may impact delivery within available resources and target timescales. The monitoring and review of risks will be undertaken on an ongoing basis throughout the year and are also recorded in the Operational Risk Register.

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

CAPITAL PLAN MONITORING REPORT – 2026-27 QUARTER 1

2.0 INTRODUCTION

2.1 This monitoring report provides an update on financial performance and the delivery of capital projects against the approved Capital Plan budget resources and timescales as at Quarter 1, 30 June 2026. The report reflects proper accounting practice and is based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.

2.2 A key function of the council's treasury management service is the funding of the authority's capital investment plans. The Capital Plan provides a guide to the borrowing need of the authority, essentially informing longer-term cash flow planning and borrowing decisions. The CIPFA Code of Practice on Treasury Management (the Code) and regulatory environment requires governance reporting on treasury management to be undertaken on a quarterly basis. In line with this guidance, the responsibility for the monitoring and scrutiny of treasury management activities, strategy and policies is delegated to the Audit and Scrutiny Committee. The Code also requires full Council to receive a Treasury Management Strategy, Mid-year Review and Annual Report.

2.3 The Capital Plan Monitoring report will also be prepared on a quarterly basis in order to support treasury governance reporting requirements. The report compares the forecast expenditure with the approved budget for each project within the plan and provides a profile of forecast expenditure over 2026-27 and future years. Details of actual expenditure incurred, and project specific income received during 2026-27 to date are also provided.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

a) note the contents of this report; and,

b) recommend that Council approves the proposed budget changes to the Capital Plan, as summarised at paragraph 4.5, with supporting detail in paragraphs 4.6 to 4.8, giving a revised Capital Plan budget for 2026-2029 of £258.994m.

4.0 CAPITAL PLAN BUDGET

Budget approved 25 February 2026

4.1 At budget setting, officers presented an update to the existing capital plan totalling £179.239m. Capacity for additional investment of £30.300m was identified in the report, and the approved budget motion provided for an additional £11.000m investment. The impact of these decisions is summarised below:

Capital Plan Budget	**2026-27 £m**	**2026-2029 £m**
Updated Capital Plan	60.526	179.239
Additional Investment Priorities	10.000	30.300
Budget Motion	6.650	11.000
Approved Budget – 25 February 2026	**77.176**	**220.539**

4.2 The increased investment is summarized as follows:

Roads reconstruction	£20.000m
Weather resilience	£ 6.000m
Commercial development	£ 4.300m
Climate change	£ 0.500m
Depot rationalization	£ 2.500m
Mull school	£ 7.000m
Millbrae landslip	£ 1.000m (plus £0.900m already in plan)
Total	**£41.300m**

4.3 This additional investment is funded as follows:

Capital Financing 2026-2029	**Previous £m**	**Changes £m**	**Revised £m**
General Capital Grant	39.142	-	39.142
Specific Grants and Contributions	0.165	-	0.165
Asset Sales	2.000	-	2.000
CFCR* (including existing reserves)	-	22.074	22.074
Underlying borrowing requirement	137.932	19.226	157.158
Total Financing	**179.239**	**41.300**	**220.539**

*Capital Financed by Current Revenue. In this instance, the £22.074m relates to the utilisation of the ‘Strategic Capital Finance Reserve’ presented to Council as part of the budget pack, ‘2d Reserves and Balances’, on 25 February 2026.

4.4 As part of the budget setting process, members were not asked to set a budget for 2028-29 due to the ongoing work on the Capital Strategy. For the purposes of treasury reporting, general capital grant of £9.156m was assumed for 2028-29 and will be reflected in both the capital expenditure and financing plans when an indicative budget for 2028-29 is approved at a later date.

Budget Changes

Expenditure

4.5 The budget changes total £38.455m and more detail is provided in paragraphs 4.6 to 4.10. Of this, £16.544m relates to the 2025-26 year-end report which identified reprofiling to 2026-27 and future years, and this was approved at Council 24 June 2026. The remaining £21.911m relates to proposed budget changes and these are summarised in the table below. These amendments are detailed by project in Appendix 1:

Capital Plan Expenditure Budget	**2026-27**	**2026-2029**
	£m	**£m**
Approved Budget – 25 February 2026	**77.176**	**220.539**
Reprofiling from 2025-26	16.544	16.544
Approved Budget – 24 June 2026	**93.720**	**237.083**
Reprofiling from 2026-27 to future years	(0.347)	0.000
Community Regeneration Partnership grant	12.328	12.328
Rothesay Pavilion (Council 24 June 2026)	1.617	2.800
Oban Airport Business Park (TIF-supported)	6.177	6.177
Active Travel Tier 1 (paragraph 5.3)	0.104	0.104
Nature Restoration Fund (paragraph 5.3)	0.087	0.087
Flooding (paragraph 5.3)	1.497	1.497
Bealach Mor	(1.082)	(1.082)
Proposed Budget	**114.101**	**258.994**
Change – increase / (decrease)	36.925	38.455

4.6 Bealach Mor - The planned spend has been recognised as revenue spend according to accounting convention and is being removed from the capital programme. This is being funded from Earmarked Reserves and so has no net impact on the Council's revenue monitoring as the funding stream will move to revenue along with the expenditure budget.

4.7 £0.347m of planned 2026/27 spend has been reprofiled to 2027/28 in respect of the Coastal Change Adaptation project.

4.8 The capital plan is being updated to reflect additional funding agreed at Council, 24 June 2026, in respect of Rothesay Pavilion, which was brought to Council in

a stand-alone report separate from the capital paper presented on the same date.

4.9 A paper in respect of Oban Airport Business Park was presented to Council, 25 November 2025. The Community Regeneration Partnership (CRP) funding of £7.328m has been added to the budget, as has additional borrowing, supported by Tax Incremental Funding, of £6.177m. Confirmation is awaited to allocate a further £0.300m of CRP funding to this project which would reduce the borrowing by the same amount.

Financing

4.10 The revised capital plan budget is financed as follows:

Capital Financing 2026-2029	**Approved £m**	**Changes £m**	**Revised £m**
General Capital Grant	39.142	2.051	41.193
Specific Grants and Contributions	0.165	17.640	17.805
Asset Sales	2.000	-	2.000
CFCR* (including existing reserves)	22.074	-	22.074
Subtotal	**63.381**	**19.691**	**83.072**
Underlying borrowing requirement	157.158	18.764	175.922
Total Financing	**220.539**	**38.455**	**258.994**

4.11 The table above notes an increase in grants and contributions of £19.691m, of which £1.370m relates to spend that has been reprofiled from 2025-26 into 2026-27. The remaining £18.321m is set out below:

Project	**Service**	**Category**	**2026-27 £m**
Community Regeneration Partnership: *Further to the award of CRP funding, the capital plan is being updated to reflect the expenditure plans and related income. Funding has been received in this financial year.*			
Oban Airport Business Park	Development and Economic Growth	Strategic Change	7.328
Tobermory Housing and Islay Housing	Development and Economic Growth	Service Development	1.000
Islay Housing	Development and Economic Growth	Service Development	2.000
Housing Acquisition & Resale (Homes for Living)	Development and Economic Growth	Service Development	1.900
Modular Home provide (Oban)	Development and Economic Growth	Strategic Change	0.100
Community Regeneration Partnership Total			**12.328**

Rural Growth Deal: *The project budgets were already within the capital expenditure plan, and the grant award is now being recognised within available financing. This reduces the overall borrowing requirement.*			
CHORD - Rothesay	CHORD	Strategic Change	2.192
Dunoon STEM Hub	Development and Economic Growth	Service Development	1.750
Rural Growth Deal Total			**3.942**
General Capital Grant (paragraph 5.3)			**2.051**
Total			**18.321**

Completed projects

4.12 Projects completed as at 31 March 2026 have been removed from the plan, reducing the gross expenditure and related financing streams by £24.883m and £1.522m respectively. Details of completed projects are included within Appendix 5. These projects are now operational, and any expected retention value has been accrued.

Block Allocation

4.13 As part of the budget setting process, Block Allocations have been provided to services for Asset Sustainability. Since the start of the financial years, officers have indicated the intended allocation to projects for a portion of the block allocation, and this is summarised below with details in Appendix 6:

Service	Block Allocation: 2026-27 budget £m	Allocated to date £m
Education	2.034	1.988
HSCP	0.000	-
ICT	0.820	0.820
Live Argyll	0.383	-
Roads and Infrastructure	1.455	-
Shared Offices	0.845	-
Total	**5.537**	**2.808**

5.0 FINANCING STREAMS

5.1 There is an overall funding framework in place to finance the Capital Plan, net of project specific grants and contributions, and this is comprised of the following:

- General Capital Grant;
- General Capital Receipts from Asset Sales;
- Capital Financed from Current Revenue (CFCR), including the application of earmarked reserves; and,
- Borrowing

General Capital Grant

5.2 The General Capital Grant settlement for local authorities is agreed as part of the Scottish Government budget although unallocated funding can result in additional distributions throughout the year. The local government finance circular 2/2026 allocated £16.074m to Argyll and Bute Council and, as part of the budget setting, £0.820m has been set aside for Private Sector Housing Grants. This being revenue expenditure that is, by statute, allowed to be funded by the General Capital Grant.

5.3 During the quarter, additional distributions have been notified to the authority:

Funding Stream	Amount £m
Climate Change	(£0.004)
Nature Restoration Fund	£0.087
Active Travel Tier 1	£0.471
Flooding	£1.497
Total	£2.051

An Active Travel distribution of £0.471m has been notified to Council and this is £0.104m higher than had been estimated in the original budget. Other than Active Travel Tier 1, these increases relate to directed funding rather than ring-fenced funding, but officers propose increasing Nature Restoration Fund budget and Flooding budget by the directed amounts. The Scottish Government has not yet issued the Finance Circular that enables reconciliation of the total grant, and these figures have been taken from a revised payment schedule notified to the Council by the Scottish Government.

5.4 The General Capital Grant must be spent in full in the year of its award and although it may include directed spend, unless told otherwise, the funding is not ring-fenced and can be fully utilised to address the authority's priorities.

Capital Receipts

5.5 There is a rolling 3-year target for capital receipts from asset sales, forming part of the overall funding framework for the 2026-2029 Capital Plan. The level of receipts that may reasonably be achieved over the 3 years totals £2.000m, and this is currently profiled across the current year and the following financial year at £1.500m and £0.500m respectively.

Capital Financed by Current Revenue

5.6 A number of earmarked reserves have been noted as relating to capital projects. As revenue reserves, these can be released to support capital expenditure through a process known as 'Capital Financed by Current Revenue' (CFCR). Plans are in place for £22.074m capital spend in relation to these reserves across the 3 years of the Capital Plan (£10.000m, £5.074m, £7.000m respectively).

5.7 It is common practice for further CFCR to be identified later in the year, particularly at the year end, when relatively low value expenditure, funded through revenue budgets, is identified as being capable of capitalisation under normal accounting practice, such as laptops.

Borrowing

5.8 The annual debt charges arising from borrowing require to be managed within available revenue resources. This includes additional revenue income related to prudential borrowing, such as the Harbour Investment Programme and Tax Increment Financing (TIF).

Summary

5.9 The ongoing monitoring of the Capital Plan and the impact of borrowing is reported as part of the Treasury Management reporting requirements to the Audit and Scrutiny Committee and Council throughout the year. For example, any slippage in planned capital expenditure from 2026-27 into future years has an impact on the profile of the borrowing requirement and impacts on the planning for borrowing.

6.0 SPEND PROFILE

6.1 Forecast expenditure and related financing streams have been profiled across 2026-27 to 2028-29 and are detailed in Appendix 1 and 2, with the variance measured against the proposed budget. The profile of forecast expenditure will be reviewed and updated throughout the year with an explanation of future movements being reported to committee. The forecast expenditure profile as at the end of Quarter 1 is:

Previous Budget £m	Proposed Budget £m	Forecast Expenditure 2026-27 £m	Forecast Expenditure Future Years £m	Forecast Total Expenditure £m	Variance to Proposed Budget £m
220.539	258.994	114.101	144.893	258.994	0.000

6.2 The above expenditure forecast is profiled across the capital plan as follows, with more detailed explanations at a project level provided in Appendix 1:

Reprofiling of Expenditure	Forecast Gross Expenditure		
	2026-27 £m	2027-28 £m	2028-29 £m
Project Type:			
Asset Sustainability	40.917	21.308	-
Service Development	12.637	2.612	-
Strategic Change	60.547	70.282	50.691
Total	**114.101**	**94.202**	**50.691**

Service:			
Central	3.660	3.160	-
CHORD	13.274	0.882	0.301
Commercial Services	2.150	2.150	-
Development and Economic	22.581	0.112	-
Education	4.724	9.988	7.000
HSCP	1.912	0.382	-
ICT	0.805	0.688	-
Live Argyll	0.797	0.382	-
Roads and Infrastructure	57.165	76.076	43.390
Shared Offices	7.034	0.382	-
Total by Year	**114.101**	**94.202**	**50.691**
Total Capital Plan	**258.994**		

7.0 FINANCIAL POSITION as at 30 June 2026

7.1 Actual expenditure of £7.015 has been incurred during the first quarter of 2026-27, representing 6.1% of the £114.101m expenditure forecast for the year.

7.2 The forecast expenditure on the Capital Plan across 2026-27 and future years totals £258.994, compared to a proposed budget of £258.994, giving rise to no forecast under/overspend for the overall Capital Plan.

7.3 The following table provides a comparison of the forecast expenditure across 2026-27 with budget and actual send to date, by project type and across services.

	2026-27 Proposed Budget £m	**Spend to Qtr 1 £m**	**2026-27 Forecast Spend £m**
Project Type:			
Asset Sustainability	40.917	1.479	40.917
Service Development	12.637	0.030	12.637
Strategic Change	60.547	5.505	60.547
Total	**114.101**	**7.014**	**114.101**
Service:			
Central	3.660	-	3.660
CHORD	13.274	2.399	13.274
Commercial Services	2.150	-	2.150
Development and Economic Growth	22.581	1.941	22.581
Education	4.724	0.455	4.724
Health and Social Care Partnership	1.912	0.025	1.912
ICT	0.805	0.236	0.805

Live Argyll	0.797	0.020	0.797
Roads and Infrastructure	57.165	1.908	57.165
Shared Offices	7.034	0.030	7.034
Total	**114.101**	**7.014**	**114.101**

8.0 STRATEGIC CHANGE PROJECTS

8.1 Detailed information in respect of the Strategic Change Projects within the Capital Plan is provided within Appendix 4. For each project, this gives details of the forecast cost against the approved budget; the start and anticipated completion date; and an assessment of risk, using a RAG status. Where the RAG status of a project is not Green, an explanation if provided.

9.0 CAPITAL PLAN DELIVERY

9.1 There are a total of 173 projects within the overall Capital Plan. Of this total, 171 or 98.8% are Complete or On Track, 2 is Off Track but Recoverable, and 0 are Off Track and Experiencing Problems.

9.2 The table below provides a summary of the delivery status of the projects within the Capital Plan by project type and across services.

Project Delivery	**Complete / On Track**	**Off Track but Recoverable**	**Off Track with Problem(s)**	**Total**
Project Type:				
Asset Sustainability	99	1	0	100
Service Development	44	0	0	44
Strategic Change	28	1	0	29
Total	**171**	**2**	**0**	**173**
Service:				
Central	4	0	0	4
CHORD	6	1	0	7
Commercial Services	1	0	0	1
Development and Economic Growth	25	0	0	25
Education	22	0	0	22
HSCP	20	0	0	20
ICT	6	0	0	6
Live Argyll	13	0	0	13
Roads and Infrastructure	52	1	0	53
Shared Offices	23	0	0	23
Total	**171**	**2**	**0**	**173**

9.3 Details of the projects currently designated as ‘Off Track’ are summarised in the t able below.

Project Type	Project Title	What is Off Track?	Explanation
Asset Sustainability	Coastal Change Adaption	Project delay	Project has encountered delays in the tender process therefore completion date has moved from 2026/27 to 2027/28
Strategic Change	Kilmory Business Park	Delays and potential Budget implications	Project has encountered delays due to securing approvals from Statutory Undertakers (Electrical and Water), and cost increases arising from their design requirements and impact of Middle East Conflict. Officers are awaiting revised Cost Report to quantify impact on capital budget requirements and the programme

10.0 CAPITAL PLAN RISKS

10.1 The council's funding bid to the Scottish Government's Learning Estate Investment Programme (LEIP) for a new school campus on Mull was successful. While this is good news and will provide welcome investment in the school estate, it will not meet the full cost of the project. The funding gap requires to be met by the council and presents a financial pressure. The Scottish Government will fund up to 50% of eligible costs, with the balance of circa. £20m to be funded by the council.

10.2 The capital programme is continuing to see significant price increases, as well as supply chain disruptions, due to the impact of world events on the global economy, inflationary increases and additional costs from suppliers, due to the challenges in delivering capital projects within our geographical location. In recent years, additional funding has been allocated to capital projects to deal with these cost pressures, which has mitigated the impact to date. However, there remains a financial risk in respect of projects where contracts have yet to be entered into. The continued impact on worldwide supply chains may also impact delivery timescales. It will be challenging to manage these impacts within available resources and target completion timescales. Mitigating actions will be taken to manage financial risk, for example, re-profiling, project re-design, re-engineering or curtailment, and the re-prioritisation of uncommitted resources across the programme. However, there remains a risk that it will not be possible to manage potential increased costs within the approved capital resources.

