

**EXECUTIVE SUMMARY AND INTRODUCTORY REPORT - FINANCIAL REPORT MONITORING PACK – JUNE 2014**

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**1. INTRODUCTION**

- 1.1 This report introduces the full package of papers included in the financial reports monitoring pack. There are seven reports included within the financial report monitoring pack as follows:
- Revenue Budget Monitoring Report as at 30 June 2014
  - Monitoring of 1% Efficiency Savings for 2014-15 and 2015-16
  - Update to 2015-16 Budget as at 30 June 2014
  - Monitoring of Financial Risks
  - Reserves and Balances
  - Capital Plan Monitoring Report as at 30 June 2014
  - Treasury Monitoring Report as at 30 June 2014
- 1.2 Revenue Budget Monitoring Report – this report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis. The projected year end outturn at 30 June 2014 is an underspend of £158k. This is mainly due to savings in school and public transport offset by overspends arising on refuse collection in come and coastal protection works.
- 1.3 Monitoring of 1% Efficiency Savings for 2014-15 and 2015-16 – this report provides a summary of the progress towards the efficiency savings target for 2014-15 and 2015-16. The budget savings required for 2014-15 based on 1% savings are £1.822m. Of this 67% is secured or being implemented with £0.819m secured and £0.406m being implemented. A further £0.665m is being developed to give a total of £1.890m slightly above the target.
- 1.4 Update to 2015-16 Budget – this report provides an update on any of the changes to the budget assumptions used when preparing the 2015-16 budget and an assessment of the impact. The main change to the budget update is the reduction in grant funding of £2.557m due to updating the finance settlement indicators rather than the flat cash approach. In addition there have been adjustments to the base budget of £0.149m. The overall impact is a projected surplus for 2015-16 of £1.415m.

- 1.5 Monitoring of Financial Risks - this report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks. Whilst a total of 58 financial risk areas have been identified only 6 are classed as likely with a potential impact of £2.190m. These will continue to be monitored throughout the year and action taken to mitigate or manage these risks.
- 1.6 Reserves and Balances – this report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves. The Council has usable reserves of £49.026m. Most of these are earmarked for specific purposes. With a General Fund contingency of 1.5% the estimated free General Fund balance by 31 March 2016 is estimated at £13.079m.
- 1.7 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance. The year to date capital plan position is an overspend of £1.224m whilst an underspend of £4.726m is forecast for the full year due to spending profiles being adjusted to reflect current project proposals. There are 8 projects classed as off track.
- 1.8 Treasury Monitoring – this report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments. There have been no significant new borrowings or repayments in the quarter to June. Borrowing is estimated to be around £30m below the capital financing requirement by 31 March 2014. Investments at 30 June were £59m with a return for the last quarter of 0.668% compared to the average 7 day rate of 0.348%. There are changes being to credit worthiness assessments by our treasury advisors.

## **2. RECOMMENDATIONS**

- 2.1 Members to note the revenue budget monitoring report as at 30 June 2014.
- 2.2 Members to note the progress towards the 1% efficiency savings target for 2014-15 and 2015-16.
- 2.3 Members to note the updates to the 2015-16 budget as at 30 June 2014.
- 2.4 Members to note the current assessment of the Council's financial risks.
- 2.5 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves.

2.6 Members to note the capital plan monitoring report as at 30 June 2014.

2.7 Members to note the treasury monitoring report as at 30 June 2014.

### **3. IMPLICATIONS**

3.1 Policy – None.

3.2 Financial - Outlines the revenue and capital monitoring for 2014-15 as at 30 June 2014.  
Summarises the changes to the assumptions for 2015-16 and the estimated impact.  
Good progress is being made in respect of the 1% efficiency savings target.

3.3 Legal - None.

3.4 HR - Individual efficiency savings may have human resource implications and these would have been discussed with the Trade Unions.

3.5 Equalities - Individual efficiency savings may have equality implications and equality impact assessments would have been carried out where required.

3.6 Risk - Details of financial risks are included within the report.

3.7 Customer Service - None.

**Bruce West**  
**Head of Strategic Finance**  
**16 July 2014**



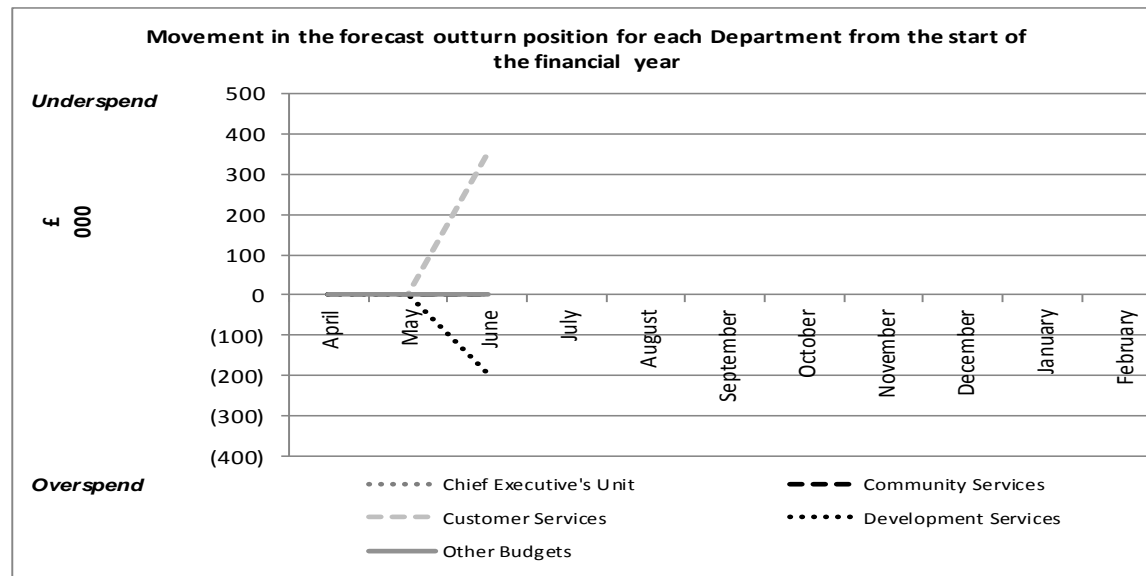
<p><b>Overall Position:</b></p> <ul style="list-style-type: none"> <li>• There were no forecast variances identified in the previous reporting period, this position has changed during the June monitoring period with the forecast outturn position being a projected underspend of £158k.</li> <li>• There is a year to date surplus of £137k with the profiled Year to Date budget being in excess of the Year to Date expenditure</li> </ul>
<p><b>Key Highlights for June 2014:</b></p> <ul style="list-style-type: none"> <li>• In the June period the projected year-end outturn position is an underspend of £158k, this is relatively early on in the financial year, this position will be monitored and any changes reported through monthly budget monitoring.</li> <li>• The number of year to date variances has reduced significantly from the previous monitoring period, as a result of outstanding year-end accrual entries being offset by expected income or expenditure and the standard profiling applied to budget lines at the start of the year being reviewed/refined during the June period.</li> </ul>

<p><b>Key Financial Successes:</b>                  Departmental expenditure for 2013-14 was kept within budget, with an underspend of £1.342m for controllable spend across departments. The General Fund balance decreased by £1.597m in 2013-14, this is a reduction to the forecast position and includes £10.427m of revenue expenditure funded from the General Fund during 2013-14. This is despite having significant challenges to meet with implementing savings. Departments are on track to meet the efficiency savings target for 2014-15.</p>	
<p><b>Key Financial Challenges:</b></p>	<p><b>Proposed Actions to address Financial Challenges:</b></p>
<p>Maintaining favourable year-end balanced position in light of council wide risks to expenditure.</p>	<p>Ongoing robust monitoring of the financial position to ensure that any budget issues are fed back to the management team and members through the budget monitoring process.</p>
<p>Ongoing requirement to identify savings and the challenges services are faced with in terms of delivering services more efficiently with less resources.</p>	<p>Continually refine/develop systems to accurately calculate forecast outturns and the future financial outlook.</p>
<p>Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.</p>	<p>Actively monitor income recovery as part of routine budget monitoring and ensure Council fees and charges policies are reviewed.</p>
<p>Spend in service areas which are demand led and to some extent outwith service control, for example Winter Maintenance.</p>	<p>Use risk based approach to budget monitoring to focus additional attention to these areas, ensuring any financial implications are reported as soon as possible.</p>

## Forecast Outturn Position

As at the end of June 2014 the forecast outturn position is a projected underspend of £158k.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	2,086	2,086	0	0	0	Forecast underspend in Customer Services in relation to School and Public Transport due to the level of commitment on the budget reducing as a result of reduced costs and lower inflation. Projected overspend in Development and Infrastructure Services relates to remaining unplanned expenditure within Coastal Protection and a shortfall in commercial refuse collection income.
Community Services	135,040	135,040	0	0	0	
Customer Services	38,719	38,365	354	0	354	
Development and Infrastructure Services	30,445	30,641	(196)	0	(196)	
Other Corporate Budgets	37,782	37,782	0	0	0	
<b>Total</b>	<b>244,072</b>	<b>243,914</b>	<b>158</b>	<b>0</b>	<b>158</b>	