10.3 The conflict in the Middle East saw interest rates (PWLB borrowing rates), which were on a downward trajectory, increase considerably over a short period and these have remained stubbornly high and volatile since that time. Increases of 70 to 90 basis points across the various PWLB terms (1 year to 50 years), since a low at the end of February, means that every £1m borrowed would increase annual interest costs by up to £90,000 compared to what they would have been pre-conflict.

11.0 IMPLICATIONS

11.1	Policy –	Monitors progress against the Capital Plan
11.2	Financial –	Monitors financial performance on delivery of the Capital Plan
11.3	Legal -	None
11.4	HR -	None
11.5	Customer Service -	None
11.6	Risk –	There are risks to the delivery of the Capital Plan within available resources and delivery timescales and these continue to be monitored and revised, as outlined in the report.
11.7	Climate Change -	The Council is committed to addressing climate change via delivery of projects within the Capital Plan.
11.8	Fairer Scotland Duty -	None
11.9	Equalities - protected characteristics -	None
11.10	Consumer Duty -	None
11.11	Island Communities –	None
11.12	Children's Rights and Wellbeing -	None

Kirsty Flanagan

Executive Director/Section 95 Officer

21 July 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES

Appendix 1 – Gross Expenditure

Appendix 2 – Income

Appendix 3 – Slippages and Accelerations

Appendix 4 – Strategic Change Projects

Appendix 5 – Completed Projects

Appendix 6 – Block Allocation

For further information contact:

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Capital Plan Monitoring
Report as at Quarter 1 2026-
Gross Expenditure

APPENDIX 1

			Approved Plan Budget v Forecast Gross Expenditure 2026/29					Forecast Outturn Profile					Actual Gross Expenditure		
Service	**Category**	**Project Title**	**Original Budget** £000	**Budget Changes** £000	**Budget** £000	**Forecast Outturn** £000	**Variance (Over) /Under Budget** £000	**Prior Years Actual** £000	**2026-27** £000	**2027-28** £000	**Future Years** £000	**Total Capital Plan** £000	**Prior Years Actual** £000	**2026-27 to Quarter 1** £000	**Total** £000
Central	Asset Sustainability	CFCR purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
		Climate Change	500	-	500	500	-	-	500	-	-	500	-	-	-
		Financial Services - Recharges for Capital Plan Delivery	320	-	320	320	-	-	160	160	-	320	-	-	-
		Weather Resilience	6,000	-	6,000	6,000	-	-	3,000	3,000	-	6,000	-	-	-
	Asset Sustainability Total		6,820	-	6,820	6,820	-	-	3,660	3,160	-	6,820	-	-	-
Central Total			**6,820**	**-**	**6,820**	**6,820**	**-**	**-**	**3,660**	**3,160**	**-**	**6,820**	**-**	**-**	**-**
CHORD	Strategic Change	CHORD - Dunoon Waterfront	-	13	13	13	-	6	13	-	-	19	6	-	6
		CHORD - Helensburgh - Public Realm Improv	-	14	14	14	-	(0)	14	-	-	14	(0)	-	(0)
		CHORD - Oban	-	629	629	629	-	-	629	-	-	629	-	-	-
		CHORD - Rothesay	11,523	3,401	14,924	14,924	-	33,290	13,741	882	301	48,214	33,290	1,649	34,939
		Helensburgh Waterfront Development	-	(1,451)	(1,451)	(1,451)	-	1,894	(1,451)	-	-	443	1,894	621	2,516
		HWD - FFE (funded by LA)	-	34	34	34	-	316	34	-	-	350	316	-	316
		Kilmory Business Park Phase 2AA	18	277	295	295	-	1,002	295	-	-	1,297	1,002	130	1,132
	Strategic Change Total		11,541	2,916	14,457	14,457	-	36,509	13,274	882	301	50,966	36,509	2,400	38,909
CHORD Total			**11,541**	**2,916**	**14,457**	**14,457**	**-**	**36,509**	**13,274**	**882**	**301**	**50,966**	**36,509**	**2,400**	**38,909**
Commercial Services	**Strategic Change**	Commercial Development Fund	4,300	-	4,300	4,300	-	-	2,150	2,150	-	4,300	-	-	-
	Strategic Change Total		4,300	-	4,300	4,300	-	-	2,150	2,150	-	4,300	-	-	-
Commercial Services Total			**4,300**	**-**	**4,300**	**4,300**	**-**	**-**	**2,150**	**2,150**	**-**	**4,300**	**-**	**-**	**-**
DEG	Service Development	Albert Pier (Crown Estates)	-	38	38	38	-	35	38	-	-	73	35	-	35
		Ardrishaig North Active Travel	-	(57)	(57)	(57)	-	-	(57)	-	-	(57)	-	-	-
		Arinagour, Coll - Preliminary development Consultancy Services	(20)	-	(20)	(20)	-	110	(20)	-	-	90	110	-	110
		Bus Infrastructure Fund	-	11	11	11	-	1,428	11	-	-	1,439	1,428	21	1,449
		CFCR - Active Travel Routes Design Costs	367	149	516	516	-	629	516	-	-	1,145	629	1	630
		Cycleways - H&L (SPT)	-	289	289	289	-	3,113	289	-	-	3,402	3,113	-	3,113
		Cycling, Walking and Safer Routes (CWSR)	-	750	750	750	-	3,411	750	-	-	4,161	3,411	-	3,411
		Dunoon Cycle Bothy	-	63	63	63	-	602	63	-	-	665	602	-	602
		Dunoon STEM Hub	1,750	439	2,189	2,189	-	324	2,189	-	-	2,513	324	(106)	218
		Gibraltar Street Public Realm Improvements	-	2	2	2	-	248	2	-	-	250	248	-	248
		Glenmorag Car Park PC	-	-	-	-	-	4	-	-	-	4	4	-	4
		Helensburgh Public Realm - Arts Strategy Fund	-	52	52	52	-	32	52	-	-	84	32	24	56
		Hermitage Park	-	26	26	26	-	-	26	-	-	26	-	-	-
		Hermitage PS Annexe - Preliminary development Consultancy Services	-	(5)	(5)	(5)	-	5	(5)	-	-	(0)	5	-	5
		Inverary Avenue Screen	-	112	112	112	-	8	112	-	-	120	8	41	49
		LADA	-	-	-	-	-	-	-	-	-	-	-	-	-
		Nature Restoration Fund	270	1,216	1,486	1,486	-	240	1,486	-	-	1,726	240	16	256
		Rural Growth Deal	224	3,600	3,824	3,824	-	1,414	3,712	112	-	5,238	1,414	(10)	1,404
		Town Centre Fund Projects	-	41	41	41	-	4,287	41	-	-	4,328	4,287	1	4,288
		West Coast UAV Innovation Logistics and Training Hub	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service Development Total		2,591	6,727	9,318	9,318	-	15,890	9,206	112	-	25,208	15,890	(12)	15,878
	Strategic Change	01 TIF - Lorn/Kirk Road	-	1	1	1	-	-	1	-	-	1	-	-	-
		03 TIF - Halfway House Roundabout	524	50	574	574	-	66	574	-	-	640	66	-	66
		09 TIF - Oban Airport Business Park	-	3,361	3,361	3,361	-	3,938	3,361	-	-	7,298	3,938	638	4,576
		Housing Acquisition & Resale (Homes for Living)	-	1,900	1,900	1,900	-	-	1,900	-	-	1,900	-	-	-
		Modular Home provider scoping (Oban)	-	100	100	100	-	-	100	-	-	100	-	-	-
		Oban Airport Business Park - Buildings (NOT TIF FUNDED)	-	7,440	7,440	7,440	-	263	7,440	-	-	7,703	263	1,315	1,578
	Strategic Change Total		524	12,851	13,375	13,375	-	4,267	13,375	-	-	17,642	4,267	1,953	6,220
DEG Total			**3,115**	**19,578**	**22,693**	**22,693**	**-**	**20,157**	**22,581**	**112**	**-**	**42,850**	**20,157**	**1,941**	**22,098**
Education	Asset Sustainability	Block Allocation	3,976	46	4,022	4,022	-	-	2,034	1,988	-	4,022	-	-	-
		Digital Inclusion	-	9	9	9	-	-	9	-	-	9	-	-	-
		Free School Meals	297	46	343	343	-	-	343	-	-	343	-	51	51
		Glencruitten Hostel	-	-	-	-	-	-	-	-	-	-	-	-	-

			Approved Plan Budget v Forecast Gross Expenditure 2026/29					Forecast Outturn Profile					Actual Gross Expenditure		
			Original Budget	Budget Changes	Budget	Forecast Outturn	Variance (Over) /Under Budget	Prior Years Actual	2026-27	2027-28	Future Years	Total Capital Plan	Prior Years Actual	2026-27 to Quarter 1	Total
Service	**Category**	**Project Title**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
		Glencruitten Hostel - Roof upgrade	-	(15)	(15)	(15)	-	-	(15)	-	-	(15)	-	(2)	(2)
		Park Primary School - Re-roofing	-	(489)	(489)	(489)	-	-	(489)	-	-	(489)	-	342	342
		Pre-5's/Nurseries	-	-	-	-	-	-	-	-	-	-	-	-	-
		Primary Schools	-	852	852	852	-	-	852	-	-	852	-	(21)	(21)
		RAAC Investigation	-	(60)	(60)	(60)	-	-	(60)	-	-	(60)	-	(60)	(60)
		School LED Scheme - DRAX	-	(1)	(1)	(1)	-	-	(1)	-	-	(1)	-	33	33
		Secondary Schools	-	232	232	232	-	-	232	-	-	232	-	69	69
		Tobermory Top Flat	-	-	-	-	-	-	-	-	-	-	-	-	-
	Asset Sustainability Total		4,273	620	4,893	4,893	-	-	2,905	1,988	-	4,893	-	413	413
	Service Development	Bowmore Primary School - Gaelic Medium Grant	-	37	37	37	-	24	37	-	-	62	24	35	60
		CO2 Monitoring - Covid Mitigation in Schools	-	113	113	113	-	79	113	-	-	192	79	-	79
		Early Learning and Childcare - 1140 Hours	174	6	180	180	-	7,837	180	-	-	8,017	7,837	-	7,837
		Early Learning and Childcare - 1140 Hours - CFCR	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service Development Total		174	157	331	331	-	7,940	331	-	-	8,271	7,940	35	7,975
	Strategic Change	Campbeltown Schools Redevelopment	38	-	38	38	-	-	38	-	-	38	-	-	-
		Dunoon Primary School	220	(2)	218	218	-	14	218	-	-	232	14	-	14
		Kirn Primary School	34	-	34	34	-	-	34	-	-	34	-	-	-
		Learning Estate Investment Strategy	15,000	-	15,000	15,000	-	-	-	8,000	7,000	15,000	-	-	-
		Mull Joint Campus	358	434	792	792	-	208	792	-	-	1,000	208	7	215
		Replacement of Oban High School	406	-	406	406	-	-	406	-	-	406	-	-	-
	Strategic Change Total		16,056	432	16,488	16,488	-	222	1,488	8,000	7,000	16,710	222	7	229
Education Total			**20,503**	**1,209**	**21,712**	**21,712**	**-**	**8,162**	**4,724**	**9,988**	**7,000**	**29,874**	**8,162**	**455**	**8,617**
HSCP	Asset Sustainability	102 East King Street "Jean's Bothy"	-	2	2	2	-	-	2	-	-	2	-	-	-
		Ardfenaig	-	(4)	(4)	(4)	-	-	(4)	-	-	(4)	-	-	-
		Better Neighbourhood Services Kintyre	-	-	-	-	-	-	-	-	-	-	-	-	-
		Block Allocation	382	-	382	382	-	-	-	382	-	382	-	-	-
		Capital Property Works	-	2	2	2	-	-	2	-	-	2	-	-	-
		Dunoon Hostel	-	-	-	-	-	-	-	-	-	-	-	-	-
		Eadar Glinn	-	9	9	9	-	-	9	-	-	9	-	6	6
		East King Street Childrens Home	-	(1)	(1)	(1)	-	-	(1)	-	-	(1)	-	-	-
		Gortonvogie	-	-	-	-	-	-	-	-	-	-	-	-	-
		Greenwood/Woodlands	-	16	16	16	-	-	16	-	-	16	-	-	-
		Kintyre Care Home	519	(16)	503	503	-	-	503	-	-	503	-	7	7
		Legionella Control Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Lochgilphead Resource Centre	-	(40)	(40)	(40)	-	-	(40)	-	-	(40)	-	-	-
		Lorn Resource Centre	-	-	-	-	-	-	-	-	-	-	-	-	-
		Rothesay Community Education Centre	-	-	-	-	-	-	-	-	-	-	-	-	-
		Shellach View	-	23	23	23	-	-	23	-	-	23	-	-	-
		Struan Lodge	641	(14)	627	627	-	-	627	-	-	627	-	40	40
		Thomson Home Rothesay	720	(4)	716	716	-	-	716	-	-	716	-	34	34
		Tigh An Rudha HFE	-	32	32	32	-	-	32	-	-	32	-	(62)	(62)
	Asset Sustainability Total		2,262	3	2,265	2,265	-	-	1,883	382	-	2,265	-	24	24
	Service Development	Dunclutha Childrens Home	-	29	29	29	-	-	29	-	-	29	-	-	-
	Service Development Total		-	29	29	29	-	-	29	-	-	29	-	-	-
HSCP Total			**2,262**	**32**	**2,294**	**2,294**	**-**	**-**	**1,912**	**382**	**-**	**2,294**	**-**	**24**	**24**
ICT	Asset Sustainability	Block Allocation	1,508	(820)	688	688	-	-	-	688	-	688	-	-	-
		PC Replacement	-	510	510	510	-	-	510	-	-	510	-	291	291
		Server Sustainability	-	11	11	11	-	-	11	-	-	11	-	-	-
		Telecomms Network	-	283	283	283	-	-	283	-	-	283	-	(55)	(55)
	Asset Sustainability Total		1,508	(15)	1,493	1,493	-	-	805	688	-	1,493	-	236	236
	Service Development	Education Network Transformation	-	-	-	-	-	33	-	-	-	33	33	-	33
		Applications Project	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service Development Total		-	-	-	-	-	33	-	-	-	33	33	-	33
ICT Total			**1,508**	**(15)**	**1,493**	**1,493**	**-**	**33**	**805**	**688**	**-**	**1,526**	**33**	**236**	**269**
Live Argyll	Asset Sustainability	Aqualibrium - Health Suite Upgrade	-	(28)	(28)	(28)	-	-	(28)	-	-	(28)	-	-	-

			Approved Plan Budget v Forecast Gross Expenditure 2026/29					Forecast Outturn Profile					Actual Gross Expenditure		
Service	Category	Project Title	Original Budget £000	Budget Changes £000	Budget £000	Forecast Outturn £000	Variance (Over) /Under Budget £000	Prior Years Actual £000	2026-27 £000	2027-28 £000	Future Years £000	Total Capital Plan £000	Prior Years Actual £000	2026-27 to Quarter 1 £000	Total £000
		Block Allocation	764	1	765	765	-	-	383	382	-	765	-	-	-
		Capital Property Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Corran Halls Gaelic Centre	86	19	105	105	-	-	105	-	-	105	-	-	-
		Kintyre Community Education Centre	-	-	-	-	-	-	-	-	-	-	-	-	-
		Lochgilphead Community Ed Centre	-	21	21	21	-	-	21	-	-	21	-	-	-
		Queen's Hall - Legionella Works	-	4	4	4	-	-	4	-	-	4	-	-	-
		Riverside Leisure Centre - Health Suite Upgrade	-	149	149	149	-	-	149	-	-	149	-	20	20
		Rothesay Swimming Pool	-	89	89	89	-	-	89	-	-	89	-	-	-
		The Moat Centre	-	6	6	6	-	-	6	-	-	6	-	-	-
		Victoria Halls, Helensburgh	-	3	3	3	-	-	3	-	-	3	-	-	-
	Asset Sustainability Total		850	265	1,115	1,115	-	-	733	382	-	1,115	-	20	20
	Service Development	Riverside Leisure Centre Refurbishment	-	43	43	43	-	-	43	-	-	43	-	-	-
	Service Development Total		-	43	43	43	-	-	43	-	-	43	-	-	-
	Strategic Change	Carbon Management	-	21	21	21	-	29	21	-	-	50	29	-	29
	Strategic Change Total		-	21	21	21	-	29	21	-	-	50	29	-	29
Live Argyll Total			**850**	**329**	**1,179**	**1,179**	**-**	**29**	**797**	**382**	**-**	**1,208**	**29**	**20**	**49**
RIS	Asset Sustainability	Active Travel	-	200	200	200	-	-	200	-	-	200	-	-	-
		Block Allocation	3,500	(222)	3,278	3,278	-	-	1,455	1,823	-	3,278	-	-	-
		Bridge Strengthening	773	(53)	720	720	-	-	720	-	-	720	-	73	73
		Bute Sea Wall Repairs	-	123	123	423	-	-	423	-	-	423	-	337	337
		Claonaig Slip	-	(143)	(143)	(143)	-	-	(143)	-	-	(143)	-	-	-
		Coastal Change Adaptation	250	342	592	592	-	-	245	347	-	592	-	-	-
		Coastal Protection	-	585	585	285	-	-	285	-	-	285	-	-	-
		Environmental Projects	597	35	632	632	-	-	632	-	-	632	-	-	-
		EV Quick Chargers	-	(8)	(8)	(8)	-	-	(8)	-	-	(8)	-	3	3
		Flood Prevention	535	1,594	2,129	2,129	-	-	1,973	156	-	2,129	-	-	-
		Footway Improvements	-	(42)	(42)	(42)	-	-	(42)	-	-	(42)	-	-	-
		Gartbreck - Capping	-	-	-	-	-	-	-	-	-	-	-	-	-
		Glen Loin Car Park	-	-	-	-	-	-	-	-	-	-	-	-	-
		Glengorm - Capping	-	-	-	-	-	-	-	-	-	-	-	-	-
		Glengorm and Gartbreck - Cell and Transfer Station (PB)	-	249	249	249	-	-	249	-	-	249	-	-	-
		Helensburgh CHORD - Signage etc	-	10	10	10	-	-	10	-	-	10	-	-	-
		Helensburgh Flood Mitigation	-	427	427	427	-	-	427	-	-	427	-	-	-
		Lighting	-	243	243	243	-	-	243	-	-	243	-	-	-
		Local Bridge Maintenance Fund	4,344	222	4,566	4,566	-	-	4,566	-	-	4,566	-	209	209
		Millbrae Landslip	1,000	27	1,027	1,027	-	-	1,027	-	-	1,027	-	-	-
		Network Stability	-	(121)	(121)	(121)	-	-	(121)	-	-	(121)	-	-	-
		Plant & Machinery	-	-	-	-	-	-	-	-	-	-	-	-	-
		Play Park Renewal	379	280	659	659	-	-	659	-	-	659	-	132	132
		POPs Waste	-	86	86	86	-	-	86	-	-	86	-	-	-
		Public Convenience Upgrades	-	149	149	149	-	-	149	-	-	149	-	0	0
		Road Safety Improvement Fund	-	(1)	(1)	(1)	-	-	(1)	-	-	(1)	-	-	-
		Roads Plant and Equipment - CFCR	-	-	-	-	-	-	-	-	-	-	-	-	-
		Roads Reconstruction	24,000	664	24,664	24,664	-	-	12,664	12,000	-	24,664	-	-	-
		Roads Reconstruction - Helensburgh CHORD	-	37	37	37	-	-	37	-	-	37	-	-	-
		Roads Reconstruction - Oban CHORD	-	3	3	3	-	-	3	-	-	3	-	-	-
		Storm Costs Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
		Tobermory Car Park	96	-	96	96	-	-	96	-	-	96	-	-	-
	Asset Sustainability Total		35,474	4,684	40,158	40,158	-	-	25,832	14,326	-	40,158	-	756	756
	Service Development	Bus Infrastructure Fund	414	-	414	414	-	-	414	-	-	414	-	-	-
		Cowal Aires Site	-	-	-	-	-	0	-	-	-	0	0	-	0
		Depot Rationalisation	-	10	10	10	-	-	10	-	-	10	-	-	-
		EV Infrastructure Fund	-	26	26	26	-	299	26	-	-	325	299	-	299
		Fleet Management	-	258	258	258	-	-	258	-	-	258	-	-	-
		Fleet Management - PB	-	773	773	773	-	205	773	-	-	978	205	-	205

			Approved Plan Budget v Forecast Gross Expenditure 2026/29					Forecast Outturn Profile					Actual Gross Expenditure		
Service	Category	Project Title	Original Budget £000	Budget Changes £000	Budget £000	Forecast Outturn £000	Variance (Over) /Under Budget £000	Prior Years Actual £000	2026-27 £000	2027-28 £000	Future Years £000	Total Capital Plan £000	Prior Years Actual £000	2026-27 to Quarter 1 £000	Total £000
		Hitrans Ferry Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
		Jackson's Quarry Refurbishment	-	(31)	(31)	(31)	-	316	(31)	-	-	285	316	-	316
		Lismore Ferry Replacement	-	35	35	35	-	-	35	-	-	35	-	-	-
		Lochgilphead Depot Rationalisation	3,659	(8)	3,651	3,651	-	420	1,151	2,500	-	4,071	420	6	426
		Oban Bus Congestion - Bus Partnership Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
		Oban Depot Development Project	-	(14)	(14)	(14)	-	17	(14)	-	-	3	17	1	17
		Preliminary design for Regional Transport projects (TIF)	-	16	16	16	-	-	16	-	-	16	-	-	-
		Public Transport Operation Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
		Weather Incident	1,000	(1,000)	-	-	-	3,552	-	-	-	3,552	3,552	-	3,552
		Witchburn Road Demolition	-	-	-	-	-	-	-	-	-	-	-	-	-
		Zero Waste Scotland - Recycling Improvement Fund	-	391	391	391	-	501	391	-	-	892	501	-	501
	Service Development Total		5,073	456	5,529	5,529	-	5,310	3,029	2,500	-	10,839	5,310	6	5,317
	Strategic Change	Campbeltown Flood Scheme	711	207	918	918	-	15,021	918	-	-	15,939	15,021	4	15,025
		Harbour Investment Programme	120,955	8,529	129,484	129,484	-	32,104	26,844	59,250	43,390	161,587	32,104	1,142	33,246
		Street Lighting LED Replacement	-	542	542	542	-	3,358	542	-	-	3,900	3,358	-	3,358
	Strategic Change Total		121,666	9,278	130,944	130,944	-	50,483	28,304	59,250	43,390	181,426	50,483	1,146	51,628
RIS Total			**162,213**	**14,418**	**176,631**	**176,631**	**-**	**55,793**	**57,165**	**76,076**	**43,390**	**232,424**	**55,793**	**1,908**	**57,701**
Shared Offices	Asset Sustainability	5-7 East Clyde Street - Coastal Communities Fund	384	0	384	384	-	-	384	-	-	384	-	0	0
		Argyll House, Dunoon	-	3	3	3	-	-	3	-	-	3	-	-	-
		Asbestos Capital Property Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Block Allocation	1,128	100	1,228	1,228	-	-	846	382	-	1,228	-	-	-
		Bowmore Area Office	-	-	-	-	-	-	-	-	-	-	-	-	-
		Burnett Building	-	(6)	(6)	(6)	-	-	(6)	-	-	(6)	-	29	29
		Capital Property Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Fire Risk Assessment Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Graham Williamson IT Building	-	0	0	0	-	-	0	-	-	0	-	-	-
		Helensburgh and Lomond Civic Centre	-	0	0	0	-	-	0	-	-	0	-	-	-
		Hill Street Dunoon Rewire	-	-	-	-	-	-	-	-	-	-	-	-	-
		Kilmory Castle	3,763	0	3,763	3,763	-	-	3,763	-	-	3,763	-	-	-
		Legionella Control Works	-	-	-	-	-	-	-	-	-	-	-	-	-
		Manse Brae District Office	-	-	-	-	-	-	-	-	-	-	-	-	-
		Manse Brae Roads Office	-	-	-	-	-	-	-	-	-	-	-	-	-
		Our Modern Workspace	218	(110)	108	108	-	-	108	-	-	108	-	1	1
		Sinclair Street Flats - CFCR	-	-	-	-	-	-	-	-	-	-	-	-	-
		Tobermory Office	-	-	-	-	-	-	-	-	-	-	-	-	-
	Asset Sustainability Total		5,493	(12)	5,481	5,481	-	-	5,099	382	-	5,481	-	31	31
	Strategic Change	Campbeltown Office Rationalisation	-	1	1	1	-	595	1	-	-	596	595	-	595
		Clean Energy - NDEEF1	238	-	238	238	-	1,203	238	-	-	1,441	1,203	-	1,203
		Clean Energy - NDEEF2	1,140	-	1,140	1,140	-	-	1,140	-	-	1,140	-	-	-
		Helensburgh Office Rationalisation (FPB,REC)	300	-	300	300	-	-	300	-	-	300	-	-	-
		Net Zero	256	-	256	256	-	-	256	-	-	256	-	-	-
	Strategic Change Total		1,934	1	1,935	1,935	-	1,798	1,935	-	-	3,733	1,798	-	1,798
Shared Offices Total			**7,427**	**(11)**	**7,416**	**7,416**	**-**	**1,798**	**7,034**	**382**	**-**	**9,214**	**1,798**	**31**	**1,829**
Overall Total			**220,539**	**38,455**	**258,994**	**258,994**	**-**	**122,481**	**114,101**	**94,202**	**50,691**	**381,475**	**122,481**	**7,015**	**129,496**
Total 2026-29 Plan											**258,994**				

	Approved Plan Budget v Forecast Gross Expenditure					Forecast Outturn Profile					Actual Gross Expenditure		
Category	Original Budget £000	Budget Changes £000	Revised Budget £000	Forecast Outturn £000	Variance (Over) /Under Budget £000	Prior Years Actual £000	2026-27 £000	2027-28 £000	Future Years £000	Total Capital Plan £000	Prior Years Actual £000	2026-27 to Quarter 1 £000	Total £000
Asset Sustainability	56,680	5,545	62,225	62,225	-	-	40,917	21,308	-	62,225	-	1,479	1,479
Service Development	7,838	7,411	15,249	15,249	-	29,174	12,637	2,612	-	44,423	29,174	30	29,203
Strategic Change	156,021	25,499	181,520	181,520	-	93,307	60,547	70,282	50,691	274,827	93,307	5,505	98,813
Overall Total	**220,539**	**38,455**	**258,994**	**258,994**	**-**	**122,481**	**114,101**	**94,202**	**50,691**	**381,475**	**122,481**	**7,015**	**129,496**

Argyll and Bute Council
Capital Plan Monitoring
Report as at Quarter 1
2026-27
Income

APPENDIX 2

			Approved Income Budget v Forecast Income 2026/27					Forecast Income Profile					Actual Income		
Service	**Category**	**Project Title**	**Original Budget**	**Additional Capital Income**	**Revised Budget**	**Forecast Income**	**Variance (Over) /Under Budget**	**Prior Years Actual**	**2026-27**	**2027-28**	**Future Years**	**Total Capital Plan**	**Prior Years Actual**	**2026-27 to Quarter 1**	**Total**
			£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Chord	Strategic Change	CHORD - Dunoon Waterfront	-	-	-	-		-	-	-	-	-	-	-	-
		CHORD - Helensburgh - Public Realm Improv	-	-	-	-		-	-	-	-	-	-	-	-
		CHORD - Oban	-	-	-	-		(1,624)	-	-	-	(1,624)	(1,624)	-	(1,624)
		CHORD - Rothesay	-	(2,192)	(2,192)	(2,192)		(13,653)	(2,192)	-	-	(15,845)	(13,653)	1,036	(12,617)
		Helensburgh Waterfront Development	-	-	-	-		-	-	-	-	-	-	-	-
		HWD - FFE (funded by LA)	-	-	-	-		-	-	-	-	-	-	-	-
		Kilmory Business Park Phase 2AA	-	(98)	(98)	(98)		(853)	(98)	-	-	(951)	(853)	-	(853)
	Strategic Change Total		-	(2,290)	(2,290)	(2,290)	-	(16,130)	(2,290)	-	-	(18,420)	(16,130)	1,036	(15,094)
Chord Total			**-**	**(2,290)**	**(2,290)**	**(2,290)**	**-**	**(16,130)**	**(2,290)**	**-**	**-**	**(18,420)**	**(16,130)**	**1,036**	**(15,094)**
DEG	Service Development	Albert Pier - Toilet Demolition (Crown Estates)	-	-	-	-		-	-	-	-	-	-	-	-
		Ardrishaig North Active Travel	-	-	-	-		(50)	-	-	-	(50)	(50)	-	(50)
		Arinagour, Coll - Preliminary development Consultancy Services	-	-	-	-		-	-	-	-	-	-	-	-
		Bus Infrastructure Fund	-	-	-	-		(1,243)	-	-	-	(1,243)	(1,243)	-	(1,243)
		CFCR - Active Travel Routes Design Costs	-	-	-	(0)		(169)	(0)	-	-	(169)	(169)	501	332
		Cycleways - H&L (SPT)	-	(292)	(292)	(292)		(3,210)	(292)	-	-	(3,502)	(3,210)	-	(3,210)
		Cycling, Walking and Safer Routes (CWSR)	-	-	-	-		(2,612)	-	-	-	(2,612)	(2,612)	-	(2,612)
		Dunoon Cycle Bothy	-	-	-	-		-	-	-	-	-	-	-	-
		Dunoon STEM Hub	-	(2,189)	(2,189)	(2,189)		(1,074)	(2,189)	-	-	(3,263)	(1,074)	-	(1,074)
		Gibraltar Street Public Realm Improvements	-	-	-	-		(250)	-	-	-	(250)	(250)	-	(250)
		Glenmorag Car Park PC	-	-	-	-		-	-	-	-	-	-	-	-
		Helensburgh Public Realm - Arts Strategy Fund	-	-	-	-		(28)	-	-	-	(28)	(28)	-	(28)
		Hermitage Park	-	-	-	-		-	-	-	-	-	-	-	-
		Inverary Avenue Screen	-	-	-	-		(8)	-	-	-	(8)	(8)	-	(8)
		LADA	-	-	-	-		-	-	-	-	-	-	29	29
		Rural Growth Deal	-	(3,000)	(3,000)	(3,000)		(596)	(3,000)	-	-	(3,596)	(596)	-	(596)
		Town Centre Fund Projects	-	-	-	-		(2,606)	-	-	-	(2,606)	(2,606)	-	(2,606)
	Service Development Total		-	(5,481)	(5,481)	(5,481)	-	(11,846)	(5,481)	-	-	(17,327)	(11,846)	530	(11,317)
	Strategic Change	01 TIF - Lorn/Kirk Road	-	-	-	-		-	-	-	-	-	-	-	-
		Housing Acquisition & Resale (Homes for Living)	-	(1,900)	(1,900)	(1,900)		-	(1,900)	-	-	(1,900)	-	-	-
		Modular Home provider scoping (Oban)	-	(100)	(100)	(100)		-	(100)	-	-	(100)	-	-	-
		Nature Restoration Fund	-	-	-	-		(41)	-	-	-	(41)	(41)	-	(41)
		Oban Airport Business Park - Buildings (NOT TIF FUNDED)	-	(7,328)	(7,328)	(7,328)		-	(7,328)	-	-	(7,328)	-	-	-
	Strategic Change Total		-	(9,328)	(9,328)	(9,328)	-	(41)	(9,328)	-	-	(9,369)	(41)	-	(41)
DEG Total			**-**	**(14,809)**	**(14,809)**	**(14,809)**	**-**	**(11,887)**	**(14,809)**	**-**	**-**	**(26,696)**	**(11,887)**	**530**	**(11,357)**
Education	Asset Sustainability	Glencruitten Hostel - Roof upgrade	-	-	-	-		(59)	-	-	-	(59)	(59)	-	(59)
		Pre-5's/Nurseries	-	-	-	-		-	-	-	-	-	-	-	-
		Primary Schools	-	-	-	-		-	-	-	-	-	-	-	-
		School LED Scheme - DRAX	-	-	-	-		(144)	-	-	-	(144)	(144)	-	(144)
		Tobermory Top Flat	-	-	-	-		-	-	-	-	-	-	-	-
	Asset Sustainability Total		-	-	-	-	-	(203)	-	-	-	(203)	(203)	-	(203)
	Service Development	Bowmore Primary School - Gaelic Medium Grant	-	-	-	-		(47)	-	-	-	(47)	(47)	-	(47)
		CO2 Monitoring - Covid Mitigation in Schools	-	-	-	-		-	-	-	-	-	-	-	-
		Early Learning and Childcare - 1140 Hours	-	-	-	-		(6,300)	-	-	-	(6,300)	(6,300)	-	
	Service Development Total		-	-	-	-	-	(6,347)	-	-	-	(6,347)	(6,347)	-	(47)
	Strategic Change	Dunoon Primary School	-	-	-	-		-	-	-	-	-	-	-	-
	Strategic Change Total		-	-	-	-	-	-	-	-	-	-	-	-	-
Education Total			**-**	**-**	**-**	**-**	**-**	**(6,550)**	**-**	**-**	**-**	**(6,550)**	**(6,550)**	**-**	**(250)**
HSCP	Asset Sustainability	Aqualibrium - Health Suite Upgrade	-	-	-	-		-	-	-	-	-	-	-	-
		Capital Property Works	-	-	-	-		-	-	-	-	-	-	-	-
		Kintyre Care Home	-	-	-	-		-	-	-	-	-	-	-	-
		Riverside Leisure Centre - Health Suite Upgrade	-	-	-	-		-	-	-	-	-	-	-	-
		Thomson Home Rothesay	-	-	-	-		-	-	-	-	-	-	-	-
		Tigh An Rudha HFE	-	-	-	-		(209)	-	-	-	(209)	(209)	-	(209)
	Asset Sustainability Total		-	-	-	-	-	(209)	-	-	-	(209)	(209)	-	(209)
HSCP Total			**-**	**-**	**-**	**-**	**-**	**(209)**	**-**	**-**	**-**	**(209)**	**(209)**	**-**	**(209)**
ICT	Service Development	Education Network Transformation	-	-	-	-		-	-	-	-	-	-	-	-
	Service Development Total		-	-	-	-	-	-	-	-	-	-	-	-	-
ICT Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RIS	Asset Sustainability	Environmental Projects	-	-	-	-		-	-	-	-	-	-	-	-
		EV Quick Chargers	-	-	-	-		-	-	-	-	-	-	-	-
		Glen Loin Car Park	-	-	-	-		-	-	-	-	-	-	-	-
		Plant & Machinery	-	-	-	-		-	-	-	-	-	-	-	-
		Play Park Renewal	-	-	-	-		(24)	-	-	-	(24)	(24)	-	(24)
		Public Convenience Upgrades	-	(149)	(149)	(149)		-	(149)	-	-	(149)	-	-	-
		Road Safety Improvement Fund	-	-	-	-		(351)	-	-	-	(351)	(351)	310	(41)
		Roads Reconstruction	-	-	-	-		-	-	-	-	-	-	-	-
		Sale of Vehicles	-	-	-	-		-	-	-	-	-	-	-	-
	Asset Sustainability Total		-	(149)	(149)	(149)	-	(375)	(149)	-	-	(524)	(375)	310	(65)
	Service Development	Cowal Aires Site	-	-	-	-		-	-	-	-	-	-	-	-
		EV Infrastructure Fund	-	-	-	-		(319)	-	-	-	(319)	(319)	263	(56)
		Fleet Management	-	-	-	-		(49)	-	-	-	(49)	(49)	-	(49)
		Hitrans Ferry Fund	-	-	-	-		-	-	-	-	-	-	-	-
		Lismore Ferry Replacement	-	-	-	-		-	-	-	-	-	-	-	-
		Lochgilphead Depot Rationalisation	-	-	-	-		-	-	-	-	-	-	-	-
		Millpark Depot Demolition Insurance	-	-	-	-		-	-	-	-	-	-	-	-
		Oban Bus Congestion - Bus Partnership Fund	-	-	-	-		-	-	-	-	-	-	-	-
		Oban Depot - Appin Depot Sale	-	-	-	-		-	-	-	-	-	-	-	-
		Oban Depot - Insurance Claim	-	-	-	-		-	-	-	-	-	-	-	-
		Oban Depot - Revenue and EVC funding	-	-	-	-		-	-	-	-	-	-	-	-
		Transport Scotland - Bus Infrastructure Fund	-	-	-	-		-	-	-	-	-	-	-	-
		Weather Incident	-	-	-	-		(500)	-	-	-	(500)	(500)	-	(500)
		Witchburn Road Demolition	-	-	-	-		-	-	-	-	-	-	-	-
		Zero Waste Scotland - Recycling Improvement Fund	-	(391)	(391)	(391)		(499)	(391)	-	-	(890)	(499)	54	(445)
	Service Development Total		-	(391)	(391)	(391)	-	(1,367)	(391)	-	-	(1,758)	(1,367)	317	(1,050)
	Strategic Change	Campbeltown Flood Scheme	-	-	-	-		(270)	-	-	-	(270)	(270)	-	(270)
		Harbour Investment Programme	-	-	-	-		(10)	-	-	-	(10)	(10)	-	(10)
	Strategic Change Total		-	-	-	-	-	(280)	-	-	-	(280)	(280)	-	(280)
RIS Total			**-**	**(540)**	**(540)**	**(540)**	**-**	**(2,022)**	**(540)**	**-**	**-**	**(2,562)**	**(2,022)**	**627**	**(1,395)**
Shared Offices	Asset Sustainability	5-7 East Clyde Street - Coastal Communities Fund	-	(0)	(0)	(0)		-	(0)	-	-	(0)	-	-	-
		Our Modern Workspace	-	-	-	-		-	-	-	-	-	-	-	-
	Asset Sustainability Total		-	(0)	(0)	(0)	-	-	(0)	-	-	(0)	-	-	-
	Strategic Change	Helensburgh Office Rationalisation - Templeton Library	-	-	-	-		-	-	-	-	-	-	-	-
	Strategic Change Total		-	-	-	-	-	-	-	-	-	-	-	-	-
Shared Offices Total			**-**	**(0)**	**(0)**	**(0)**	**-**	**-**	**(0)**	**-**	**-**	**(0)**	**-**	**-**	**-**
		Totals	**-**	**(17,640)**	**(17,640)**	**(17,640)**	**-**	**(36,798)**	**(17,640)**	**-**	**-**	**(54,437)**	**(36,798)**	**2,193**	**(28,305)**