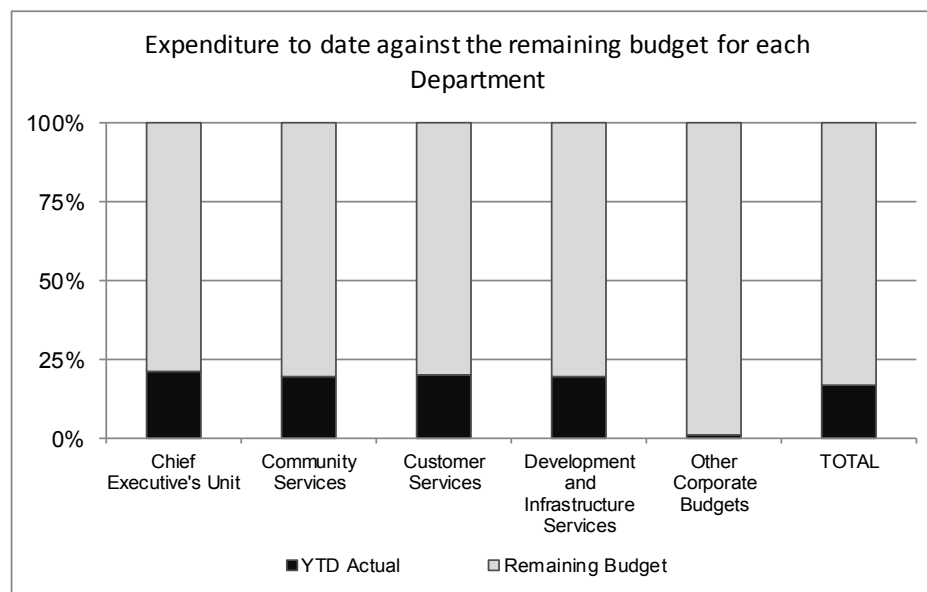
Further information on the departmental forecast outturn variances is included within the attached appendices.

## Year to Date Position

As at the end of June 2014 there is a year to date surplus of £137k. The year to date position is not necessarily an indication of the likely year-end position.

The current year to date variance position for each Department:

Department	YTD Budget £'000	YTD Actual Spend £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	460	450	10	Outwith reporting criteria
Community Services	26,047	26,260	(213)	YTD overspend is mainly due the variance on employee costs in the Homecare sector due to service demand pressures, with other contributing variances in relation to budget profiling.
Customer Services	8,431	7,937	494	YTD underspend for School and Public Transport in line with the reported forecast underspend, also underspend in NPDO due to withheld/disputed amounts which will be settled in July.
Development and Infrastructure Services	5,104	6,016	(912)	YTD overspend is mainly due to profiling of the budgets in Roads and Amenity Services.
Other Corporate Budgets	1,283	525	758	YTD underspend relates mainly to Agency Accounts held by Development and Infrastructure. These accounts are set up to administer projects that are fully funded by way of grants and contributions and no budgets are created for these.
<b>Total Net Expenditure</b>	<b>41,325</b>	<b>41,188</b>	<b>137</b>	



Further information on the departmental year to date variances is included within the attached appendices.

## OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2014

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b><u>Departmental Budgets</u></b>								
Chief Executives	460	450	10	2.17%	2,086	2,086	0	0.00%
Community Services	26,047	26,260	(213)	(0.82%)	135,040	135,040	0	0.00%
Customer Services	8,431	7,937	494	5.86%	38,719	38,365	354	0.91%
Development and Infrastructure Services	5,104	6,016	(912)	(17.87%)	30,445	30,641	(196)	(0.64%)
<b>Total Departmental Budgets</b>	<b>40,042</b>	<b>40,663</b>	<b>(621)</b>	<b>(1.55%)</b>	<b>206,290</b>	<b>206,132</b>	<b>158</b>	<b>0.08%</b>
<b><u>Non-Departmental Budgets</u></b>								
Other Operating Income and Expenditure	939	669	270	28.75%	4,004	4,004	0	0.00%
Joint Boards	344	337	7	2.03%	1,376	1,376	0	0.00%
Non-Controllable Costs	0	(481)	481	100.00%	32,402	32,402	0	0.00%
<b>Total Non-Departmental Budgets</b>	<b>1,283</b>	<b>525</b>	<b>758</b>	<b>59.08%</b>	<b>37,782</b>	<b>37,782</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL NET EXPENDITURE</b>	<b>41,325</b>	<b>41,188</b>	<b>137</b>	<b>0.33%</b>	<b>244,072</b>	<b>243,914</b>	<b>158</b>	<b>0.06%</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(49,353)	(49,353)	0	0.00%	(204,928)	(204,928)	0	0.00%
Local Tax Requirement	(13,011)	(13,011)	0	0.00%	(40,700)	(40,700)	0	0.00%
Contributions to General Fund	0	0	0	0.00%	1,020	1,020	0	0.00%
Deductions from General Fund	0	0	0	0.00%	(15)	(15)	0	0.00%
Revenue Contribution to Capital	0	0	0	0.00%	869	869	0	0.00%
Earmarked Reserves	0	0	0	0.00%	(318)	(318)	0	0.00%
<b>Total Funding</b>	<b>(62,364)</b>	<b>(62,364)</b>	<b>0</b>	<b>0.00%</b>	<b>(244,072)</b>	<b>(244,072)</b>	<b>0</b>	<b>0.00%</b>
<b>Deficit/(Surplus) for Period</b>	<b>(21,039)</b>	<b>(21,176)</b>	<b>137</b>		<b>0</b>	<b>(158)</b>	<b>158</b>	

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%.



## SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 30 JUNE 2014

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b>Subjective Category</b>								
Employee Expenses	28,897	28,954	(57)	(0.20%)	131,230	131,230	0	0.00%
Premises Related Expenditure	2,040	1,827	213	10.43%	17,225	17,225	0	0.00%
Supplies and Services	3,938	3,578	360	9.13%	21,223	21,223	0	0.00%
Transport Related Expenditure	3,234	3,133	101	3.13%	21,015	21,015	0	0.00%
Third Party Payments	25,442	24,955	487	1.91%	128,169	127,855	314	0.24%
Capital Financing	0	(1,625)	1,625	0.00%	27,950	27,950	0	0.00%
<b>TOTAL GROSS EXPENDITURE</b>	<b>63,551</b>	<b>60,823</b>	<b>2,728</b>	<b>4.29%</b>	<b>346,812</b>	<b>346,498</b>	<b>314</b>	<b>0.09%</b>
Income	84,590	82,000	2,590	3.06%	346,812	346,656	156	0.04%
<b>Deficit/(Surplus) for Period</b>	<b>(21,039)</b>	<b>(21,176)</b>	<b>137</b>		<b>0</b>	<b>(158)</b>	<b>158</b>	

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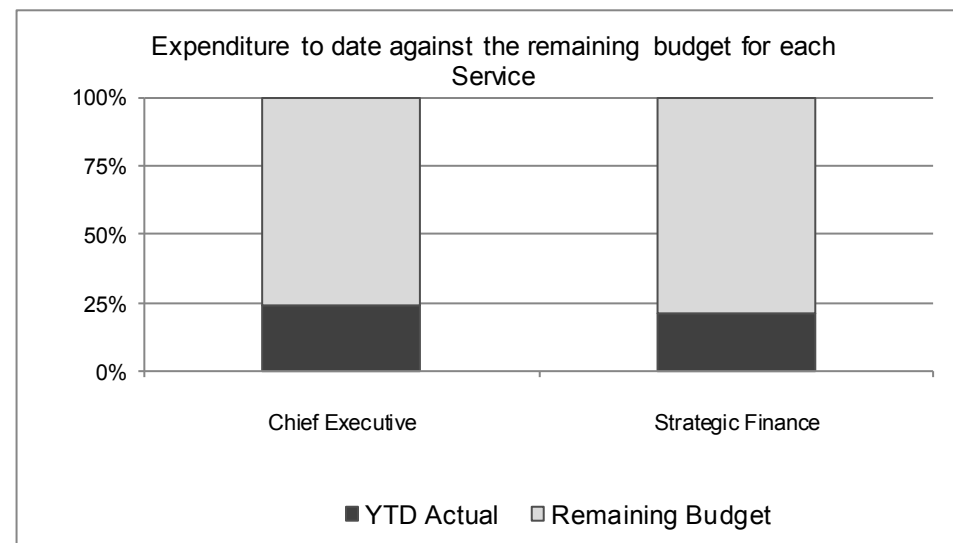
## CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – JUNE 2014

- The department are currently forecasting spend for 2014-15 to be in line with budget, therefore no forecast variance outturns have been reported in the June monitoring period.
- Net expenditure for the year to date spend is £10k less than the profiled to date budget – an underspend to date of 2.24%

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	193	193	0	0	0
Strategic Finance	1,893	1,893	0	0	0
<b>Totals</b>	<b>2,086</b>	<b>2,086</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### **Key Financial Successes:**

2013-14 year-end outturn position was an underspend of £97k, a forecast underspend was projected as part of routine budget monitoring. All efficiency savings for 2014-15 have been secured.

#### **Key Financial Challenges:**

Achieving efficiency and other savings in future years. The department consists of support services, the main assets and costs of a support service are people or employees. The continued requirement to meet savings means that the only area where budget can be cut is from employee costs. Services could face losing posts with no reduction in demand for support from client departments.