	Approved Income Budget v Forecast Income					Forecast Income Profile					Actual Income		
Category	**Original Budget**	**Budget Changes**	**Revised Budget**	**Forecast Income**	**Variance (Over) /Under Budget**	**Prior Years Actual**	**2026-27**	**2027-28**	**Future Years**	**Total Capital Plan**	**Prior Years Actual**	**2026-27 to Quarter 1**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Asset Sustainability	-	(149)	(149)	(149)	-	(787)	(149)	-	-	(936)	(787)	310	(476)
Service Development	-	(5,872)	(5,872)	(5,872)	-	(19,560)	(5,872)	-	-	(25,432)	(19,560)	846	(12,414)
Strategic Change	-	(11,618)	(11,618)	(11,618)	-	(16,451)	(11,618)	-	-	(28,069)	(16,451)	1,036	(15,414)
Overall Total	**-**	**(17,640)**	**(17,640)**	**(17,640)**	**-**	**(36,798)**	**(17,640)**	**-**	**-**	**(54,437)**	**(36,798)**	**2,193**	**(28,305)**

APPENDIX 3 - Changes to Capital Plan and Financial Impact

SLIPPAGES AND ACCELERATIONS					
Project	**2026-27 £000**	**2027-28 £000**	**Future Years £000**	**Total Capital Plan £000**	**Explanation**
Coastal Change Adaptation	-347	347	0	0	Project end date moved from 2026/27 to 2027/28.

APPENDIX 4 - Strategic Change Projects - Cumulative Spend, Start/Finish Dates and Project Risks

	Gross Capital Expenditure				Dates		Risks	
Strategic Change Projects - Greater than £1m Budget	**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**
09 TIF - Oban Airport Business Park	3,938	3,361	7,298	7,298	22/01/2015	31/03/2028	Green	
Campbeltown Flood Scheme	15,021	918	15,939	15,939	01/08/2016	31/03/2027	Green	
CHORD - Rothesay	31,455	13,741	46,379	46,379	01/05/2024	31/03/2027	Green	
Clean Energy - NDEEF1	1,203	238	1,441	1,441	01/04/2021	31/03/2026	Green	Slipped from 2025-26 into 26-27. Project complete during 25-26 however, final financial settlements expected in 2026-27.
Clean Energy - NDEEF2	-	1,140	1,140	1,140	01/04/2024	31/03/2027	Red	Slipped from 2025-26 into 2026-27.
Harbour Investment Programme	31,165	26,460	160,260	160,260	01/04/2017	31/03/2028	Red	Project in Progress - Whilst resources haven't been committed there are concerns over the potential costs of Craignure exceeding the previously allocated budget. The programme has also been subject to significant slippage from 2025-26 and 2026-27 into future years
Housing Acquisition & Resale (Homes for Living)	-	1,900	1,900	1,900	TBC	TBC	Green	
Kilmory Business Park Phase 2AA	1,002	295	1,297	1,297	01/02/2022	31/03/2026	Green	Slipped from 2025-26 into 2026-27. Project forecast to be completed during 25-26 however, final financial settlements expected in 2026-27.
Learning Estate Investment Strategy	-	-	15,000	15,000	TBC	TBC	Green	
Oban Airport Business Park - Buildings (NOT TIF FUNDED)	263	7,440	7,703	7,703	22/01/2015	31/03/2028	Green	
Street Lighting LED Replacement	3,358	542	3,900	3,900	01/08/2016	31/03/2027	Green	
Commercial Development Fund	-	2,150	4,300	4,300	TBC	TBC	Green	
	87,404	**58,185**	**266,557**	**266,557**				

APPENDIX 5 - Completed Projects Removed from Capital Plan

Completed Projects Removed from Capital Plan		
Project	**Type**	**Amount Removed from completed Projects £000**
5-7 East Clyde Street - Coastal Communities Fund	EXP	5
Aqualibrium - Health Suite Upgrade	EXP	93
Ardfenaig	EXP	39
Ardrishaig North Active Travel	EXP	937
Bridge Strengthening	EXP	796
Burnett Building	EXP	263
Bute Sea Wall Repairs	EXP	499
CFCR purchases	EXP	720
CHORD - Helensburgh - Public Realm Improv	EXP	11
Claonaig Slip	EXP	143
Coastal Change Adaptation	EXP	64
Coastal Protection	EXP	9
Eadar Glinn	EXP	19
East King Street Childrens Home	EXP	1
Environmental Projects	EXP	56
EV Quick Chargers	EXP	39
Financial Services - Recharges for Capital Plan Delivery	EXP	60
Flood Prevention	EXP	340
Footway Improvements	EXP	139
Free School Meals	EXP	111
Glencruitten Hostel - Roof upgrade	EXP	74
Graham Williamson IT Building	EXP	5
Harbour Investment Programme	EXP	1,477
Helensburgh and Lomond Civic Centre	EXP	34
Kilmory Castle	EXP	8
Kintyre Care Home	EXP	114
Lighting	EXP	77
Local Bridge Maintenance Fund	EXP	167
Lochgilphead Community Ed Centre	EXP	13
Lochgilphead Resource Centre	EXP	40
Millbrae Landslip	EXP	873
Network Stability	EXP	121
Our Modern Workspace	EXP	344
Park Primary School - Re-roofing	EXP	489
PC Replacement	EXP	663
Play Park Renewal	EXP	282
Pre-5's/Nurseries	EXP	74
Primary Schools	EXP	2,207
Public Convenience Upgrades	EXP	5
RAAC Investigation	EXP	1,461

Riverside Leisure Centre - Health Suite Upgrade	EXP	169
Road Safety Improvement Fund	EXP	352
Roads Reconstruction	EXP	9,863
Rothesay Swimming Pool	EXP	2
School LED Scheme - DRAX	EXP	145
Secondary Schools	EXP	655
Server Sustainability	EXP	179
Struan Lodge	EXP	24
Telecomms Network	EXP	202
The Moat Centre	EXP	15
Thomson Home Rothesay	EXP	45
Tigh An Rudha HFE	EXP	357
Total		**24,883**
Asset Sales	INC	1,512
Sale of Vehicles	INC	10
Total		**1,522**

APPENDIX 6 -Block Allocation Utilisation

From block allocation	To Project	£m
Education	Dunoon ASN	0.089
Education	Glenbarr PS Rewire	0.150
Education	Islay HS Roof	0.756
Education	Kilmartin Rewire	0.290
Education	Lochdonhead PS Rewire	0.342
Education	St Josephs PS Re-Roofing	0.178
Education	Tarbert Academy Windows	0.063
Education	Tiree Septic Tank	0.120
ICT	PC Replacement	0.509
ICT	Server Sustainability	0.011
ICT	Telecomms Network	0.300
Total		**2.808**

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

FINANCIAL RISKS ANALYSIS 2026-27

1 EXECUTIVE SUMMARY

1.1 The main purpose of this report is to provide a summary of the known key financial risks facing the council in 2026-27, as at 30 June 2026.

1.2 A number of council wide financial risks, both revenue and capital, have been identified, in addition to specific departmental or service risks. For each quantifiable risk, the potential annual financial impact has been estimated; and the likelihood of the risk materialising assessed, based on a standard risk matrix.

1.3 There are currently 6 council wide quantifiable risks identified for 2026-27, with a potential annual value totalling £m, and with varying degrees of likelihood.

1.4 There are currently 30 departmental/service risks, with a potential annual value totalling £4.877m, of which 5 are categorised as 'Likely' (annual value £1.199m).

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

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

FINANCIAL RISKS ANALYSIS 2026-27

2. INTRODUCTION

2.1 This report outlines the process and approach to financial risk assessment, and provides details of the known key financial risks facing the council in 2026-27, as at 30 June 2026.

3 DETAIL

3.1 Process and Approach

3.1.1 The council continues to experience significant financial challenges and uncertainty. In developing its budget to address both funding, and cost and demand pressures, consideration is given to financial risk. However, both existing and new or emerging financial risks require to be monitored and reviewed on an ongoing basis throughout the year, with actions put in place to mitigate or manage these risks. Risks that cannot be mitigated or managed may have a detrimental impact on the financial position of the council.

3.1.2 There are a number of risks that may impact income or expenditure across the entire council. These are identified as council wide risks. In addition, specific financial risks impacting each department or service of the council have been considered. These are identified as departmental/service risks.

3.1.3 For each quantifiable risk, the potential annual financial impact has been estimated; and the likelihood assessed, based on the following standard risk matrix:

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 management and strategic oversight of these services. It is the responsibility of the IJB to consider the individual financial risks associated with Integration Services and these risks 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

General

3.2.1 There is a risk of further severe weather incidents, requiring both revenue and capital expenditure to be incurred. Whilst there may be additional funding available through the Bellwin Scheme, this is limited to eligible revenue expenditure and there is an assumption that local authorities will meet a proportion of the costs of emergency incidents from within existing resources. The threshold, over which councils can claim for eligible expenditure is 0.2% of a local authority's budgeted net revenue expenditure. For Argyll and Bute Council, this equates to £0.682 m for 2026-27. While reserves have previously been earmarked to mitigate this risk, by their very nature, it is difficult to estimate potential additional costs and there remains a risk of costs being incurred above the level currently provided for within financial plans. It is therefore deemed prudent to recognise a financial risk in this respect. A risk value of £1m is deemed to be reasonable.

3.2.2 The council is generally able to recover all input VAT incurred on its expenditure, subject to certain conditions being met. Some activities are VAT exempt, such as, the lease of land or property, where the land or property has not been opted to tax. VAT incurred on expenditure attributable to exempt activities, such as, capital investment in property development or refurbishment must be less than 5% of the total VAT incurred in the year. A breach of this 5% limit would result in VAT paid on all expenditure attributable to exempt activities being irrecoverable. As opportunities to support economic development are explored, it is increasingly likely that the council will enter into commercial arrangements, such as in respect of Rothesay Pavilion. The tax position in respect of these arrangements requires to be given due consideration, with mitigations put in place, as appropriate, for example, opting to tax land and property. This position will be subject to ongoing monitoring and review, to ensure that the council continues to remain within the 5% threshold and recover all VAT incurred.

Revenue

3.2.3 The estimated level of Council Tax income is based on current and forecast Band D equivalents, and reflects our expected collection rates, based on historical data. A potential annual risk value equivalent to 1% of the annual Council Tax income budget is deemed reasonable in this respect. Furthermore, there is currently a significant level of uncertainty in respect of the classification of self-catering units as either non-domestic or domestic dwellings, which may impact Council Tax income, presenting an additional risk to financial planning assumptions. These factors equate to a combined estimated risk value of £1m.

3.2.4 In respect of the Health and Social Care Partnership (HSCP), 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, Argyll and Bute 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. The council's contribution would reflect the element of the overspend related to Social Work. Whilst any additional payments by the council and NHS Highland will be deducted from future years funding, there is a risk that the council may require to make an additional unbudgeted contribution to the HSCP during the year.

3.2.5 As at 30 June 2026, the forecast outturn for 2026-27 on Social Work services is an overspend of £0.234m. At this stage, the HSCP expect the forecast overspend to be managed within available HSCP reserves. However, the financial situation facing Social Work is extremely challenging due to increases in service demand; complexity of cases; increasing costs; and difficulty recruiting permanent staff and, therefore, having to rely on agency staff, at an additional cost. There is a risk that the level of overspend will increase beyond the level that can be managed through available reserves as the year progresses. A potential annual risk value equivalent to 1% of the approved budgeted contribution is deemed reasonable. This equates to £0.9m. It is also recognised that any potential unbudgeted use of reserves or additional funding, required for 2026-27, will have implications for the HSCP 2027-28 and future years' budget outlook

3.2.6 Whilst the 2026-27 approved budget provides for inflationary increases, there is a risk of continued volatility in utilities pricing and demand can also be subject to unpredictable weather extremes. At this stage, a potential annual risk value equivalent to 10% of the annual utilities budget provision is deemed reasonable. This equates to £0.7m. It is anticipated that this risk value may reduce as the year progresses.

3.2.7 The 2026-27 budget includes both Operational/Management and Policy savings options, totalling £4.636m. Whilst the council has a good track record in delivering savings, there is a risk that this target will not be fully delivered. A potential annual risk value equivalent to a 10% shortfall in the annual savings target is deemed reasonable. This equates to £0.5m.

3.2.8 There is an ongoing requirement to fund unavoidable inflationary cost increases across a number of areas such as food and fuel. Inflation is currently exceeding the Bank of England target of 2% and there is significant uncertainty regarding the inflation forecasts over the next 2 years due to the impact of the conflict in Iran. This position will continue to be closely monitored, with financial forecasts updated to reflect information available, on an ongoing basis. The annual budget is underpinned by inflationary assumptions, however, there is a risk that inflationary impacts have been under-estimated. A potential annual risk value equivalent to 10% of the inflationary assumptions in respect of relevant non-pay budgets is deemed reasonable. This equates to £0.2m.

Capital

3.2.10 The funding framework for the approved Capital Plan includes capital receipts from asset sales, estimated at £1.500m in 2026-27 and £2.000m over the 2 years 2026-28. This is based on an assessment provided by the Estates Team in January 2026, however, is subject to changing market conditions. The level of

receipts that may reasonably be achieved will be kept under review, to reflect changing market conditions and due diligence undertaken on asset condition. Any variation from this assumption will require to be managed within the overall Capital Plan resources. It is generally the case that the capital programme experiences slippage throughout the year and as such, this risk is expected to be manageable.

3.2.11 There are inherent risks associated with the delivery of the capital programme. Delays in procurement processes, contract award, or project delivery, including those arising from adverse weather, supply chain disruption, or contractor capacity constraints may result in projects being delivered later than planned and at increased cost. Projects that have been awarded will be managed in accordance with the Council's Contract Standing Orders and established contract management arrangements. However, projects yet to be procured remain exposed to market conditions and inflationary pressures, including those arising from geopolitical events, energy costs and wider economic conditions.

3.2.12 Whilst provision has been made for contingency within the capital programme, there is a risk that this may be insufficient to absorb significant cost increases across multiple projects. In such circumstances, value engineering, scheme redesign, rephasing of expenditure or the reprioritisation of projects may be required to ensure delivery within available resources. This places an increased burden on staffing resources in terms of overall capital programme delivery. There is also a risk that external funding contributions are fixed and do not increase in line with project costs, resulting in any funding shortfall being met by the Council or requiring a reduction in project scope.

3.2.13 These risks are mitigated through regular budget monitoring, project governance arrangements, early engagement with Procurement, ongoing review of cost estimates and contingencies, and active management of contractor performance. The capital programme is subject to periodic review, enabling emerging risks and cost pressures to be identified and addressed at the earliest opportunity.

3.2.14 The Council is currently delivering a high-value Piers and Harbours capital programme, with key infrastructure projects required to support the introduction of new services by external partners. There is a risk that the Council's ability to manage and mitigate financial pressures will be limited by the delivery requirements and implementation schedules of external partners, potentially reducing flexibility in the allocation of resources and prioritisation of capital investment.

Council Wide Summary

3.2.15 The council wide risks are summarised within the following table.

Description	Likelihood	Assessed Financial Impact £m
Unbudgeted Severe Weather costs	3	1.0
Council Tax Income reduction	3	1.0

IJB refer to Council for additional funding to deliver social work services	3	0.9
Utilities cost increases	3	0.7
Shortfall in Savings delivery	2	0.5
Variation in non-pay inflation	3	0.2
Total		**4.3**

3.3 Departmental/Service Risks

3.3.1 Specific service financial risks are detailed within Appendix 1. The following table provides a summary of the number of risks within each department, across each likelihood category, together with the potential annual financial impact value.

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	0	0	5	450	8	680	1	60	0	0	**14**	**1,190**
Executive Director Kirsty Flanagan	2	150	2	183	8	2,215	4	1,139	0	0	**16**	**3,687**
Total	**2**	**150**	**7**	**633**	**16**	**2,895**	**5**	**1,199**	**0**	**0**	**30**	**4,877**

3.3.2 The current top 3 risks in terms of financial impact are noted in the table below.

Service	Risk Title	Risk Description	Likelihood	Financial Impact £000
Financial Services	Non-Domestic Rates	A revaluation exercise is due for the 2026-27 year and the impact is not known. Assuming the rateable value of the Council's taxed assets increase at a similar annual rate to those seen at the 2023-24 revaluation, the result could be an increase of circa 20%, equivalent to around £1m. The outcome of the 2023-24 appeals has still to be concluded which could result in a repayment hence this is only being identified as a risk at this stage.	3	1,000
Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income. As Cal Mac work to provide services across their network, an ageing fleet and delays to new ferries coming into service is meaning larger ferries are being removed from routes where we have the berthing infrastructure (mostly Craignure). Smaller ferries are allowing	4	700

		for services to operate but the drop in income can be up to 75% per berthing.		
Roads and Infrastructure Services	Other Harbours - Repairs and Maintenance	Ageing assets and cost increases for repair work required to be undertaken.	3	300

3.3.3 The risks, which are considered likely total £1.199m and are detailed in the following table:

Service	Risk Title	Risk Description	Likelihood	Financial Impact £000
Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income. As Cal Mac work to provide services across their network, an ageing fleet and delays to new ferries coming into service is meaning larger ferries are being removed from routes where we have the berthing infrastructure (mostly Craignure). Smaller ferries are allowing for services to operate but the drop in income can be up to 75% per berthing.	4	700
Roads and Infrastructure Services	Fleet Maintenance	Increased costs to maintain internal fleet due to inflationary increases on vehicle parts.	4	200
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.	4	150
Financial Services	NDR ALEO Relief Clawback	Risk that the Council will experience a reduction in General Revenue Grant due to the phased clawback of Non-Domestic Rates relief awarded to ALEOs in excess of the agreed baseline, following confirmation by the Scottish Government that the ALEO relief clawback policy will be implemented in future years with clawback applied two years in arrears, beginning in 2026-27 for excess relief awarded in 2024-25.	4	89
Legal and Regulatory Support	Elections	Should a bi-election be required this would be an immediate cost pressure as budget has been removed.	4	60

3.4 Changes to Financial Risks

3.4.1 This is the first 2026-27 financial risk analysis report of the new financial year. Changes to the financial risks included within this analysis will be outlined in future iterations of this report.

3.5 Monitoring of Financial Risks

3.5.1 Financial risks are monitored and reviewed on an ongoing basis, with actions put in place to continue to mitigate or manage these risks. The updated position on financial risks will continue to be regularly reported to committee.

3.6 Future Years' Risks

3.6.1 Financial risks impacting 2027-28 and future years will be reported as part of the 2027-28 Budget Pack.

4 CONCLUSION

4.1 This report summarises the known key financial risks facing the council in 2026-27. There are 6 council wide and 30 service specific quantifiable risks identified, with 5 categorised as 'Likely'. These risks are monitored and reviewed on an ongoing basis, with actions put in place to continue to manage or mitigate the risks.

5 IMPLICATIONS

5.1	Policy -	None.
5.2	Financial -	Outlines the potential annual value of financial risks.
5.3	Legal -	None.
5.4	HR -	None.
5.5	Customer Service-	None.
5.6	Risk -	Provides details of financial risks.
5.7	Climate Change -	None.
5.8	Fairer Scotland Duty -	None.
5.9	Equalities - protected characteristics -	None.
5.10	Consumer Duty -	None.
5.11	Island Communities -	None.
5.12	Children's Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
21 July 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES
Appendix 1 – Departmental/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 30 JUNE 2026

					As at February 2026 (Budget Setting)		As at 30 June 2026	
DEPARTMENT	**SERVICE**	**TITLE OF RISK**	**DESCRIPTION OF RISK**	**MITIGATING ACTIONS IN PLACE**	**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	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.	3	100	3	100
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	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, uplift of sustainable rate to providers; Support network; Short-term cash injections.	2	100	2	100
Executive Director Douglas Hendry	Education	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 exceeds available funding 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.	Continuous monitoring and review of the service model, usage and resources.	3	100	3	100
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase. Scottish Government statistics suggest 40.5% of school children have an identified additional support need, this has more than doubled since 2014 from 20%, resulting in an additional resource requirement particularly where gaps in our enhanced provision exist, the geographical barrier which further hinders our ability to deliver equitable service to all children requiring significant ASN support. Further, the increase in Children and Young People accessing support for mental health issues and the increased numbers awaiting assessment for Neuro related issues can impact presentation in education. 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 implementing 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 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.	2	50	2	50

					As at February 2026 (Budget Setting)		As at 30 June 2026	
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	Legislative Requirements - Scottish Languages Act	The Scottish Parliament agreed the Scottish Languages Act. This is Act gives the Gaelic and Scots languages official status in Scotland and makes changes to the support for the Gaelic and Scots languages in Scotland. This includes changes in relation to Gaelic and Scots education. It is clear that an education authority's duty to secure the provision of adequate and efficient school education for the authority's area may include Gaelic learner education and Gaelic medium education. This no longer applies only in Gaelic speaking areas. The teaching of the Gaelic language as part of an education authority's duty to provide further education also no longer applies only in Gaelic speaking areas. Therefore, these powers (along with the other provisions within the Act) also help to ensure that Gaelic medium primary pupils are able to continue their Gaelic education in secondary school. Catchment areas for Gaelic Provision must be set out and whilst we have custom and practice we have not established these formally.	Engage with the new Act to understand fully the requirements for Education Service and ensure continuous monitoring and review of the service model and resources available within budget. Establish a timeline to implement changes required by the Act. Continue to seek to recruit more Gaelic Teachers on flexible contracts.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate due to latent defects in a number of schools	Ongoing reporting of issues and monitoring of actions taken to repair.	2	150	2	150
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	150	3	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.	3	100	3	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Increase in insurance costs 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.	3	75	3	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	Should a bi-election be required this would be an immediate cost pressure as budget has been removed.	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.	3	55	3	55
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 Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Kirsty Flanagan	Development and Economic Growth	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.	4	150	4	150
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 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	100	1	100
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

					As at February 2026 (Budget Setting)		As at 30 June 2026	
DEPARTMENT	**SERVICE**	**TITLE OF RISK**	**DESCRIPTION OF RISK**	**MITIGATING ACTIONS IN PLACE**	**LIKELIHOOD**	**FINANCIAL IMPACT £000**	**LIKELIHOOD**	**FINANCIAL IMPACT £000**
Executive Director Kirsty Flanagan	Financial Services	Non-Domestic Rates	A revaluation exercise is due for the 2026-27 year and the impact is not known. Assuming the rateable value of the Council's taxed assets increase at a similar annual rate to those seen at the 2023-24 revaluation, the result could be an increase of circa 20%, equivalent to around £1m. The outcome of the 2023-24 appeals has still to be concluded which could result in a repayment hence this is only being identified as a risk at this stage.	Outwith direct management control.	3	1,000	3	1,000
Executive Director Kirsty Flanagan	Financial Services	NDR ALEO Relief Clawback	Risk that the Council will experience a reduction in General Revenue Grant due to the phased clawback of Non-Domestic Rates relief awarded to ALEOs in excess of the agreed baseline, following confirmation by the Scottish Government that the ALEO relief clawback policy will be implemented in future years with clawback applied two years in arrears, beginning in 2026-27 for excess relief awarded in 2024-25.	Monitoring of ALEO NDR relief against baseline; engagement with Live Argyll and Corporate Finance; financial planning to reflect anticipated General Revenue Grant reductions.	4	89	4	89
Executive Director Kirsty Flanagan	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Additional staff have been put in place in the Sundry Debt Team and remaining vacancies will be advertised shortly. This team 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	Housing Benefit Subsidy	Ongoing pressure arising from limitations in Housing Benefit subsidy for temporary and supported exempt accommodation, where eligible rent exceeds subsidy thresholds. Current costs are expected to be managed within Financial Services budgets, but exposure could increase if demand or rent levels rise.	Active monitoring of Housing Benefit expenditure and subsidy; budget management within Financial Services; use of in-year underspends to offset pressures; and review as part of financial planning.	2	83	2	83
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income. As Cal Mac work to provide services across their network, an ageing fleet and delays to new ferries coming into service is meaning larger ferries are being removed from routes where we have the berthing infrastructure (mostly Craignure). Smaller ferries are allowing for services to operate but the drop in income can be up to 75% per berthing.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers. There is continuing conversation with CalMac to agree an annual flat fee for berthing which would remove the risk that we have with the current system.	4	700	4	700
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
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	150	3	150
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Other Harbours - Repairs and Maintenance	Ageing assets and cost increases for repair work required to be undertaken.	Unable to capitalise work carried out, service are aware of this as part of the wider RIS review as costs likely to reoccur if assets not replaced	3	130	3	300
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100	3	150
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Fleet Maintenance	Increased costs to maintain internal fleet due to inflationary increases on vehicle parts.	Review of Fleet underway to determine where reductions could possibly be made.	4	100	4	200
					30	**4,557**	**30**	**4,877**

ARGYLL AND BUTE COUNCIL | **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES | **20 AUGUST 2026**

RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2026

1 EXECUTIVE SUMMARY

1.1 The main purpose of this report is to advise Members of the nature and level of reserves and balances currently held by the council. It also provides details of the earmarked reserve balances held within the General Fund and the unallocated General Fund balance.

1.2 The council had a total of £420.319m unusable reserves as at 31 March 2026 that are not backed with resources. These are required purely for accounting purposes.

1.3 As at 31 March 2026, the council had a total of £128.765m usable reserves, comprising the following:

- £3.421m Repairs and Renewals Fund;
- £3.494m Capital Funds;
- £3.330m Capital Grants Unapplied; and
- £118.520m General Fund, with £110.233m of this balance earmarked for specific purposes.

1.4 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2026-27, which amounts to £7.241m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.046m over and above the general contingency. After taking into consideration the current revenue budget forecast outturn and commitments for 2026-27, this surplus is forecast to decrease to £0.487m as at 31 March 2026.

ARGYLL AND BUTE COUNCIL **POLICY AND RESOURCES COMMITTEE**

FINANCIAL SERVICES **20 AUGUST 2026**

RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2026

2 INTRODUCTION

2.1 This report outlines the nature and level of reserves and balances, both usable and unusable, currently held by the council. It also provides details of the earmarked reserve balances held within the General Fund and the unallocated General Fund balance.

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 Capital Grants Unapplied and 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. These 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 as at 31 March 2026

3.2.1 The balances on each type of reserve as at 31 March 2026 are set out in the tables below, per the Pre-audit Annual Accounts for 2025-26.

Unusable Reserves	**£000**
Revaluation Reserve	187,830
Capital Adjustment Account	259,256
Financial Instruments Adjustment Account	(895)
Pensions Reserve	(16,111)
Accumulated Absences Account	(9,761)
Total Unusable Reserves	**420,319**

Usable Reserves	**£000**
Capital Grants Unapplied	3,330
Capital Fund and Usable Capital Receipts Reserve	3,494

Repairs and Renewals Fund	3,421
General Fund	118,520
Total Usable Reserves	**128,765**
Total Reserves	**549,084**

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 as at 31 March 2026.

3.2.3 The Capital Grants Unapplied Fund holds capital grants and contributions that have been received but not yet used to fund capital expenditure.

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 the sale of council houses prior to the 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 Council in August 2012.

3.2.6 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.

3.3 General Fund

3.3.1 The General Fund balance as at 31 March 2026 can be analysed as follows:

	Balance £000
Balance on General Fund as at 31 March 2025	112,705
Movement in General Fund balance during 2025-26	5,815
Earmarked Balances	(110,233)
Contingency allowance at 2% of net expenditure	(7,241)
Unallocated balance as at 31 March 2026	**1,046**

3.3.2 The General Fund includes reserve balances that Council has agreed to earmark for specific purposes, as outlined within the 2025-26 year end report to Council.

The movement in the balance of earmarked reserves during 2025-26 is given in the table below.

	£000
Earmarked Balance as at 31 March 2025	105,162
Funds used during 2025-26	(20,858)
New automatic earmarking at the end of 2025-26 (as per policy on end of year flexibility)	12,988
Earmarking previously agreed and created during 2025-26	11,391
New earmarking proposals for approval	2,198
Amounts released back to the general fund	(648)
Earmarked Balance as at 31 March 2026	**110,233**

3.3.3 The 2026-27 opening earmarked reserves balance of £110.233m includes a significant level of reserves in respect of major infrastructure or projects of strategic importance. Similar to previous years, a review of earmarked reserves will be undertaken during the year and reported to members, taking cognisance of strategic priorities and the financial challenges currently facing the council.

3.3.4 To assist with financial planning, a review of the projected use of reserves, aligned to service plans, has been undertaken by officers, with the projected use of resources profiled across 2026-27 and future years. The movement in the reserves balance during 2026-27 and the profile of planned spend across 2026-27 and future years will be monitored and reviewed on an ongoing basis throughout the year, with regular update reports to committee.

3.3.5 A summary of the earmarked reserves position by category is provided within Appendix 1, while Appendix 2 provides a summary of the position across services and departments, as at 30 June 2026. A detailed analysis is given within Appendix 3, outlining the purpose of each earmarked reserve, the opening balance, amounts drawn down to date and the planned use of reserves across 2026-27 and future years. It is currently anticipated that a total of £41.928m will be drawn down during 2026-27, while £10.119m has been drawn down in the year to 30 June 2026, for previously approved specific purposes.

3.3.6 It should be noted that the council's earmarked reserves include a historic balance in relation to Social Work of £0.013m as at 30 June 2026. As per CIPFA LASAAC Guidance, any new earmarking relating to the HSCP since financial year 2020-21 must be held as a creditor on the Balance Sheet rather than an earmarking within the council's General Fund as this is money due to the HSCP. The balance held in this manner as at 31 March 2026 was £2.240m and does not include the £0.500m of the Strathclyde Pension Fund saving in 2026-27 that Council agreed to ring fence to support future HSCP transformation.