#### **Proposed Actions to address Financial Challenges:**

Ongoing robust monitoring to ensure financial issues are promptly highlighted to the service management team. Continually refine/develop staffing structures and systems. Strategic Finance are currently reviewing different areas of business to ensure work is prioritised in line with Council priorities and that tasks are carried out in the most efficient way.

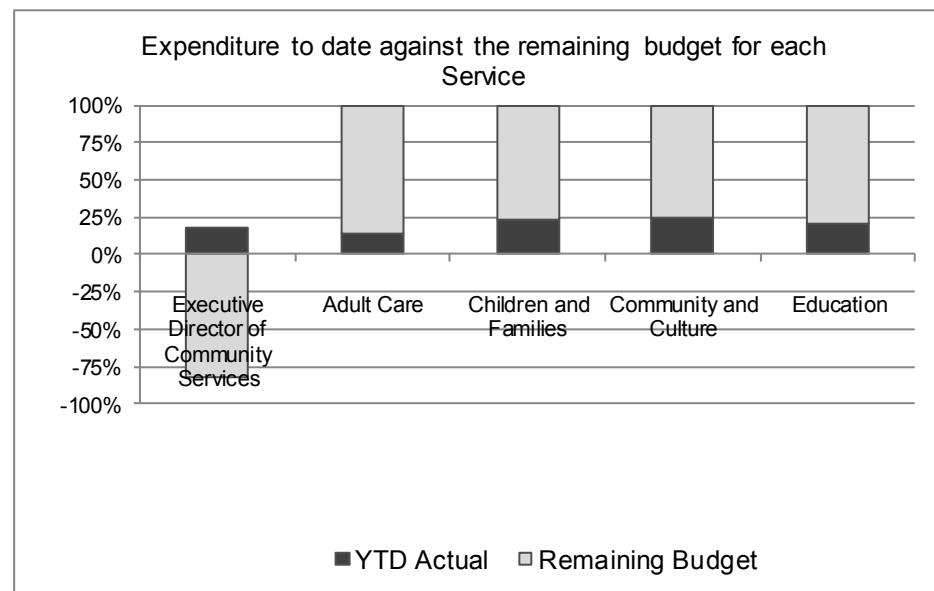
## COMMUNITY SERVICES HIGHLIGHTS – JUNE 2014

- The department are currently forecasting spend for 2014-15 to be in line with budget, therefore no forecast variance outturns have been reported in the June monitoring period.
- Net expenditure for the year to date spend is £213k more than the profiled to date budget – an overspend to date of 0.82%

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Community Services	-655	-655	0	0	0
Adult Care	43,822	43,822	0	0	0
Children and Families	16,864	16,864	0	0	0
Community and Culture	10,280	10,280	0	0	0
Education	64,730	64,730	0	0	0
<b>Totals</b>	<b>135,040</b>	<b>135,040</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### Key Financial Successes:

The 2013-14 outturn was an underspend of £13k, out of a budget of £138,391k.

#### Key Financial Challenges:

Client growth /Service demand/rising 3<sup>rd</sup> party costs have an adverse impact on available budgets (Adult Care, Children and Families, Education)

Department / Service on-going ability to meet future savings / efficiency requirements

Assessing / managing the financial impact of new acts /consultations (Self-Directed Support, Children and Young People Act)

#### Proposed Actions to address Financial Challenges:

Ongoing robust financial monitoring and forecasting and the provision of supporting management information to complement financial summaries.

Service prioritisation / redesign

Review / participation in consultation process. Identify potential cost pressures

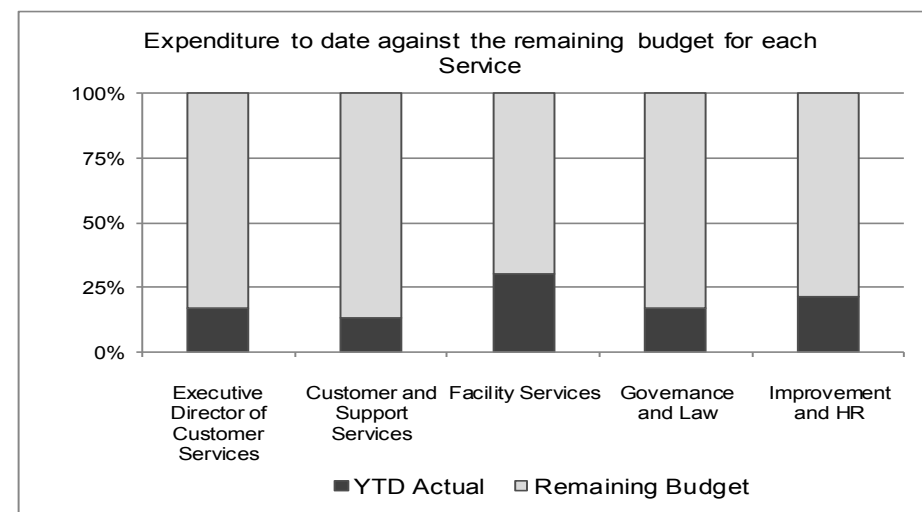
## CUSTOMER SERVICES HIGHLIGHTS – JUNE 2014

- The department are forecasting an underspend of £354k at the June 2014 monitoring period, this is in relation to School and Public Transport.
- Net expenditure for the year to date spend is £494k less than the profiled to date budget – an underspend to date of 5.85%

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Customer Services	13,503	13,503	0	0	0
Customer and Support Services	8,081	8,081	0	0	0
Facility Services	11,823	11,469	354	0	354
Governance and Law	1,886	1,886	0	0	0
Improvement and HR	3,426	3,426	0	0	0
<b>Totals</b>	<b>38,719</b>	<b>38,365</b>	<b>354</b>	<b>0</b>	<b>354</b>

### Year to Date Position



#### Key Financial Successes:

Department delivered services within budget during 2013-14 with a favourable year-end outturn position. Efficiency savings for 2014-15 have been 100% secured.

#### Key Financial Challenges:

Implementing Scottish Government plans to provide free school meals to P1 to P3 children from January 2015.

Impact of Welfare reforms.

Securing efficiency savings for 2015-16, this will be more difficult as a result of inflationary cost pressures and the already secured 2014-15 efficiency savings.

Impact of numbers/uptake in demand let service areas like transport, benefits and licensing.

#### Proposed Actions to address Financial Challenges:

Strategy being developed to minimise the additional cost to the Council and to actively engage in consultation with COSLA re the allocation of funding from the Scottish Government.

Input ongoing to multi agency working group to ensure robust arrangements are put in place.

Ongoing robust financial monitoring and joint working between Strategic Finance and services to identify possible services areas for savings as early as possible.

Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.

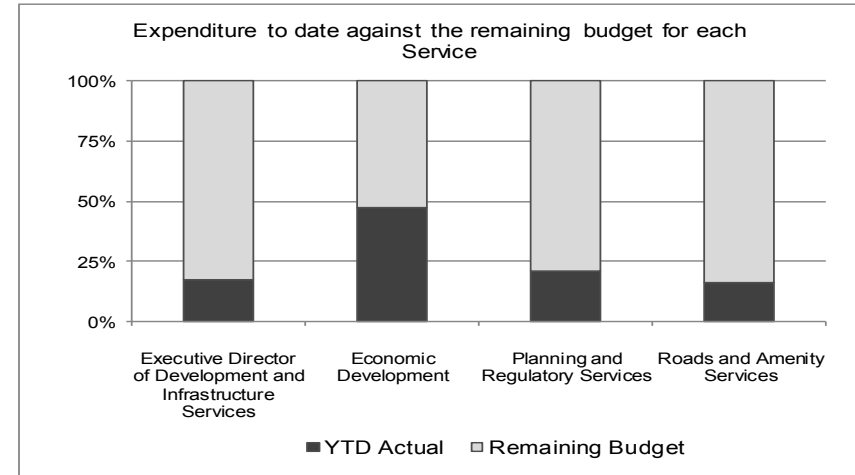
## DEVELOPMENT AND INFRASTRUCTURE SERVICES HIGHLIGHTS – JUNE 2014

- The department are forecasting an overspend of £196k at the June 2014 monitoring period, this is in Roads and Amenity Services in relation to coastal protection and refuse collection income.
- Net expenditure for the year to date spend is £912k more than the profiled to date budget – an overspend to date of 17.87%.

### Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Development and Infrastructure Services	1,774	1,774	0	0	0
Economic Development	2,871	2,871	0	0	0
Planning and Regulatory Services	3,252	3,252	0	0	0
Roads and Amenity Services	22,548	22,744	-196	0	-196
<b>Totals</b>	<b>30,445</b>	<b>30,641</b>	<b>-196</b>	<b>0</b>	<b>-196</b>

### Year to Date Position



#### Key Financial Successes:

During 2013-14 there was an over-recovery of vacancy savings that assisted to reduce the overall departmental overspend on winter maintenance and storm damage.

#### Key Financial Challenges:

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

Projected shortfall in income within commercial refuse collection, car parking and potential shortfall within building standards.

Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.

Introducing co-mingled alternative weekly recycling collections within the Waste PPP project, risk of non-delivery of service review savings.