3.4 Unallocated General Fund Balance

3.4.1 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2026-27, which amounts to £7.241m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.046m over and above the general contingency. After taking into consideration the current

revenue budget forecast outturn for 2026-27 and the allocation to area committees, this surplus is forecast to decrease to £0.487m as at 31 March 2027.

3.4.2 The revenue budget monitoring position as at 30 June 2026 is a forecast overspend of £0.536m. This is due to a forecast under-recovery of income within Piers and Harbours and Council Tax. There is also a forecast overspend of £0.234m in respect of Social Work services, however, the HSCP expect this to be managed from within available HSCP reserves.

3.4.3 The Council agreed on 24 June 2026 to increase the number of Area Committees to 6 meetings per year at a cost of £0.045m per annum; noting that only £0.023m would be required within the current financial year and this should be funded from the Unallocated General Fund, with the full year pressure built into the budget outlook going forward

3.4.4 The following table summarises the current position on the unallocated General Fund balance, taking into consideration the points noted above.

	Description	**£000**
Unallocated General Fund as at 1 April 2026	Unallocated balance over and above the 2% general contingency (£6.539m)	1,046
Current Forecast Outturn for 2026-27 as at 30 June 2026	Per Revenue Budget Monitoring report	(536)
Area Committees	Per paragraph 3.4.3	(23)
Forecast Unallocated General Fund as at 31 March 2027		**487**

4. CONCLUSION

4.1 This report outlines the nature and level of reserves and balances held by the council. It also provides details of the earmarked reserve balances held within the General Fund and the unallocated General Fund balance.

4.2 After taking account of the current forecast outturn for 2026-27 and the allocation of funds to area comittees, the council's unallocated General Fund balance, over and above the general contingency balance of £7.241m, is forecast to be £0.487m as at 31 March 2027.

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 within the council's usable and unusable reserves.
5.3	Legal -	None.
5.4	HR -	None.
5.5	Customer Service	None.

5.6	Risk -	A contingency of £7.241m (equivalent to 2% of net expenditure) has been set aside as part of the General Fund. This has been subject to a risk assessment.
5.7	Climate Change -	None.
5.8	Fairer Scotland Duty -	None.
5.9	Equalities - protected characteristics -	None.
5.10	Consumer Duty -	None.
5.11	Island Communities -	None.
5.12	Children's Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
17 July 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES
Appendix 1 – Earmarked Reserves Summary by Category as at 30 June 2026
Appendix 2 - Earmarked Reserves Summary by Service as at 30 June 2026
Appendix 3 – Earmarked Reserves Detailed Analysis as at 30 June 2026

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

Appendix 1

Earmarking Category	Opening Balance 1 April 2026 £	New Earmarkings in year £	Movement between categories	Invested or committed for major initiatives /capital projects £	Drawn-down to 2026-27 Budget as at 30 June 2026 £	Remaining Balance as at 30 June 2026 £	Released to General Fund £
Strategic Housing Fund	10,535,883			10,535,883		10,535,883	
Investment in Affordable Housing	2,711,000			2,711,000		2,711,000	
Capital Projects	36,350,622			36,350,622		36,350,622	
Corporate Repairs and Renewals	8,000,000			8,000,000		8,000,000	
Lochgilphead and Tarbert Regeneration	288,579			288,579		288,579	
Support for Rural Growth Deal	355,804			355,804		355,804	
Piers and Harbours Investment Fund	5,961,733			5,961,733		5,961,733	
Scottish Government Initiatives	1,396,601				503,420	893,181	
DMR Schools	1,459,955					1,459,955	
Energy Efficiency Fund	214,521					214,521	
Unspent Grant	11,422,996		-72,774		2,007,909	9,342,313	
Unspent Third Party Contribution	759,186		72,774			831,960	
Previous Council Decision - Other	2,173,256		-60,956	37,486	17,576	2,094,724	
Redundancy Provision	1,973,603					1,973,603	
Connect for Success Fund	754,012					754,012	
Hermitage Park	56,383					56,383	
Electric Vehicle Charging Surplus	12,952					12,952	
Priorities Investment Fund	1,410,420					1,410,420	
Ferry Funding	800,000					800,000	
Severe weather related cost reserve	3,255,767					3,255,767	
Transformation/spend to save - Council	2,606,849					2,606,849	
Transformation/spend to save - HSCP	500,000	0		0	0	500,000	0
Unspent Budget	9,730,810		60,956		88,525	9,703,241	
To balance 26/27 Budget	7,501,792				7,501,792	0	
Totals	**110,232,724**	**0**	**0**	**64,241,107**	**10,119,222**	**100,113,502**	**0**

Appendix 2

Service	Opening Balance 1 April 2026	Drawndown 2026-27 as at 30 June 26	New Earmarkings in year	Planned Spend 2026-27	Planned Spend 2027-28	Planned Spend 2028-29 onwards
	£	£	£	£	£	£
Community Planning	362,602	-	-	316,453	46,149	-
Chief Executive's Unit Total	**362,602**	**-**	**-**	**316,453**	**46,149**	**-**
Directorate (DH)	281,000		-	281,000	-	-
Commercial Services	1,507,329	-	-	222,648	64,521	1,220,160
Education	7,280,048	2,396,556	-	6,683,453	548,298	48,297
Legal and Regulatory Support	287,672	70,743	-	211,392	76,280	-
Executive Director (Douglas Hendry) Total	**9,356,049**	**2,467,299**	**-**	**7,398,493**	**689,099**	**1,268,457**
Customer Support Services	828,368	-	-	503,591	324,777	-
Development and Economic Growth	6,970,723	65,000	-	3,299,916	1,181,538	2,489,269
Financial Services	3,379,412	2,040,000	-	2,714,552	539,860	125,000
Roads and Infrastructure Services	12,716,834	1,438,000	-	4,551,096	6,707,982	1,457,756
Executive Director (Kirsty Flanagan) Total	**23,895,337**	**3,543,000**	**-**	**11,069,155**	**8,754,157**	**4,072,025**
Council wide	1,018,226	-	-	780,000	238,226	-
Non Departmental	75,496,127	4,105,098	-	22,265,338	44,167,291	9,063,498
Other Operating Income and Expenditure	92,000	-	-	92,000	-	-
Non Departmental Total	**76,606,353**	**4,105,098**	**-**	**23,137,338**	**44,405,517**	**9,063,498**
Adult Services	12,383	3,825	-	6,500	5,883	-
Social Work Total	**12,383**	**3,825**	**-**	**6,500**	**5,883**	**-**
Total	**110,232,724**	**10,119,222**	**-**	**41,927,939**	**53,900,805**	**14,403,980**

Appendix 3

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Chief Executive's Unit	**Community Planning**	1	**NHS Highland and other CPP Partners Contribution Towards the CPP Running and Project Costs**	CPP action plan will be finalised qtr 4 and spending happening from then Money will be spent on 5/7 projects agreed on 20th March (https://www.argyll-bute.gov.uk/moderngov/ieListMeetings.aspx?CId=304&Year=0). Spend now expected to occur in 2026/27.	129,517	0			129,517	83,368	46,149	0
		2	**Shared prosperity fund**	Shared Prosperity Fund project for works to a community asset and the money is paying the council spend on the project as per the conditions of the fund	106,469	0			106,469	106,469	0	0
		3	**Community Planning - temp post to support communities**	Community engagement support spending in 25/26 & 26/27	46,005	0			46,005	46,005	0	0
		4	**Service Concessions - Priorities Investment Fund (Area Plans)**	As agreed by Policy and Resources Committee on 23 October 23 - drawdown of £200,000 from the Priorities Investment Fund to fund two temporary posts and associated costs to produce meaningful area plans	28,947	0			28,947	28,947	0	0
		5	**NHS Highland and other CPP Partners Contribution Towards the CPP Running and Project Costs**	Spending plan as outlined in SLA between public health and community development. SLA end date September 2026	26,625	0			26,625	26,625	0	0
		6	**Gaelic Development**	To fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan This is an external funded post and project running 2025 to 2027/28	21,999	0			21,999	21,999	0	0
		7	**Recovered unspent third sector grant funding**	To be distributed through the Supporting Communities Fund for communities based projects across Argyll and Bute.	3,040	0			3,040	3,040	0	0
	Community Planning Total				**362,602**	**0**			**362,602**	**316,453**	**46,149**	**0**
Chief Executive's Unit Total					**362,602**	**0**			**362,602**	**316,453**	**46,149**	**0**
Executive Director (Douglas Hendry)	**Commercial Services**	8	**Rothesay Pavilion Charity**	Agreed at Council meeting February 2020, unspent Budget Earmarking of £750k additional revenue support. This funding is to support Rothesay Pavilion Charity in the first 2 years of the building being operational. Merged September 24 per Council decision with CHORD earmarking £409k which was about building up a provision towards future Council commitment to provide up to £150,000 per annum running costs for Rothesay Pavilion. 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.	1,220,160	0			1,220,160	0	0	1,220,160
		9	**Energy Efficiency Fund**	The Central Energy Efficiency Fund (CEEF) was launched by SG in 2004 to support the delivery of energy efficiency and renewable energy measures. The original allocation of funding was £286k and part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future and ongoing carbon reducing projects.	214,521	0			214,521	150,000	64,521	0
		10	**Estates - NDR Revaluation Appeals**	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, who are progressing 2023-26 appeals. 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. There are a number of NDR appeals to be resolved in 2026–27, along with the fees expected from Gerald Eve	59,938	0			59,938	59,938	0	0

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Executive Director (Douglas Hendry)	**Commercial Services**	11	**Site Investigation Works**	For Site Investigation works and pre-development works exploring and developing commercial opportunities across Argyll and Bute. Having a procured supplier to provide floor plans at short notice is required to be able to react quickly to requests. If this isn't available Estates would need to go through the procurement process again which would delay any projects by several months. There isn't a detailed plan to use this resource it is more about being able to react quickly and not delay projects. For 2026-27 budget, £21k was removed as a Budget Saving leaving £12.7k for this purpose.	12,710	0			12,710	12,710	0	0
	Commercial Services Total				**1,507,329**	**0**			**1,507,329**	**222,648**	**64,521**	**1,220,160**
	Directorate (DH)	12	**Single Authority Model**	This is funding for the Single Authority Model Project from the Scottish Government Public Service Reform Directorate and is a joint project with Comhairle nan Eilean Siar, Orkney Council and Argyll and Bute Council. If this funding is not used for the project it would have to be returned to SG.	281,000	0			281,000	281,000	0	0
	Directorate (DH) Total				**281,000**	**0**			**281,000**	**281,000**	**0**	**0**
	Education	13	**Early Learning & Childcare - 1140 Hours Expansion**	The funds will be utilised to improve and expand the Argyll and Bute Early Years Delivery Plan for 1140 hours which will increase access to affordable Early Learning and Childcare across the Council area. There is a detailed plan of spend which has been shared with S95 officer and Head of Finance. The Scottish Government were happy for us to move ahead with plan instead of losing funding. From 2024-25 the ring fencing was removed, however the wording of the letter states funds must still be used for Early Years.	3,688,360	1,323,079			2,365,281	3,688,360	0	0
		14	**DSM - Devolved School Management Scheme**	To be spent in accordance with DSM regulations.	1,459,955	0			1,459,955	1,459,955	0	0
		15	**100 Day Promise - Increase Teacher and Pupil Support Assistant Numbers**	Scottish Government initiative to increase the number of teachers and support assistants in schools. Required to fund teachers to end of academic year and beyond. £500k management and operational saving in 2027/28 to come from this earmarked reserve, already agreed at Budget setting Council meeting in February 2026 and included within Budget Outlook. Leaving a balance of £86,623.	586,623	0			586,623	86,623	500,000	0
		16	**Pupil Equity Fund**	To provide targeted support for children and young people affected by poverty to achieve their full potential. Funding is used over the academic year.	354,614	354,614			0	354,614	0	0
		17	**Additional Support Needs - Additional Support for Learning Project**	In 2025-26 the Scottish Government allocated an additional £28 million to local authorities for Additional Support for Learning (ASL). The funding is to help improve outcomes for all children and young people with ASN in line with the Additional Support for Learning (Scotland) Act 2004 and should build on existing spend on inclusion to ensure the broadest possible reach. The funding will be used in 2026-27 to enhance the Additional Support Needs, Teaching and Educational Psychologist support for schools as well as specialist training and resources.	279,700	279,700			0	279,700	0	0
		18	**Maintaining Teacher Numbers**	To carry funding into 2026-27 to fund the remainder of the academic year for the maintaining teacher number Scottish Government incentive	206,000	0			206,000	206,000	0	0
		19	**Saputo Funding - Rothesay Joint Campus**	Rothesay Joint Campus is in receipt of funding from Saputo Dairy UK. 1. Grant income of £225,000 was received for a Pupil Support and Development Project at Rothesay Joint Campus across a three year period commencing in 2024-2025. 2. Additional one-off funding was received in 2025-26 to help fund further outdoor project(s).	144,893	0			144,893	48,298	48,298	48,297
		20	**Strategic Equity Fund**	Strategic Equity Funding must provide targeted support for children and young people (and their families if appropriate) affected by poverty to achieve their full potential, focusing on targeted improvement activity in literacy, numeracy and health and wellbeing. The Strategic Equity Fund Spending Plan will enhance staffing, provide teacher cover and support to schools not in receipt of PEF funding, and now fully utilised.	107,149	107,149			0	107,149	0	0

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Executive Director (Douglas Hendry)	**Education**	21	**Scottish Milk and Healthy Snack Scheme (SMHSS)**	The Scottish Milk and Healthy Snack Scheme funds a daily portion of plain fresh cow's milk (or specified alternative) and a healthy snack (fruit or vegetables) for pre-school children spending 2 hours or more in the care of a regulated day care provider and/or childminders that has registered for the Scheme. The unspent grant from 2025-26 will contribute towards the cost of the scheme in 2026-27.	88,895	88,895			0	88,895	0	0
		22	**Counselling in schools**	Government initiative to support delivery of the access to school counselling service, in line with the commitment set out in Programme for Government. The delivery of the service enables children and young people to be supported with issues affecting their mental health and wellbeing. The funding will be used to fund the Family Service, Health and Wellbeing Family Liaison Officers and other supports until the end of academic year 2025-26.	87,000	87,000			0	87,000	0	0
		23	**Foundation Apprenticeships**	Some Foundation Apprenticeship income received in financial year 2025-26 is needed to cover employee and resources costs until the end of the academic year.	76,566	0			76,566	76,566	0	0
		24	**Youth Music Initiative**	To fund YMI projects across the remainder of the academic year 2025-26.	64,471	64,471			0	64,471	0	0
		25	**Bright Starts Breakfast Fund**	The Bright Start Breakfasts Fund is to build on existing levels of breakfast provision and expand access to breakfast clubs across Scotland to primary school children and children who attend special schools. Funding has been prioritised towards families who need it most based on income or who are at risk of living in poverty. It is also focused in areas where access to a breakfast club is most needed. A number of Argyll and Bute schools were allocated funding for the 2025-26 academic year. The remaining funding will be used to support breakfast clubs during the summer term.	24,681	0			24,681	24,681	0	0
		26	**Gaelic Specific Grant**	The Tobar an Dualchais project is designed to take place across the academic session, requiring the last invoice for £6,658.50 to be claimed on the 1st May 2026. Also have an exciting opportunity to work with Fèisgoil on a Beairteas air Bhioran project to support GME and GLE pupils, that would give us 14 classes, each getting 4 weeks provision with 2 tutors (Gaelic speaking knitters/singers/tradition bearers). This is at a cost of £7,000. Lastly we have CPD for a staff member, where they will undertake a week long immersion course with Ceolas in Uist at a cost of £1,173 , Bowmore Gaelic Trip £950 for bus and £1848 for accommodation, Salen Furniture £1704.83+300 Total £19,634.33	19,634	19,634			0	19,634	0	0
		27	**Support Fund For Service Children - Service Pupils Support Programme**	This grant will be used to provide continuing support and resources for Service Children within the Helensburgh and Lomond Area in academic year 25-26.	19,229	19,229			0	19,229	0	0
		28	**Early Years Foundation and Modern Apprenticeships**	Skills Development Scotland funding for Early Years Modern and Foundation Apprenticeships	10,774	0			10,774	10,774	0	0
		29	**School Library Improvement Fund - Colgrain**	Colgrain Primary were awarded a grant from the Scottish Government School Library Improvement Fund in 2025-26 for their project 'Our Connected Learning Community'. The remaining grant will be utilised before the project end date of June 2026.	5,123	0			5,123	5,123	0	0
		30	**Gaelic Learning in Primary Schools (GLPS)**	The Gaelic Learners in Primary Schools grant funding is funding for Tutor costs and online training sessions. The unspent grant will be utilised in 2025-26 in accordance to current spending plans.	4,787	4,787			0	4,787	0	0
		31	**Raise Grant - Primary Science Development**	To fund RAISE science projects across the remainder of the academic year 2025-26.	2,435	2,435			0	2,435	0	0
		32	**ACHA Grants for Schools**	Some schools from across the authority have benefited from ACHA grants in 2025-26. ACHA has given agreement for these unspent grants to be carried forward to be used in the new financial year.	2,233	0			2,233	2,233	0	0
		33	**Care Experienced Children and Young People**	This balance will allow the Virtual Head Teacher to provide targeted support for care experienced children and young people to achieve their full potential.	1,516	1,516			0	1,516	0	0
		34	**West College Scotland Grant - Rothesay Joint Campus**	This funding will support student/college transport costs until the end of the academic year 2025-26.	597	0			597	597	0	0