Renegotiations of shellfish bio-toxin monitoring contract with Food Standards Agency, risk that the income will not meet expenditure.

#### Proposed Actions to address Financial Challenges:

Monitoring of trend / expenditure levels / service configuration and the Service Prioritisation process.

Close monitoring of income levels to ensure that any further shortfall in income recovery is reported.

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

Contractual negotiations with Shanks and the introduction of a co-mingled collection supported by the Special Projects Team.

Ongoing contract negotiations.

## CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£44,863	£46,114	(£1,251)	(2.79%)	£192,844	£192,844	£0	0.00%	Outwith reporting criteria
<b>Chief Executive</b>	<b>£44,863</b>	<b>£46,114</b>	<b>(£1,251)</b>	<b>(2.79%)</b>	<b>£192,844</b>	<b>£192,844</b>	<b>£0</b>	<b>0.00%</b>	
SF01 - Council Finances Managed Effectively	£373,242	£355,111	£18,131	4.86%	£1,671,255	£1,671,255	£0	0.00%	Outwith reporting criteria
SF02 - Internal Audit	£41,809	£48,409	(£6,600)	(15.79%)	£221,753	£221,753	£0	0.00%	
<b>Strategic Finance</b>	<b>£415,051</b>	<b>£403,520</b>	<b>£11,531</b>	<b>2.78%</b>	<b>£1,893,008</b>	<b>£1,893,008</b>	<b>£0</b>	<b>0.00%</b>	
<b>Grand Total</b>	<b>£459,914</b>	<b>£449,634</b>	<b>£10,280</b>	<b>2.24%</b>	<b>£2,085,852</b>	<b>£2,085,852</b>	<b>£0</b>	<b>0.00%</b>	

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 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£437,410	£428,115	£9,295	2.13%	£2,109,746	£2,109,746	£0	0.00%	Outwith reporting criteria
Premises	£87	£0	£87	100.00%	£350	£350	£0	0.00%	YTD underspend due to profiling of budget, very small budget value not a significant variance.
Supplies & Services	£16,822	£18,540	(£1,718)	(10.21%)	£37,060	£37,060	£0	0.00%	YTD overspend due to profiling of budget, this will be refined.
Transport	£5,094	£2,479	£2,615	51.33%	£20,909	£20,909	£0	0.00%	YTD underspend in staff travel in Strategic Finance, due to profiling of budget, it is difficult to profile staff travel budgets accurately.
Third Party	£501	£500	£1	0.20%	£24,957	£24,957	£0	0.00%	Outwith reporting criteria
Income	£0	£0	£0	0.00%	(£107,170)	(£107,170)	£0	0.00%	Outwith reporting criteria
<b>Totals</b>	<b>£459,914</b>	<b>£449,634</b>	<b>£10,280</b>	<b>2.24%</b>	<b>£2,085,852</b>	<b>£2,085,852</b>	<b>£0</b>	<b>0.00%</b>	

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

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

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

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

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

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

**CHIEF EXECUTIVE'S UNIT – RED VARIANCES**

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation

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

**THERE ARE CURRENTLY NO FORECAST OUTTURN VARIANCES FOR THE DEPARTMENT, AND THEREFORE NO RED VARIANCES TO REPORT.**



## COMMUNITY SERVICES – OBJECTIVE SUMMARY AS AT 30 JUNE 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£225,918	£189,573	£36,345	16.09%	(£654,958)	(£654,958)	£0	0.00%	YTD underspend relates to profiling on building repair budgets.
<b>Executive Director of Community Services</b>	<b>£225,918</b>	<b>£189,573</b>	<b>£36,345</b>	<b>16.09%</b>	<b>(£654,958)</b>	<b>(£654,958)</b>	<b>£0</b>	<b>0.00%</b>	
AC1 - Community Support	£5,752,256	£5,891,945	(£139,689)	(2.43%)	£42,648,956	£42,648,956	£0	0.00%	YTD overspend is mainly due the variance on employee costs in the Homecare sector due to service demand pressures. Work is being undertaken to bring the Homecare variance back into line with the budget.
AC2 - Vulnerable Adults	£19,661	£17,780	£1,881	9.57%	£93,641	£93,641	£0	0.00%	
AC3 - Alcohol and Drugs	£35,330	£50,102	(£14,772)	(41.81%)	£464,390	£464,390	£0	0.00%	
Central/Management Costs	£107,325	£126,855	(£19,530)	(18.20%)	£614,698	£614,698	£0	0.00%	
<b>Adult Care</b>	<b>£5,914,573</b>	<b>£6,086,683</b>	<b>(£172,110)</b>	<b>(2.91%)</b>	<b>£43,821,685</b>	<b>£43,821,685</b>	<b>£0</b>	<b>0.00%</b>	
CF1 - Looked-after Children	£1,292,776	£1,400,958	(£108,182)	(8.37%)	£5,841,676	£5,841,676	£0	0.00%	The main variances in this sector are an underspend caused by the need to re-profile the budget allocation for increased Pre-5 hours plus an overspend caused by the delay in obtaining permission to process Criminal Justice Partnership recharges.
CF2 - Child Protection	£741,265	£714,929	£26,336	3.55%	£3,417,899	£3,417,899	£0	0.00%	
CF3 - Children with a Disability and Early Years	£1,647,794	£1,289,449	£358,345	21.75%	£6,591,690	£6,591,690	£0	0.00%	
CF4 - Criminal Justice	(£38,392)	£290,406	(£328,798)	856.42%	(£1,780)	(£1,780)	£0	0.00%	
Central/Management Costs	£171,025	£174,780	(£3,755)	(2.20%)	£1,014,129	£1,014,129	£0	0.00%	
<b>Children and Families</b>	<b>£3,814,469</b>	<b>£3,870,522</b>	<b>(£56,054)</b>	<b>(1.47%)</b>	<b>£16,863,615</b>	<b>£16,863,615</b>	<b>£0</b>	<b>0.00%</b>	
CC01 - Young people active healthier lives	£42,953	£63,082	(£20,129)	(46.86%)	£117,559	£117,559	£0	0.00%	YTD overspend is mainly due to the timing difference in drawing down offsetting funding from the Strategic Housing Fund Reserve.
CC02 - Sport and Physical Activity	£442,071	£509,455	(£67,384)	(15.24%)	£2,619,760	£2,619,760	£0	0.00%	
CC03 - Adults access to learning opportunities	£135,971	£129,575	£6,396	4.70%	£872,439	£872,439	£0	0.00%	
CC04 - Homelessness	£445,301	£452,450	(£7,149)	(1.61%)	£2,320,516	£2,320,516	£0	0.00%	
CC05 - Youth Services	£126,266	£99,104	£27,162	21.51%	£590,320	£590,320	£0	0.00%	
CC06 - Community Development	£203,333	£216,862	(£13,529)	(6.65%)	£954,826	£954,826	£0	0.00%	
CC07 - Affordable Housing	£426,319	£662,546	(£236,227)	(55.41%)	£838,202	£838,202	£0	0.00%	
CC08 - Improved literacy, health and well-being	£432,259	£356,078	£76,181	17.62%	£1,693,704	£1,693,704	£0	0.00%	
Central/Management Costs	£45,877	£33,521	£12,356	26.93%	£272,726	£272,726	£0	0.00%	
<b>Community and Culture</b>	<b>£2,300,350</b>	<b>£2,522,673</b>	<b>(£222,322)</b>	<b>(9.66%)</b>	<b>£10,280,051</b>	<b>£10,280,051</b>	<b>£0</b>	<b>0.00%</b>	
ED01 - Primary School Education	£5,170,019	£5,225,411	(£55,392)	(1.07%)	£25,334,597	£25,334,597	£0	0.00%	The main variances relate to profiling on building repair budgets plus an outstanding accrual in relation to Speech and Language Therapy services.
ED02 - Secondary School Education	£5,539,025	£5,535,059	£3,967	0.07%	£26,551,603	£26,551,603	£0	0.00%	
ED03 - Central/Management Team	£951,340	£803,576	£147,764	15.53%	£4,117,691	£4,117,691	£0	0.00%	
ED04 - Additional Support Needs	£2,077,164	£1,963,802	£113,362	5.46%	£8,580,110	£8,580,110	£0	0.00%	
ED05 - Opportunities for All	£54,348	£61,526	(£7,178)	(13.21%)	£128,427	£128,427	£0	0.00%	
ED06 - Leadership and Professional Learning	£0	£1,641	(£1,641)	100.00%	£17,364	£17,364	£0	0.00%	
<b>Education</b>	<b>£13,791,897</b>	<b>£13,591,014</b>	<b>£200,882</b>	<b>1.46%</b>	<b>£64,729,791</b>	<b>£64,729,791</b>	<b>£0</b>	<b>0.00%</b>	
<b>Grand Total</b>	<b>£26,047,206</b>	<b>£26,260,464</b>	<b>(£213,258)</b>	<b>(0.82%)</b>	<b>£135,040,184</b>	<b>£135,040,184</b>	<b>£0</b>	<b>0.00%</b>	

## COMMUNITY SERVICES – SUBJECTIVE SUMMARY AS AT 30 JUNE 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£19,563,957	£19,771,493	(£207,536)	(1.06%)	£84,824,797	£84,824,797	£0	0.00%	One of the main factors in the YTD variance is overspends on staff costs in the Homecare sector. Work is being undertaken to bring the Homecare variance back into line with the budget.
Premises	£884,323	£804,896	£79,427	8.98%	£6,711,341	£6,711,341	£0	0.00%	YTD Variance is mainly due to profiling issues on the Central Repairs budgets.
Supplies & Services	£1,094,388	£1,053,734	£40,654	3.71%	£7,669,263	£7,669,263	£0	0.00%	Outwith reporting criteria
Transport	£369,838	£305,797	£64,041	17.32%	£1,509,160	£1,509,160	£0	0.00%	YTD Variance is the combined effect of numerous relatively small variances which are mostly profile-related.
Third Party	£9,378,863	£9,165,125	£213,738	2.28%	£54,312,893	£54,312,893	£0	0.00%	One of the main factors in the YTD underspend is the need to reprofile the budget allocation for the increase in Pre-5 provision which is due to start in August.
Income	(£5,244,163)	(£4,840,581)	(£403,582)	(7.70%)	(£19,987,270)	(£19,987,270)	£0	0.00%	The main factor in the YTD variance is a delay in obtaining permission to process recharges to the Criminal Justice Partnership which will be addressed next month.
<b>Totals</b>	<b>£26,047,206</b>	<b>£26,260,464</b>	<b>(£213,258)</b>	<b>(0.82%)</b>	<b>£135,040,184</b>	<b>£135,040,184</b>	<b>£0</b>	<b>0.00%</b>	

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%.

**COMMUNITY SERVICES – RED VARIANCES**

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation

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

**THERE ARE CURRENTLY NO FORECAST OUTTURN VARIANCES FOR THE DEPARTMENT, AND THEREFORE NO RED VARIANCES TO REPORT.**

## CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 30 JUNE 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Special Projects	£2,477,604	£2,232,924	£244,680	9.88%	£13,173,818	£13,173,818	£0	0.00%	YTD underspend in relation to NPDO where there are outstanding payments for withheld/disputed amounts, these will be settled in the July period.
Central/Management Costs	£60,192	£53,039	£7,153	11.88%	£328,978	£328,978	£0	0.00%	
<b>Executive Director of Customer Services</b>	<b>£2,537,796</b>	<b>£2,285,963</b>	<b>£251,833</b>	<b>9.92%</b>	<b>£13,502,797</b>	<b>£13,502,797</b>	<b>£0</b>	<b>0.00%</b>	
CS01 - Benefits	(£290,526)	(£277,717)	(£12,809)	4.41%	£1,398,329	£1,398,329	£0	0.00%	Outwith reporting criteria
CS02 - NDR Disc Relief	£25,065	£0	£25,065	0.00%	£100,294	£100,294	£0	0.00%	
CS03 - Creditors	£48,470	£56,035	(£7,565)	(15.61%)	£234,896	£234,896	£0	0.00%	
CS04 - Print and Mail Room	£7,813	£3,385	£4,428	56.68%	£48,867	£48,867	£0	0.00%	
CS05 - Debtors and Local Tax Income	£162,943	£173,259	(£10,316)	(6.33%)	£577,931	£577,931	£0	0.00%	
CS06 - Procurement	£124,190	£118,695	£5,495	4.42%	£701,740	£701,740	£0	0.00%	
CS07 - Customer Service and Registrars	£229,217	£220,412	£8,805	3.84%	£1,376,788	£1,376,788	£0	0.00%	
CS08 - ICT Applications and Infrastructure	£719,371	£691,931	£27,440	3.81%	£3,325,167	£3,325,167	£0	0.00%	
Central/Management Costs	£65,449	£63,246	£2,203	3.37%	£316,708	£316,708	£0	0.00%	
<b>Customer and Support Services</b>	<b>£1,091,991</b>	<b>£1,049,246</b>	<b>£42,745</b>	<b>3.91%</b>	<b>£8,080,721</b>	<b>£8,080,721</b>	<b>£0</b>	<b>0.00%</b>	
FS01 - School Meals	£822,036	£759,643	£62,393	7.59%	(£325,968)	(£325,968)	£0	0.00%	Forecast underspend in School and Public Transport relates to a reduction on demand on this budget due to procurement savings, the transfer of some routes to in-house provision and lower inflation increases. Work is ongoing to establish the commitment against this budget for 2014-15, the current forecast variance relates to the inflationary increase applied to the budget. The forecast outturn position will be updated when the commitment information is available. The YTD underspend is in line with the forecast outturn position.
FS02 - Safer Communities and Facilities	£861,653	£821,410	£40,243	4.67%	£1,770,012	£1,770,012	£0	0.00%	
FS03 - Sustainability	£32,879	£27,171	£5,708	17.36%	£132,361	£132,361	£0	0.00%	
FS04 - School and Public Transport	£1,949,248	£1,823,507	£125,741	6.45%	£9,572,480	£9,218,807	£353,673	3.69%	
Central/Management Costs	£126,602	£131,174	(£4,572)	(3.61%)	£674,152	£674,152	£0	0.00%	
<b>Facility Services</b>	<b>£3,792,418</b>	<b>£3,562,904</b>	<b>£229,514</b>	<b>6.05%</b>	<b>£11,823,037</b>	<b>£11,469,364</b>	<b>£353,673</b>	<b>2.99%</b>	
GL1 - Democratic Services	£109,243	£117,091	(£7,848)	(7.18%)	£765,201	£765,201	£0	0.00%	Outwith reporting criteria
GL2 - Governance	£17,700	£17,119	£581	3.28%	£84,219	£84,219	£0	0.00%	
GL3 - Member's Services	£28,215	£29,815	(£1,600)	(5.67%)	£133,683	£133,683	£0	0.00%	
GL4 - Community Safety	£11,254	£11,038	£216	1.92%	£52,446	£52,446	£0	0.00%	
GL5 - Elections	£13,500	£24,888	(£11,388)	(84.35%)	£59,006	£59,006	£0	0.00%	
GL6 - Children's Panel	£8,238	£537	£7,701	93.48%	£33,698	£33,698	£0	0.00%	
GL7 - Community Councils	£6,788	£7,237	(£449)	(6.61%)	£34,810	£34,810	£0	0.00%	
GL8 - Legal Services - Corporate	£66,417	£61,128	£5,289	7.96%	£310,344	£310,344	£0	0.00%	
GL9 - Legal Services - Commercial	£68,029	£60,864	£7,165	10.53%	£342,305	£342,305	£0	0.00%	
GL10 - Licensing	(£44,090)	(£49,399)	£5,309	(12.04%)	(£127,611)	(£127,611)	£0	0.00%	
Central/Management Costs	£43,373	£39,105	£4,268	9.84%	£198,108	£198,108	£0	0.00%	
<b>Governance and Law</b>	<b>£328,667</b>	<b>£319,423</b>	<b>£9,244</b>	<b>2.81%</b>	<b>£1,886,209</b>	<b>£1,886,209</b>	<b>£0</b>	<b>0.00%</b>	
IHR01 - Discrimination	£0	£0	£0	0.00%	£0	£0	£0	0.00%	Outwith reporting criteria
IHR02 - Emergency Planning	£18,905	£18,229	£676	3.57%	£88,951	£88,951	£0	0.00%	
IHR03 - Health and Safety	£72,018	£74,281	(£2,263)	(3.14%)	£373,852	£373,852	£0	0.00%	
IHR04 - Continuous Improvement	£393,189	£419,953	(£26,764)	(6.81%)	£1,986,849	£1,986,849	£0	0.00%	
IHR05 - Communications	£44,639	£39,375	£5,264	11.79%	£220,293	£220,293	£0	0.00%	
IHR06 - Gaelic Language Plan	£0	£2,710	(£2,710)	100.00%	£0	£0	£0	0.00%	
IHR07 - Learning and Development	£125,501	£139,781	(£14,280)	(11.38%)	£629,974	£629,974	£0	0.00%	
Central/Management Costs	£26,152	£25,862	£290	1.11%	£126,241	£126,241	£0	0.00%	
<b>Improvement and HR</b>	<b>£680,404</b>	<b>£720,191</b>	<b>(£39,787)</b>	<b>(5.85%)</b>	<b>£3,426,160</b>	<b>£3,426,160</b>	<b>£0</b>	<b>0.00%</b>	
<b>Grand Total</b>	<b>£8,431,277</b>	<b>£7,937,728</b>	<b>£493,549</b>	<b>5.85%</b>	<b>£38,718,923</b>	<b>£38,365,250</b>	<b>£353,673</b>	<b>0.91%</b>	

## CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 30 JUNE 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£3,822,350	£3,849,681	(£27,331)	(0.72%)	£19,354,181	£19,354,181	£0	0.00%	Outwith reporting criteria
Premises	£374,175	£457,539	(£83,364)	(22.28%)	£2,606,811	£2,606,811	£0	0.00%	YTD overspend in relation to payments made from Scottish Welfare Fund, corresponding budget is within third party payments.
Supplies & Services	£1,130,114	£992,640	£137,473	12.16%	£4,615,961	£4,615,961	£0	0.00%	YTD underspend relates to small underspends across services as a result of profiling, supplies and services type spend is difficult to profile accurately.
Transport	£342,256	£255,709	£86,547	25.29%	£7,428,719	£7,428,719	£0	0.00%	YTD underspend mainly relates to School and Public Transport, this is reflected in the forecast outturn for third party payments.
Third Party	£10,221,485	£9,709,503	£511,981	5.01%	£48,329,346	£47,975,673	£353,673	0.73%	Forecast underspend in School and Public Transport relates to a reduction on demand on this budget, work is ongoing to establish the commitment against this budget for 2014-15, the current forecast variance relates to the inflationary increase applied to the budget. YTD variance partly due to forecast outturn and also the NPDO where there are outstanding payments for withheld/disputed amounts, these will be settled in the July period.
Income	(£7,459,103)	(£7,327,345)	(£131,758)	(1.77%)	(£43,616,095)	(£43,616,095)	£0	0.00%	YTD overspend due to the profile of Housing Benefit subsidy income.
<b>Totals</b>	<b>£8,431,277</b>	<b>£7,937,728</b>	<b>£493,549</b>	<b>5.85%</b>	<b>£38,718,923</b>	<b>£38,365,250</b>	<b>£353,673</b>	<b>0.91%</b>	

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%.