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Executive Director (Douglas Hendry)	**Education**	35	**Developing the Young Workforce**	The balance relates to expenditure on internal council services which was included in the Q4 grant return to the Scottish Government, but not charged to the cost centre in 25-26. This expenditure is expected to be recharged in 26/27.	519	0			519	519	0	0
		36	**Play on Pedals**	Unspent Play On Pedals grant to allow the procurement of a fleet of cycles and helmets to support delivery across up to 19 nurseries, as well as other equipment and maintenance.	247	0			247	247	0	0
		37	**Naval Children Charity - Forces & Me**	Unspent balance of grant funds to go towards projects such as the Month of the Military Child and the Force and Me Lunchtime clubs	47	47			0	47	0	0
		38	**Music Instructors**	Scottish Government Initiative to support music tuition. Unspent amount designated for expansion of the service 2025-26 academic year.	44,000	44,000			0	44,000	0	0
	Education Total				**7,280,048**	**2,396,556**			**4,883,492**	**6,683,453**	**548,298**	**48,297**
	Legal and Regulatory Support	39	**Housing Services - Welfare Rights**	Grant agreement between the Improvement Service and Argyll and Bute Council for participation in the Welfare Advice and Health Partnerships- 'Test and Learn' Programme	6,948	6,948			0	6,948	0	0
		40	**CCTV Maintenance**	Maintenance of CCTV systems. Funds transferred from external bodies (Police Scotland) to maintain systems for future years Council Decision of 20 Sept 2007. Merged with funds from Community Safety Partnership to be used for Community Safety Partnership purposes.	94,649	0			94,649	94,649	0	0
		41	**Information Management (Digitalisation of Title Deeds)**	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: Digitalisation of Title Deeds £92k - document management. The department are still working on recruiting to a 2 year post due to previous unsuccessful rounds of recruitment to complete the work.	92,000	0			92,000	46,000	46,000	0
		42	**Welfare Rights Support**	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. Preserved £39k to cover staffing costs in 2026-27 and balance of £28k being released to general fund. Cost pressure will be input for 27-28 in relation to ongoing staff costs.	39,000	39,000			0	39,000	0	0
		43	**(2023 Digital Projects) Replacement of Council Chambers Online Meeting Equipment**	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. NUWAY system and maintenance, system installed, ongoing maintenance contract to 2030	37,499	7,219			30,280	7,219	30,280	0
		44	**Meridian BCMS (Business Continuity Management System)**	Meridian BCMS (Business Continuity Management System) For period covering: 19th February 2024 – 18th February 2027 Civil Contingencies System, this earmarking will be used over the next 6 years for maintenance costs for Meridian BCMS	17,576	17,576			0	17,576	0	0
	Legal and Regulatory Support Total				**287,672**	**70,743**			**216,929**	**211,392**	**76,280**	**0**
Executive Director (Douglas Hendry) Total					**9,356,049**	**2,467,299**			**6,888,750**	**7,398,493**	**689,099**	**1,268,457**

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Executive Director (Kirsty Flanagan)	**Customer Support Services**	45	**Microsoft Licensing Costs**	To meet licensing and set-up costs for the Microsoft 365 rollout. The spend is profiled and reported to MS365 board each month. Currently projecting 212k in 26/27 and 325k in 27/28 but all subject to change if licence upgrades are required for Power BI or Teams Telephony. The above profile would mean we will exhaust earmarkings in 27/28 but still expect to have a cost pressure in 27/28 of £13,903 and a much larger cost pressure from 28/29 onwards of at least £219k.	537,020	0			537,020	212,243	324,777	0
		46	**Skills Development Scotland**	We receive the money from Skills Development Scotland (SDS) to enable us to deliver Foundation and Modern Apprenticeship programmes. The money covers the salaries of the two Tutors we employ and also any materials we require to deliver the programmes. Update: This is being spent on contract overlaps around the move from Resourcelink, Crown, Iken to ITrent. Delay in start of project due to resource in ITrent. Agreed by Council September 24 to merge with EMR Establishing HR Service Centre (£14k) - To facilitate the implementation of technical efficiency improvements and new processes. This money will be used to support phase two of the itrent project. Spend reprofiled following delays in itrent project. Update: Due to sickness in a key project role and other factors including prioritising resource for itrent, our HROD project is now behind schedule and will not complete by the planned date of March 2026. The HROD Digital project will need to be extended into the next financial year and will involve profiling the digital earmarking's beyond April 2026. It is intended that the project will be completed, and all earmarking's drawn down by the end of March 2027.	159,784	0			159,784	159,784	0	0
		47	**SWAN**	It is proposed that £51,186 be earmarked from the revenue budget underspend within ICT Services in 2025-26 to fund implementation charges for the final Scottish Wide Area Network (SWAN2) sites that were budgeted for in 26/27 and were supposed to be billed in March 2026 but will not be invoiced until the first quarter of 2026/27.	51,185	0			51,185	51,185		
		48	**Growing our Own and Modern Apprentices**	Funding earmarked to support trainee development and modern apprenticeship opportunities based on priority workforce risk areas. A Trainee Regulatory Services post has been proposed by the manager who was unable to secure a suitable candidate for the original advert. Post originally for 18months. Due to a delay in recruiting post will still be occupied in 26/27. Balance of £40k released back to General Fund per Council decision September 24 as only £69k is still required for the intended purpose.	39,993	0			39,993	39,993	0	0
		49	**Implementation of Gaelic Language Plan**	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. In discussion with Bord na Gaidhlig about a 3-year Gaelic Plan funding programme as opposed to individual grant applications for specific projects. This earmarking would be used to provide match funding for that 3 year programme of projects. 3 year match funding approved December 2024. Sept 2025 confirmed no spending in 25-26, moved on one year	30,000	0			30,000	30,000	0	0
		50	**Bord na Gaidhlig**	Grant funding from Bord na Gaidhlig. Ongoing spend ad hoc to deliver on commitments in the Gaelic Language Plan. Grant income from GLAIF continues to be added to this total and then paid out to projects. Sept 2025 confirmed no spending in 25-26, moved on one year	10,386	0			10,386	10,386	0	0
	Customer Support Services Total				**828,368**	**0**			**828,368**	**503,591**	**324,777**	**0**

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Executive Director (Kirsty Flanagan)	**Development & Economic Growth**	51	**Coastal Communities Fund (Crown Estates)**	Crown Estate (now known as the Coastal Communities Fund) is a grant received annually from the Scottish Government for various Capital and Revenue projects. Each years grant funds around 5-10 projects which are often funded over multiple years such as Dunoon Cycle Bothy, Rothesay Pontoons and Helensburgh Waterfront Development. A detailed breakdown is kept separately by the EX Dir KF finance team. Leanne Stewart is the main contact within Economic Growth. The current figure includes balances from 20-21 to current year.	2,494,882	65,000			2,429,882	1,592,106	0	902,776
		52	**Service Concessions (Priorities Investment Fund) - Rural Growth Deal**	As agreed at Policy & Resources committee on 21 August 2025, the amount to be set aside from the Priorities Investment Fund be £850k to cash flow the development costs for the Council, noting that the cash flow support would be fully paid back by the end of Year 10.	850,000	0			850,000	0	850,000	0
		53	**Scottish Govt Islands Programme**	Grant funding for Scottish Govt Islands Programme. (Tobermory Housing RGD, Digital project)	848,124	0			848,124	0	0	848,124
		54	**UK Shared Prosperity Fund (UKSPF)**	Extension of programme to end of 26/27 per I Bremner - UKSPF capacity funding to support business support and employability services across the whole of Argyll and Bute for the remainder of 2025/26 and into 2026/27	708,744	0			708,744	708,744	0	0
		55	**Short Term Lets Licensing Scheme**	These monies are to fund the STL licensing scheme. There will also be ongoing staffing costs, maintenance fees for ICT systems and ongoing fees associated with short-term let licensing.The Civic Government (Scotland) Act 1992 (Licensing of Short-term Lets) Order 2022 and Scottish Government guidance for STL Licensing Authorities, states that income from the licensing scheme shall be used solely for the purposes of delivering the licensing scheme.	426,094	0			426,094	232,604	126,109	67,381
		56	**Carbon Neutral Islands Capital Fund**	Grant funding for Carbon Neutral Islands Capital Fund	343,986	0			343,986	0	0	343,986
		57	**Community Regeneration Partnership**	Grant funding for Community Regeneration Partnership	278,122	0			278,122	0	0	278,122
		58	**Planning Services**	Depending on the outcome of a number of S36 Windfarm planning applications, this earmarking will be used to cover consultation advice and a potential public inquiry if applications are refused.	217,312	0			217,312	217,312	0	0
		59	**Investment plan to strengthen Building Standards team**	Revenue budget underspend within Building Standards Services in 2025-26 to fund the investment plan for strengthening building standards, including the funding of a temporary Building Standards Inspector specialist	146,638	0			146,638	48,879	48,879	48,880
		60	**Service Concessions - Priorities Investment Fund (Project Officer for Housing Emergency)**	Agreed by Policy and Resources Committee on 15 February 2024 - £200,000 from the Priorities Investment Fund to fund a Project Officer to assist in accelerating the work of the Housing Emergency - 3 year post from September 2024.	135,427	0			135,427	73,000	62,427	0
		61	**Place based investment programme**	Projects approved at 12 August 2021 P&R Committee totalling £821k Includes 2023-24 grant funding for Place Based Investment Programme. £12,289 committed for 26/27.	78,697	0			78,697	78,697	0	0
		62	**Rothesay Pavilion**	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.	76,900	0			76,900	0	76,900	0
		63	**LHEES (Local Heat & Energy Strategy)**	This is used to finance the delivery of the Local Heat and Energy Strategy, involving resourcing a full time member of staff and use of external consultants. This is fulfilling a statutory requirement for the Council. Production of the LHEES will be instrumental in achieving funding for the decarbonisation of heat and energy use in Argyll and Bute's Buildings.	61,105	0			61,105	61,105	0	0
		64	**Staycation and Marketing Argyll and Bute**	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. £55,550 To be utilised to help fund Clipper Round the World Yacht race in 2026/27.	55,550	0			55,550	55,550	0	0
		65	**Islands Emergency Cost Crisis Fund**	Grant funding for Islands Emergency Cost Crisis Fund.	48,522	0			48,522	48,522	0	0
		66	**Levelling Up Partnership Funds**	2024-25 grant funding for Levelling Up Fund. Stagg recruited late 2025-26 with expenditure occurring in 2026-27.	45,000	0			45,000	45,000	0	0

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Executive Director (Kirsty Flanagan)	**Development & Economic Growth**	67	**Helensburgh CARS**	Conservation Area Regeneration Scheme for Helensburgh. Grants awarded to upgrade conservation areas in Helensburgh such as shop fronts, town centre accommodation and other priority buildings.	37,486	0			37,486	37,486	0	0
		68	**Balance of LACER Funding**	Accumulation of four smaller LACER earmarkings at year end 2025-26 for ease of presentation. 049 - Gypsy Travellers, committed to continue Shop local to October 27 £17k. 050,053 and 054 -committed to digital reviews with final invoices expected 26-27 £13k.	30,303	0			30,303	13,080	17,223	0
		69	**Addressing Depopulation Fund - Private Sector Resettlement Officer**	To fund Addressing Depopulation post during 25-26. Post now part funded costs so full earmarking not required in 25/26 and instead to be carried forward into 26/27	24,977	0			24,977	24,977	0	0
		70	**Economic Development - temp post to support economic recovery**	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 Officer balance of £22,692 to be used to fund post in 26/27 with grant funding from SG also coming in.	22,692	0			22,692	22,692	0	0
		71	**Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)**	Replacement for IDOX - Dec 24 Project has been scrapped as it was not working. Awaiting procurement to write termination of contract legal documents, until this is completed we will not know if any further cost are due. Amount moved to 2026-27	21,177	0			21,177	21,177	0	0
		72	**EH Covid Posts**	Funding initially for 2 posts for 2 years. Council agreed September 24 to allow a change of use as unable to recruit to the posts. To be used to fund additional costs related to the review and assessment of site investigation reports and provide support to consultants.	9,612	0			9,612	9,612	0	0
		73	**Shelter Scotland Housing Funding**	Contribution from Shelter Scotland to fund 50% of a 2 year temporary Empty Homes Officer. Cost to be funded by HSCP in future years. Costs were anticipated to be drawn down in Q4 25/26, however additional funding was received in year therefore this was not required and will be utilised in 2026/27.	9,373	0			9,373	9,373	0	0
	Development & Economic Growth Total				**6,970,723**	**65,000**			**6,905,723**	**3,299,916**	**1,181,538**	**2,489,269**
	Financial Services	74	**Loans Fund**	Per Budget February 2026, an underspend of £1.5m in the Loans Fund from 2025-26 to be carried forward to balance 2026-27 budget	1,500,000	1,500,000			0	1,500,000	0	0
		75	**Connected for Good Child Poverty migration**	This earmarked reserve supports delivery of the Council-approved Connected for Good programme, a multi-year, strategic approach to mitigating child poverty and financial hardship through early intervention, targeted support and preventative spend. Connected for Good builds on the established Flexible Food and Fuel Fund model, which has supported over 4,000 households and generated significant client income gains through integrated advice, income maximisation and fuel poverty support. This preventative approach complements the statutory Scottish Welfare Fund by reducing repeat crisis demand and improving long-term financial stability for vulnerable households. In February 2026, Council approved the use of earmarked reserves to support delivery of Connected for Good, including £416,000 over four years (October 2026 to September 2030) and £84,000 of transitional funding to maintain continuity of support during 2026 prior to full programme implementation. Overall, this earmarked reserve represents a structured, time-limited investment in prevention, demand management and poverty mitigation, aligned to Council policy and approved programme delivery, and designed to deliver both improved outcomes for residents and reduced long-term system costs.	831,138	0			831,138	475,843	355,295	0
		76	**Empty Property Relief**	Per policy saving FS04, earmarking of one-off 2025-26 saving to contribute towards 2026-27 budget gap.	330,000	330,000			0	330,000	0	0

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Executive Director (Kirsty Flanagan)	**Financial Services**	77	**Benefit Administration Grant – Service Transformation & Capacity**	This earmarked reserve will support the delivery of key Revenues and Benefits service transformation, system continuity and capacity requirements over the period to 2027/28, aligned to the anticipated expiry and replacement of core system contracts. The Civica OPENRevenues Management Information System and Civica 365 Electronic Document Management System contracts are due to expire in August 2027. The Council has undertaken initial market testing and is currently in detailed discussions with Civica regarding future contractual arrangements, including potential migration to a cloud-based solution. It is estimated that system procurement, transition and implementation costs could be in the region of £185,000, with a further contingency provision of £82,000 to support potential EDMS-related costs once these are confirmed. In addition, the service is currently undertaking procurement for a managed service to deliver Single Person Discount reviews and the identification of second homes and long-term empty properties. Based on initial market engagement, costs are estimated at approximately £90,000 over a three-year period, although this will be confirmed following completion of the procurement process in 2026. A provision of £10,000 is also included to support time-limited staff overtime over the period to 2029/30, ensuring service resilience, maintaining performance, and addressing backlog pressures where required. Overall, the earmarked reserve provides a time-limited resource to support system replacement, contractual transition, service assurance activity, and operational resilience across Revenues and Benefits, in line with service transformation priorities and statutory delivery requirements.	357,610	0			357,610	80,000	152,610	125,000
		78	**Reduction to Contingencies Provision**	Per management / operational saving target FS07 - general reduction in sundries miscellaneous budget. Council agreed to earmark £100k from 2025-26 underspend and contribute towards 2026-27 budget gap.	100,000	100,000			0	100,000	0	0
		79	**Revenue and Benefits BPR - extra staff to implement savings targets**	This earmarked reserve supports ongoing income maximisation and debt recovery improvement activity within the Revenues and Benefits service, alongside managing emerging workload pressures arising from new data sharing arrangements and structural changes within the service. Confirmed costs include consultancy support (£44,550) from John Giblin Consulting to deliver income maximisation improvements and associated service changes. Funding is also included for staff overtime (£10,000) to address legacy backlogs, including clearing historic casework and maintaining service performance during periods of change and transition. The remaining balance of approximately £32,000 will be applied to time-limited activity required to support service restructuring and manage additional operational demand. This approach ensures that the full earmarked balance is directly aligned to improving income collection, supporting service redesign, and managing demand arising from external data sources. The funding is time-limited and supports delivery of operational improvements and income optimisation without creating ongoing budget commitments	86,955	0			86,955	55,000	31,955	0
		80	**Recharge to Capital**	Per management/operational savings target FS06 - additional finance manager post recharged to capital with 2025-26 saving carried forward to contribute towards 2026-27 budget gap.	60,000	60,000			0	60,000	0	0
		81	**Over Recovery of Agency Income**	Per management / operational saving target FS03, earmarking of one-off 2025-26 over-recovery to contribute towards 2026-27 budget gap.	40,000	40,000			0	40,000	0	0
		82	**Financial Systems**	The council is required to implement the IFRS16 Leases accounting standard from the 1st April 2024. This required the implementation of a new system to log all leasing transactions. Work has begun on this however ongoing system improvements are required to ensure accuracy of data.	33,748	0			33,748	33,748	0	0