## CUSTOMER SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
School and Public Transport	7,277,488	6,923,815	353,673	4.86%	Relates to a reduction on demand on this budget as a result of procurement savings, the transfer of some routes to in-house provision and lower inflation increases. Work is ongoing to establish the commitment against this budget for 2014-15, the current forecast variance relates to the inflationary increase applied to the budget. The forecast outturn position will be updated when the commitment information is available.

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

## DEVELOPMENT AND INFRASTRUCTURE SERVICES – OBJECTIVE SUMMARY AS AT 30 JUNE 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£309,237	£305,390	£3,847	1.24%	£1,773,565	£1,773,565	£0	0.00%	Outwith reporting criteria
<b>Executive Director of Development and Infrastructure Services</b>	<b>£309,237</b>	<b>£305,390</b>	<b>£3,847</b>	<b>1.24%</b>	<b>£1,773,565</b>	<b>£1,773,565</b>	<b>£0</b>	<b>0.00%</b>	
ET01 - Economic Growth	£174,532	£173,593	£939	0.54%	£1,178,806	£1,178,806	£0	0.00%	Outwith reporting criteria
ET02 - Strategic Transportation & Attractive Communities	£1,097,497	£1,139,135	(£41,639)	(3.79%)	£1,266,508	£1,266,508	£0	0.00%	
ET03 - Renewables	£7,497	£552	£6,945	92.64%	£30,000	£30,000	£0	0.00%	
ET04 - Third Sector	£33,772	£29,848	£3,924	11.62%	£157,302	£157,302	£0	0.00%	
Central/Management Costs	£20,472	£20,403	£69	0.34%	£238,815	£238,815	£0	0.00%	
<b>Economic Development</b>	<b>£1,333,770</b>	<b>£1,363,532</b>	<b>(£29,762)</b>	<b>(2.23%)</b>	<b>£2,871,430</b>	<b>£2,871,430</b>	<b>£0</b>	<b>0.00%</b>	
PR01 - Development Management	£89,589	£73,968	£15,620	17.44%	£503,363	£503,363	£0	0.00%	Outwith reporting criteria
PR02 - Trading Standards	£109,293	£102,442	£6,851	6.27%	£518,182	£518,182	£0	0.00%	
PR03 - Environmental Health	£230,734	£222,116	£8,618	3.74%	£1,131,283	£1,131,283	£0	0.00%	
PR04 - Building Standards	£14,699	£7,273	£7,426	50.52%	£64,911	£64,911	£0	0.00%	
PR05 - Corepath Plan	£29,320	£40,015	(£10,695)	(36.48%)	£136,926	£136,926	£0	0.00%	
PR06 - Environmental Safety	£74,172	£55,134	£19,038	25.67%	£93,685	£93,685	£0	0.00%	
PR07 - Development Policy	£110,251	£114,383	(£4,132)	(3.75%)	£503,022	£503,022	£0	0.00%	
Central/Management Costs	£52,744	£64,250	(£11,506)	(21.81%)	£300,152	£300,152	£0	0.00%	
<b>Planning and Regulatory Services</b>	<b>£710,801</b>	<b>£679,581</b>	<b>£31,221</b>	<b>4.39%</b>	<b>£3,251,523</b>	<b>£3,251,523</b>	<b>£0</b>	<b>0.00%</b>	
RA01 - Roads & Lighting	£1,326,394	£1,943,225	(£616,832)	(46.50%)	£8,669,620	£8,669,620	£0	0.00%	The forecast variance relates to remaining unplanned expenditure within Coastal Protection following the December 2013 storms and a shortfall in commercial refuse collection income as businesses are in a position to reduce the service they require or are transferring to the private sector provision. Roads & lighting YTD variance is due to roads maintenance profiling, this budget is monitored via monthly engagement meetings with operation service managers. Both Fleet YTD variances are due to the transitional position while ongoing developments to the recharge basis for fleet costs and income are completed. Waste Management variance mainly relates to year end reconciliation payment with Shanks which has still to be paid. The YTD variance within Streetscene relates to interment fees which is demand driven.
RA02 - Network & Environment	(£146,274)	(£62,465)	(£83,809)	57.30%	(£757,840)	(£757,840)	£0	0.00%	
RA03 - Fleet	(£788,135)	(£546,120)	(£242,015)	30.71%	(£1,381,734)	(£1,381,734)	£0	0.00%	
RA04 - Roads Design	£101,585	£115,226	(£13,641)	(13.43%)	£468,037	£508,037	(£40,000)	(8.55%)	
RA05 - Streetscene	£811,956	£923,696	(£111,740)	(13.76%)	£4,142,456	£4,142,456	£0	0.00%	
RA06 - Waste Management	£1,421,896	£1,269,232	£152,664	10.74%	£11,302,973	£11,458,973	(£156,000)	(1.38%)	
Central/Management Costs	£22,409	£24,287	(£1,878)	(8.38%)	£104,965	£104,965	£0	0.00%	
<b>Roads and Amenity Services</b>	<b>£2,749,830</b>	<b>£3,667,081</b>	<b>(£917,252)</b>	<b>(33.36%)</b>	<b>£22,548,477</b>	<b>£22,744,477</b>	<b>(£196,000)</b>	<b>(0.87%)</b>	
<b>Grand Total</b>	<b>£5,103,637</b>	<b>£6,015,584</b>	<b>(£911,946)</b>	<b>(17.87%)</b>	<b>£30,444,995</b>	<b>£30,640,995</b>	<b>(£196,000)</b>	<b>(0.64%)</b>	

## DEVELOPMENT AND INFRASTRUCTURE SERVICES – SUBJECTIVE SUMMARY AS AT 30 JUNE 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£4,713,975	£4,499,572	£214,403	4.55%	£22,752,746	£22,752,746	£0	0.00%	The YTD variance mainly relates to the Road operational staff not being operated at the full establishment, this can be offset by additional expenditure in third party payments.
Premises	£547,503	£321,459	£226,043	41.29%	£2,752,294	£2,752,294	£0	0.00%	The main factor in the YTD variance relates to the profiling of electricity for street lighting and this will be investigated. In addition depot apportionment that requires to be processed.
Supplies & Services	£1,405,262	£1,394,642	£10,620	0.76%	£7,139,005	£7,139,005	£0	0.00%	Outwith reporting criteria
Transport	£2,482,076	£2,533,528	(£51,453)	(2.07%)	£11,752,655	£11,752,655	£0	0.00%	YTD variances are due to the transitional position while ongoing developments to the recharge basis for fleet costs and income are completed.
Third Party	£5,478,144	£5,420,225	£57,919	1.06%	£24,049,101	£24,089,101	(£40,000)	(0.17%)	The forecast variance relates to remaining unplanned expenditure within Coastal Protection following the December 2013 storms. YTD variance is profile related in roads maintenance, this budget is monitored via monthly engagement meetings with operation service managers.
Capital Financing	£0	£0	£0	0.00%	£158,891	£158,891	£0	0.00%	Outwith reporting criteria
Income	(£9,523,322)	(£8,153,843)	(£1,369,479)	(14.38%)	(£38,159,696)	(£38,003,696)	(£156,000)	(0.41%)	The forecast variance relates to a shortfall in commercial refuse collection income as businesses are in a position to reduce the service they require or are transferring to the private sector provision. YTD variance is a combination of profiling to roads maintenance, this budget is monitored via monthly engagement meetings with operation service managers and the transitional position while ongoing developments to the recharge basis for fleet costs and income are completed.
<b>Totals</b>	<b>£5,103,637</b>	<b>£6,015,584</b>	<b>(£911,946)</b>	<b>(17.87%)</b>	<b>£30,444,995</b>	<b>£30,640,995</b>	<b>(£196,000)</b>	<b>(0.64%)</b>	

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%.



### DEVELOPMENT AND INFRASTRUCTURE SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Waste Collection	3,482,766	3,638,766	(156,000)	(4.48%)	The projected overspend relates to a shortfall in commercial refuse collection income as businesses are in a position to reduce the service they require or are transferring to the private sector provision.

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



**MONITORING OF 1% EFFICIENCY SAVINGS - 2014-15 & 2015-16**

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**1. EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the progress towards the efficiency saving target for 2014-15 and 2015.16.
- 1.2 The budget for 2014-15 and 2015-16 included a requirement to make 1% efficiency savings within both 2014-15 and 2015-16. This equates to savings of £1.822m in 2014-15, rising to £3.644m in 2015-16.
- 1.3 Within 2014-15, savings of £0.819m have already been secured and £0.406m are being implemented all will no policy implications. This equates to over 67% of the savings target for 2014-15. The remainder of the savings being developed are also free from policy implications.

**MONITORING OF 1% EFFICIENCY SAVINGS - 2014-15 & 2015-16**

**2. INTRODUCTION**

- 2.1 The budget strategy approved by Council on 28 November 2013 and further agreed by Council on 13 February 2014 agreed a 1% efficiency savings target for 2014-15 and 2015-16.
- 2.2 This report provides a summary of the progress towards the efficiency saving target for 2014-15 and 2015-16.

**3. DETAIL**

**3.1 Background**

- 3.1.1 The budget strategy approved by Council on 28 November 2013 and further agreed by Council on 13 February 2014 agreed a 1% efficiency savings target for 2014-15 and 2015-16 on all budgets apart from PPP/NPDO, landfill tax, loans charges, insurance, historic pensions costs and NDR payments.
- 3.1.2 The 1% target has been allocated to departments and is outlined in the table below:

Department	Forecast Budget	1% Savings Target	
	2014-15 £000	2014-15 £000	2015-16 £000
Chief Executive's Unit	2,153	22	44
Community Services	131,855	1,319	2,638
Customer Services	24,143	241	482
Development and Infrastructure Services	22,448	224	448
Other Operating Income and Expenditure	1,644	16	32
	<b>182,243</b>	<b>1,822</b>	<b>3,644</b>

**3.2 Efficiency Savings Identified to Date**

- 3.2.1 The efficiency savings for 2014-15 have been classified into already secured, being implemented, being developed and still to identify. At this stage it is mainly only the recurring 2014-15 savings that have been identified for 2015-16. The 2014-15 savings are currently above target and this is due to Community Services identifying more savings than budget, however, at this stage some of the savings are being developed and the exact amount of the saving could be subject to change. The overall Council position is summarised within the table below.

<b>Efficiency Savings</b>	<b>2014-15 £000</b>	<b>2014-15 % of Target</b>	<b>2015-16 £000</b>	<b>2015-16 % of target</b>
<b>1% Target</b>	<b>1,822</b>		<b>3,644</b>	
Already Secured	819	44.9%	832	22.8%
Being Implemented	406	22.3%	411	11.3%
Being Developed:	0			
• Policy measures under development	0	0.0%	0	0.0%
• Non-Policy measures under development	665	36.5%	665	18.2%
Still to Identify	0	0.0%	1,736	47.7%
<b>TOTAL</b>	<b>1,890</b>	<b>103.7%</b>	<b>3,644</b>	<b>100.0%</b>

3.2.2 The savings already secured (£819,000) and those being implemented (£406,000) have no policy implications. The savings measures being developed (£665,000) are also free from policy implications.

3.2.3 Appendices are attached that provide a summary per department.

#### **4. CONCLUSION**

4.1 Good progress is being made with 2014-15 budget savings. Already over 67% of the 2014-15 savings target has been secured or is currently being implemented with no policy implications. The remaining savings for 2014-15 are being developed and also have no policy implications.

#### **5. IMPLICATIONS**

- 5.1 Policy – None.
- 5.2 Financial - The Council is making good progress towards its efficiency savings target.
- 5.3 Legal - None.
- 5.4 HR - Individual efficiency savings may have human resource implications and these would have been discussed with the Trade Unions.
- 5.5 Equalities - Individual efficiency savings may have equality implications and equality impact assessments would have been carried out where required.
- 5.6 Risk - None.
- 5.7 Customer Service - Individual efficiency savings may have customer service implications.

**Bruce West**  
**Head of Strategic Finance**  
**16 July 2014**

**APPENDICES:**

Appendix 1 – Chief Executive’s Unit Summary of Savings Proposals

Appendix 2 – Community Services Summary of Savings Proposals

Appendix 3 – Customer Services Summary of Savings Proposals

Appendix 4 – Development and Infrastructure Summary of Savings Proposals

## CHIEF EXECUTIVE'S UNIT - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
<b>1% Target</b>	<b>21,527</b>		<b>43,054</b>	
Already Secured	21,527	100.0%	21,527	50.0%
Being Implemented	0	0.0%	0	0.0%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	21,527	50.0%
<b>TOTAL 1% EFFICIENCY SAVINGS TARGET</b>	<b>21,527</b>	<b>100.0%</b>	<b>43,054</b>	<b>100.0%</b>

CHIEF EXECUTIVE'S UNIT - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Strategic Finance	Already Secured	CEU001	Reduction in staff budgets as a result of excess savings achieved from service review.	21,527	21,527	Recurring	None	None	No
Strategic Finance	Still to Identify		Still to Identify	0	21,527				
<b>TOTAL</b>				<b>21,527</b>	<b>43,054</b>				



## COMMUNITY SERVICES - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
<b>1% Target</b>	<b>1,318,554</b>		<b>2,637,108</b>	
Already Secured	562,829	42.7%	562,829	21.3%
Being Implemented	183,623	13.9%	183,623	7.0%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	639,809	48.5%	639,809	24.3%
Still to Identify	0	0.0%	1,250,847	47.4%
<b>TOTAL 1% EFFICIENCY SAVINGS TARGET</b>	<b>1,386,261</b>	<b>105.1%</b>	<b>2,637,108</b>	<b>100.0%</b>

## COMMUNITY SERVICES - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications ? (yes/no)
				2014-15	2015-16				
Adult Care	Being Developed	AC01	The options being considered are: (1) Reduction in the budget committed to commission or directly provides home care services by the reduction of travel time, reviewing the risk threshold applied to the allocation of services to new service users and the further implementation of the re-ablement model of care. £218,376 (2) Reduction in the revenue available for the purchase of care home placements due to favouring care at home and for those who are admitted a reduced length of stay as the service provided is focussed on high dependency and end of life care resulting in fewer bed days purchased - £195,166 (3) Delayed Discharge – reduction in flexible revenue held locally and deployed by Area Managers for commissioning of services to facilitate discharge or avoid admission to hospital care. Refocus spend on services that evidence clear strategic outcomes with revenue removed from those which don't. - £5,204 (4) Day Services, Older People: Review of service at Oasis, Garelochhead - £8,517. (5) Development & Flexibility Budget: reduction in short term, non-recurring pieces of work that do not evidence clear strategic outcomes -	428,437	428,437	Recurring	As per performance and service implications.	(1) Reduction in budget is achieved by a more efficient use of the budget as noted and although is the equivalent of reducing the number of care packages by approximately 32 per annum, based on current average cost of £7k per annum, there is no reduction in service envisaged. (2) Equivalent to a reduction of 8 average 52 week placements per annum. However, expected that the efficiency will not see any cuts in service and will be achieved as noted with greater emphasis on care at home and those residents who are admitted are for reasons of high dependency and end of life care where the length of stay is shorter and the bed days purchased reduced. (3) The delayed discharge budget is a flexible revenue budget with high turnover and the efficiencies will not impact in terms of cuts in service as the efficiency will be achieved via routine turnover in services and a focus on services that evidence strategic outcomes to the exclusion of services that fail to do so. (4) Review of service provided by Cross reach in Garelochhead. Focus is moving to greater flexibility around day away from attending formal day units which is more person centred and cost effective. The proposal is that the unit itself will be used more flexibly across a range of clients effectively becoming an Adult care service for the Rosneath peninsula which will provide greater financial sustainability for the future and efficiencies against the present budget without any reduction in day services to older people. (5) Budget used in wide variety of issues from supporting individual care packages on a short term basis. Budget will re-focus on those achieving strategic outcomes to the elimination of those that fail to do so. Given the short term nature of the activity and relatively high turnover of service users, it is envisaged that the efficiency will be made without any cuts in service.	no
Adult Care	Being Developed	AC02	Reduction in the equipment expenditure budget within the Integrated Equipment Service	2,770	2,770	recurring	None	Reduction in budget achieved by more efficient spend via the PECOS system and no council budget being supplemented by resource release funding. Net impact is no reduction in service delivery	
Community and Culture	Being Developed	CC01	Efficiency and Management savings from CLD services. All operational aspects of the Community Learning and Development services will be scrutinised in detail to achieve efficiencies in the delivery of courses, community capacity building activities, travelling and training. The need and value of all vacant posts will be assessed and reviewed.	30,000	30,000	Recurring	None	Not possible to provide specific details on activity numbers at this time but the review work will be undertaken to ensure very marginal impact on front line service delivery	No