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Executive Director (Kirsty Flanagan)	**Financial Services**	83	**Accounting and Budgeting Team Resilience**	Training and examination fees for 3 staff who are currently undertaking their professional CIPFA/ACCA training and providing finance business partner training to a group of our existing professional staff.	29,961	0			29,961	29,961	0	0
		84	**Benefits post saving**	Per policy saving FS01, part year post saving from 2025-26 carried forward to 2026-27 to contribute towards the 2026-27 budget gap	10,000	10,000			0	10,000	0	0
	Financial Services Total				**3,379,412**	**2,040,000**			**1,339,412**	**2,714,552**	**539,860**	**125,000**
	Roads and Infrastructure Services	85	**Piers and Harbours Investment Fund**	Funding generated through increased harbour fees and charges in order to generate funds to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure. Under the Harbours Act 1964, section 42, as a statutory harbour undertaker, the Council must prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other Council activities in addition to harbour activities. In essence, any surplus in the Piers and Harbours budget must be reinvested in the marine asset and reflected in accounts. Reserve will not be needed until circa 2026-27 when borrowing costs will exceed the additional income received in revenue and reserve will then be used to pay borrowing costs. Income from P&H to be used to pay of Prudential Borrowing costs for Harbour Investment Programme.	5,961,733	0			5,961,733	1,335,720	3,968,257	657,756
		86	**Waste Variation Monies**	Earmarked reserve to be used to assist with the Council's compliance with the 2026 ban on the Landfill of Biodegradable Municipal Waste and supporting the overall Waste Strategy) £1.51m in 2026-27 to fund:- waste PPP conversion of sites from MBT plants to Transfer Stations, disposal of Compost Like Output, Post PPP options consultation, legal fees, consultancy costs relating to additional monitoring data for SEPA and preparatory work relating to closure and restoration of mainland landfill sites. £2.68m 2027-28 onwards to assist with funding closure and restoration of mainland and island landfill sites.	4,192,305	0			4,192,305	1,510,274	2,682,031	0
		87	**DEFRA**	Per Budget meeting February 2025, the 2025-26 allocation of funding from the Department of Environment Food and Rural affairs (DEFRA) would be used over 2025-26 and 2026-27. £1.438m represents the balance of funding not used during 2025-26 and planned to be used for 2026-27 budget.	1,438,000	1,438,000			0	1,438,000	0	0
		88	**Ferry Grant Smoothing**	It is proposed that £800k be earmarked from the revenue budget underspend within Ferries as part of Road and Infrastructure Services in 2025-26 to fund all elements of the costs for inter-island ferry services over the future years. This will involve the creation of a new reserve category and allow automatic earmarking to take place in future years where grant received is greater than revenue spend.	800,000	0			800,000	0	0	800,000
		89	**3G pitches / Tarbert Sports Pitches**	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding was proposed to provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26. Following agreement the project has continued and the remaining earmarked reserves is estimated to last until the start of summer 2027. During 2026-27 works will be carried out for a future application of budget to ensure the ongoing maintenance of these facilities. These works will also include exploring the potential for third sector partnerships for additional funding applications or possible asset transfers.	125,469	0			125,469	98,571	26,898	0
		90	**Service Concessions - Priorities Investment Fund (Strategic Development Framework)**	As agreed by Policy and Resources Committee on 15 February 2024 - drawdown of £450,000 to procure consultancy support to assist in driving forward the Strategic Development Frameworks.	121,874	0			121,874	121,874	0	0

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Executive Director (Kirsty Flanagan)	**Roads and Infrastructure Services**	91	**Hermitage Park**	The Hermitage Park regeneration project has a significant investment from the Heritage Lottery Fund (HLF) which has a requirement to have a 10 year Management and Maintenance Plan. This will be partly funded by existing Council revenue budgets but should also be supplemented by any additional income which can be generated from park activities. Part of the HLF conditions are that all income generated by the park should be retained to support the Management and Maintenance Plan and a result of this requirement, any unspent income generated by the park is retained for future years requirements. At present due to the Pavilion cafe going into liquidation and the decision to house the Library in the Pavilion the option to reinstate the cafe under a new lease is not possible therefore no income generation can be accumulated. To date the Service have had no update on the timescales on these temporary arrangements.	56,383	0			56,383	25,587	30,796	0
		92	**Electric Vehicle Charging**	Surplus earned in year on EVC	12,952	0			12,952	12,952	0	0
		93	**Mercury Abatement - Crematorium**	Phase 1 and 2 of Cardross Crematorium work completed. Phase 3 of the Cardross Crematorium works commenced April 2024. Delayed by Property Services in appointing a Contractor. As a consequence the work will not be concluded until 2026-27. These works will ensure DDA (Disability Discrimination Act) compliance.	8,118	0			8,118	8,118	0	0
	Roads and Infrastructure Services Total				**12,716,834**	**1,438,000**			**11,278,834**	**4,551,096**	**6,707,982**	**1,457,756**
Executive Director (Kirsty Flanagan) Total					**23,895,337**	**3,543,000**			**20,352,337**	**11,069,155**	**8,754,157**	**4,072,025**
Non Departmental	**Council wide**	94	**Storm Eowyn**	Committed to spends required in relation to Helensburgh Leisure Centre. Ongoing support to Live Argyll while closed and the covering of any costs not covered through insurance.	1,018,226	0			1,018,226	780,000	238,226	
	Council wide Total				**1,018,226**	**0**			**1,018,226**	**780,000**	**238,226**	
	Non Departmental	95	**Strategic Capital Finance Reserve**	Resulting from a review of capital arrangements being reported to Council in February 2026, it is anticipated that the Section 95 officer will take a strategic and flexible approach to the use of reserves earmarked for capital purposes, in order to manage the impact of capital investment decisions on the annual revenue budget and to safeguard the council's long term financial sustainability. A review of earmarked reserves has been undertaken to confirm those held for capital purposes. In light of the proposed approach, it is recommended that these reserves are consolidated into a Strategic Capital Finance earmarked reserve.	36,350,622	0			36,350,622	10,000,000	26,350,622	0
		96	**To go to Corporate Property Repairs and Renewals Fund**	Per review of capital arrangements, proposed release of £8m of capital reserves, from Strategic Capital Finance Reserve to the Repairs and Renewals Fund	8,000,000	0			8,000,000	0	8,000,000	0
		97	**Strategic Housing Fund**	Accumulation of Council tax collected from the second homes discount on properties is earmarked as part of the Strategic Housing Fund balance. Plans in place to utilise £11.472m over the next 5 years to provide affordable housing as part of the Strategic Housing Improvement Plan which will utilise this reserve as well as future income expected from Council Tax on second homes. Strategic Housing Fund. Council tax collected during 2024-25 from the second homes discount on properties. Requires to be earmarked as part of the Strategic Housing Fund balance.	10,535,883	0			10,535,883	2,200,000	2,200,000	6,135,883
		98	**Investment in Affordable Housing**	Agreed at Council Meeting 11 February 2016. This balance reduces as the Loans to RSL balances are reducing.	2,711,000	0			2,711,000	0	2,711,000	0
		99	**Service Concessions - Priorities Investment Fund (Storm Cost Reserve)**	Agreed at Council meeting February 27 2025 - Storm Costs, plus agreed amount in P&R Paper - 15th August 2024 - Agenda Item 18 as not utilised in 24/25 Per budget meeting February 26, A816 Millbrae Landslip - maintaining and securing a strategic lifeline route - £1m committed.	2,237,541	0			2,237,541	1,200,000	1,037,541	0

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Non Departmental	**Non Departmental**	100	**Council Strathclyde Pension Fund Saving 24-25 (£2m to be directed to transformation and projects that will save revenue in the future)**	£1.125m allocation from the 2024-25 SPFO saving to be directed to transformation and projects that will save revenue in the future supplemented by a £0.875m allocation from the 2025-26 SPFO saving. £1m added to the allocation at year end 24-25. (In order to support the longer term budget approach it is certain that there will be a requirement for some up-front expenditure which could range from buying in expertise to challenge the status quo in some service areas, providing seed corn funding for the development of new ways to deliver services, commissioning business case preparation for opportunities that could deliver savings/increased income in the future and staff time to manage what is going to have to be a significant programme of transformation/service re-design. Per Budget Feb 26, drawdown of up to £0.600m over 2 year period for Programme Management Office (PMO) to manage transformation and other major projects, to ensure oversight and increase the pace of change. This has been drawn onto it's own row,ER109 for transparency	2,006,849	0			2,006,849	500,000	1,506,849	0
		101	**Strathclyde Pension Fund Saving 25-26 - Planned Allocation to 2026-27**	£2m allocation from 2025-26 SPFO saving to be allocated to balance the 2026-27 budget. Will be fully drawn down at start of 2026-27.	2,000,000	2,000,000			0	2,000,000	0	0
		102	**Impact of war in Iran contingency**	To provide a contingency for cost increases, both within revenue and capital budgets, as a result of the ongoing conflict in Iran and the broader Arabian Gulf region.	2,000,000	0			2,000,000	600,000	600,000	800,000
		103	**Redundancy Costs**	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. Future redundancies provision. Given the budget gap over the next 5 years and 61% of our costs being staff costs, redundancy costs are likely to increase and there is a need to provide for possibility of covering those costs.	1,973,603	0			1,973,603	100,000	100,000	1,773,603
		104	**Oban TIF**	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.	1,440,278	0			1,440,278	751,929	688,349	0
		105	**Pay Inflation Contingency**	Initially created relating to negotiations for the 2024/25 pay award. It has since been utilised in to cover the impact of the 25/26 pay award in 2026-27. Therefore, this has been fully committed and will be drawn down at the very start of 2026/27.	1,258,550	1,258,550			0	1,258,550	0	0
		106	**Connect for Success Fund (previously Supporting Organisational Change) - amended February 24 per ELT)**	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 - Provision to support organisational change (£0.500m) It is proposed to supplement the existing 'Supporting Organisational Change' reserve first established in February 2020 with a further £1.2m to enable the Council to deliver longer term, more fundamental, service redesign which will require funding to support the identification and delivery of solutions that take account of future requirements and community engagement and deliver longer term revenue and benefits to the Council	754,012	0			754,012	200,000	200,000	354,012
		107	**Reserves given up to balance 2026-27 budget**	Amounts released from earmarkings as part of the savings templates for 2026-27 - required to balance 2026-27 budget	740,242	740,242			0	740,242	0	0
		108	**Oban TIF (Tax Incremental Financing - Excess NDR)**	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. Discussions in place on future ff the next TIF project (Oban Airport) which will utilise this reserve. If the project does not go ahead, we will need to return NDR to Scottish Government	668,685	0			668,685	668,685	0	0

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Non Departmental	**Non Departmental**	109	**Programme Management Office**	From Budget Meeting Feb 26 - Having regard to the recommendation from external auditors that the Council should consider the creation of a Programme Management Office (PMO) to manage transformation and other major projects, to ensure oversight and increase the pace of change, notes the proposal to establish a PMO responsible for co-ordination and delivery of both capital and transformation projects, and requests that officers provide regular progress updates to members. Funding set aside from the Transformation earmarking (100).	600,000	0			600,000	300,000	300,000	0
		110	**Social Work Strathclyde Pension Fund Saving 25-26 (Per Motion Feb 25, £500k for transformation)**	This is part of the revenue budget for 25-26 and is the saving on Social Work pension budgets resulting from the drop in employers pension rate. Agreed at Council February 25 to set aside £500k for transformation projects.	500,000	0			500,000	500,000	0	0
		111	**Rural Growth Deal (Inward investment Fund)**	Agreed at Council Meeting 11 February 2016. Original balance of funding was £833k for Rural Growth Deal - P&R Committee have already approved spend of £600k leaving a balance of £233k uncommitted. The approved spend consists of consultancy, project development and design and the remaining £233k will be used for the same purpose to complete design work and get endorsed full business cases to allow RGD projects to commence.	355,804	0			355,804	355,804	0	0
		112	**Service Concessions - Priorities Investment Fund**	As agreed at Council meeting 23 February 2023 - Safeguarding future investment in Priorities for Argyll and Bute by making long-term use of service concession gain to establish dedicated fund to lever in, secure and support key strategic investments in this year and future years. Balance of £0.337m is made up as follows: £0.200m to Area Committees, £0.075m to AITC, uncommitted £0.062m	336,670	0			336,670	336,670	0	0
		113	**Information Management (Balance of Funding)**	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. This was the balance of funding to explore information management solutions in a strategic and coherent way £209k. Committed for MS 365 project.	292,514	81,306			211,208	108,163	184,351	0
		114	**Regeneration and Economic sustainability in Lochgilphead and Tarbert.**	Agreed at Council Meeting 11 February 2016.	288,579	0			288,579	0	288,579	0
		115	**Service Concessions - Priorities Investment Fund (Creation of Business Cases for Future Development of Leisure Facilities in Dunoon)**	Agreed at Council meeting February 27 2025 - Funding allocated towards creation of a business case for future development of leisure facilities in Dunoon. Further spend to take place on the future development of Leisure Facilities in Dunoon.	200,000	0			200,000	200,000	0	0
		116	**Engagement with Hub North re provision of services for older adults and vulnerable people across Argyll and Bute**	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. It was intended that this would be spent on an on-going business case and options appraisal work with Hub and it would be fully utilised in 2025-26. However, the HSCP have advised that the HUB north activity is ongoing and we expect to receive more invoices in 2026/27.	95,005	0			95,005	95,005	0	0
		117	**Spend to Save Route Optimisation Software**	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. The route optimisation project has been delayed due to staff turnover and absences, recent meetings involving the Council and Routeware have set out future objectives and the project has been extended to 2025-26. Further delays have arise due to our GIS system and Routeware system compatibility issues. Discussions are being programmed with the supplier due to delivery and performance.	52,264	0			52,264	52,264	0	0

Department	Service	Ref	Description	Plans for Use	Sum of Opening Balance	Sum of Budget Drawdown	Sum of New earmarkings in year	Sum of Movement between categories	Sum of Remaining Balance	Sum of Amount Planned to be Spent in 2026-27	Sum of Amount Planned to be Spent in 2027-28	Sum of Amount Planned to be Spent from 2028-29 onwards
Non Departmental	Non Departmental	118	Levelling up Fund bids per P&R February 22	To fund specialised enforcement training which is currently in excess of the annual training budget. There are currently 3 career development post within Regulatory Service where Officer posts (2 EHO, 1 Animal Health and Welfare Officer) which are occupied by staff who are in a "trainee or career development" program. This reduces our capacity and resilience, and monies have been allocated for 26/27 from earmarking for a temporary post, to support the wider team.	49,276	0			49,276	49,276	0	0
		119	From General Fund to balance 2026-27 budget	As agreed at Budget meeting 25 February 2026, £25k from the unallocated general fund to balance 2026-27 budget	25,000	25,000			0	25,000	0	0
		120	Service Concessions - Priorities Investment Fund (AITC)	Agreed at Council meeting February 27 2025 to fund AITC	18,750	0			18,750	18,750	0	0
		121	Service Concessions - Priorities Investment Fund (CHARTS)	Agreed at Council meeting February 27 2025 to fund CHARTS - funding capped at 75k	5,000	0			5,000	5,000	0	0
	Non Departmental Total				**75,496,127**	**4,105,098**			**71,391,029**	**22,265,338**	**44,167,291**	**9,063,498**
	Other Operating Income and Expenditure	122	Ukrainian Resettlement Programme - 2025/26 redetermination	The Scottish Government provided £92k of non-recurring funding in March 2026. This funding is intended to support the integration of people displaced from Ukraine and the wider support that LAs provide to individuals seeking protection in Scotland.	92,000	0			92,000	92,000	0	0
	Other Operating Income and Expenditure Total				**92,000**	**0**			**92,000**	**92,000**	**0**	**0**
Non Departmental Total					**76,606,353**	**4,105,098**			**72,501,255**	**23,137,338**	**44,405,517**	**9,063,498**
Social Work	Adult Services	123	See Hear Funding	Funding has been received specifically from the Scottish Government to support activity around implementation of the See Hear recommendations and the identified priorities of individual Sensory Partnerships. Funds will be used for a two-year ROVI training course, this two year course started in January 2026 and will end in December 2027, with reserve fully utilised by 31 March 2028.	12,383	3,825			8,558	6,500	5,883	0
	Adult Services Total				**12,383**	**3,825**			**8,558**	**6,500**	**5,883**	**0**
Social Work Total					**12,383**	**3,825**			**8,558**	**6,500**	**5,883**	**0**
Grand Total					**110,232,724**	**10,119,222**			**100,113,502**	**41,927,939**	**53,900,805**	**14,403,980**