## COMMUNITY SERVICES - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Community and Culture	Already Secured	CC02	Housing and Homelessness. Funding for Nurse Co-ordinator for Homeless, Gypsy Travellers and Looked After Children. Cessation of financial support to NHS Highland in relation to a Homelessness nurse post which was originally funded through the Rough Sleepers Initiative and which has been renewed on an annual basis for several years through general Homelessness budget. Also, a minor adjustment to staffing establishment as a result of previous year service review	61,526	61,526	Recurring	None	This financial year there have been intervention in 5 new homeless cases; 2 gypsy travellers; 28 looked after children. There is ongoing involvement with a range of clients within the three client groups who have particular health related issues. Provision has been made within health to cover this specialist work and mainstream health services will also be utilised to a greater degree	No
Community and Culture	Already Secured	CC03	Community Learning and Development – Youth Services. Reduction in Youth Services training and operational budget	10,000	10,000	Recurring	none	This saving mainly applies to the staff training element of Youth Services. It has become apparent that many training opportunities can be provided within the Council or through external funding or partnership arrangements. This saving will not impact staff development or service delivery	No
Children & Families	Being Implemented	CF01	Child Protection. Partnership Contribution. Reduce the cost of the Child Protection Committee (CPC) through increased contributions from partner agencies and/or Children and Families reduce the funding to partners for posts.	50,000	50,000	Recurring	Reduction in funding to partners in Health and Education would impact, potentially, on 3 posts	Impact on relationship with partners and potential outcomes for children if children and families reduce financial support	No
Children & Families	Already Secured	GF02	Looked after children. Reduction to throughcare budget. Reduction in throughcare budget. The number of ex-care leavers (LAC) remains static. The 2013/14 outturn was an underspend of £92k. It is anticipated that an element of this will be recurring hence the suggested reduction	50,000	50,000	Recurring	none	Minimal impact on current service however future demands on throughcare could see increased demands in the future	No
Children & Families	Already Secured	GF03	Children with a Disability- reduction to respite budget.	25,000	25,000	Recurring	none	The number of children and young people with disability supported in the community has reduced over the last 3 years. Current demand suggests a reduction can be accommodated however this will leave no room for flexibility, should demand (outwith service control) increase	No
Children & Families	Being Developed	GF04	Service wide. In year efficiencies	3,602	3,602	Recurring	none	It is not possible to provide specific details however the review will ensure there is minimal impact on front line service delivery	No
Children & Families	Already Secured	GF05	Reduction in fostering budget. The 2013/14 outturn was an underspend of £98k. An element of this will be recurring.	50,000	50,000	Recurring	none	Minimum impact on service. No impact on fostering rates, however future increased demands may impact on the budget.	No
Children & Families	Already Secured	GF06	Reduction to Community Support Budget	50,000	50,000	Recurring	None	There will be limited impact as private providers have difficulty recruiting and retaining social care staff to provide this support in the community.	No

## COMMUNITY SERVICES - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications ? (yes/no)
				2014-15	2015-16				
Education	Being Implemented	EDUC01	HQ and QIO support budgets. Review and removal, where appropriate of 2014/15 budget with a moratorium put in place for centrally-held budgets	133,623	133,623	Recurring	None	Reduced capacity to support Learning and Teaching and development within Service. This will include the removal of QIO consultancy budget (£21k), removal of Professional and Technical publications budget (£3k). A moratorium will be put in place during 14/15 for any discretionary expenditure with approval to be sought via Education Management Team. Education non school budgets will be reviewed and realigned to the agreed Education Management structure. As part of this realignment it is intended to top slice budgets where appropriate to meet the efficiency target	No
Education	Already Secured	EDUC02	Budget reductions would be taken directly from existing unspent balances. Schools are advised that they cannot carry forward a previously agreed carry-forward and monies must be utilised during initial carry-forward year. Scheme of delegation will be reviewed and restrictions put in place to ensure recurring saving	316,303	316,303	Recurring	None	Schools will have reduced capacity to support adhoc / discretionary appointments. The proposed option is the top slicing of previous year underspend which is partly generated as a result of planned management (HT) action however is most as a result of vacancy / turnover / recruitment cycle. Devolved management of resource regulations allow schools flexibility.	no
Education	Being Developed	EDUC03	Detailed appraisal is being conducted to identify rationale for current staffing allocations. This should identify any allocations which cannot be justified by service demands. It will also form the basis of a general adjustment to allocation levels if required. Savings will be realised from a revised allocation process which will be re-aligned to focus on Priority 1 pupils (ie those with most severe additional support needs).	175,000	175,000	Recurring	Reduction to contracts equivalent to approximately 8 FTE.	Currently around 5,900 hours per week of ASN Assistant time is allocated to a client base of around 1,390 pupils identified as having additional support needs. There will now be a greater focus on pupils with Priority 1 needs.	No
Community Services	Still to identify		Still to identify						
<b>TOTAL</b>				<b>1,386,261</b>	<b>1,250,847</b>				
					<b>2,637,108</b>				

## CUSTOMER SERVICES - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
<b>1% Target</b>	<b>241,427</b>		<b>482,854</b>	
Already Secured	185,992	77.0%	198,876	41.2%
Being Implemented	55,435	23.0%	60,647	12.6%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	223,331	46.3%
<b>TOTAL 1% EFFICIENCY SAVINGS TARGET</b>	<b>241,427</b>	<b>100.0%</b>	<b>482,854</b>	<b>100.0%</b>

## CUSTOMER SERVICES - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Executive Director of Customer Services	Being implemented	CUST001	Vacancy Savings - Increase to Departmental Target	5,212	10,424	Recurring	None	None	No
Customer and Support Services	Being implemented	CUST001	Vacancy Savings - Increase to Departmental Target	6,301	6,301	Recurring	None	None	No
Improvement and HR	Being implemented	CUST001	Vacancy Savings - Increase to Departmental Target	5,500	5,500	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST002	Scottish Water Agency Income - Additional agency income from Scottish Water for collecting water charges as per recently announced order which runs from 1 April 2014 to 31 March 2018. This saving will increase in 2015-16 as a result of the full year impact of the additional income.	36,138	49,022	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST003	Travel Budgets - Reduction to staff travel budgets across the service.	28,000	28,000	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST004	Council Tax Advertising	1,500	1,500	Recurring	None	None	No
Customer and Support Services	Still to identify			0	59,055				
Governance and Law	Already Secured	CUST005	Licensing Income - income achieved for previous years has been in excess of budget.	16,515	16,515	Recurring	None	None	No
Governance and Law	Still to identify			0	16,515				
Facility Services	Already Secured	CUST006	Property Services Sundries - Budget created in 2012-13 as a result of excess savings from service review.	6,796	6,796	Recurring	None	None	No
Facility Services	Already Secured	CUST007	Income from Investment Properties - increase based on current rental levels	13,770	13,770	Recurring	None	None	No
Facility Services	Already Secured	CUST008	Rural Community Transport Initiative - payment previously paid to a provider that has folded, monies are uncommitted	13,500	13,500	Recurring	None	None	No
Facility Services	Already Secured	CUST009	Pupil Transport - Parent Transport	15,000	15,000	Recurring	None	None	No
Facility Services	Already Secured	CUST010	Cleaning HQ - Reduction to cleaning equipment budget	10,000	10,000	Recurring	None	None	No
Facility Services	Being implemented	CUST011	Water Charges - savings to be achieved over and above Property Services Review saving	20,000	20,000	Recurring	None	None	No
Facility Services	Already Secured	CUST012	Training Budgets across Facility Services	5,000	5,000	Recurring	None	None	No

## CUSTOMER SERVICES - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Facility Services	Already Secured	CUST013	Pool Cars - Fuel Costs	5,000	5,000	Recurring	None	None	No
Facility Services	Already Secured	CUST014	Facility Services - supplies and services and travel and subsistence budgets	25,389	25,389	Recurring	None	None	No
Facility Services	Still to Identify			0	114,455				
Improvement and HR	Already Secured	CUST015	Overtime Budget - removal of 100% of overtime budget allocation	9,384	9,384	Recurring	None	None	No
Improvement and HR	Being Implemented	CUST017	Social Work Training - Photocopier and Coffee machine leases	12,000	12,000	Recurring	None	None	No
Improvement and HR	Being Implemented	CUST018	HR - Reduction to Supplies and Services budgets	6,422	6,422	Recurring	None	None	No
Improvement and HR	Still to Identify			0	33,306	Recurring	None	None	No
<b>TOTAL</b>				<b>241,427</b>	<b>482,854</b>				





## DEVELOPMENT AND INFRASTRUCTURE - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
<b>1% Target</b>	<b>224,480</b>		<b>448,960</b>	
Already Secured	48,562	21.6%	48,562	10.8%
Being Implemented	166,977	74.4%	166,977	37.2%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	8,942	4.0%	8,942	2.0%
Still to Identify	0	0.0%	224,479	50.0%
<b>TOTAL 1% EFFICIENCY SAVINGS TARGET</b>	<b>224,481</b>	<b>100.0%</b>	<b>448,960</b>	<b>100.0%</b>

## DEVELOPMENT AND INFRASTRUCTURE - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Directorate	Being Implemented	DIS-HQ01	Supplies and Services	18,452	18,452	Recurring	None	Reductions proposed to business support non-staff costs will necessitate sensible cost cutting measures to reduce what should be controllable costs in office equipment and materials, stationery, printing and travel, additionally increased use of e-learning will assist with a planned reduction to the training budget. In summary, prudent reductions to areas of spend which should not impact upon service delivery.	no
Economic Development	Already Secured	ED1	Removal of Assistant Road Safety Officer Post (006787) – Vacant	16,859	16,859	Recurring	No impact as this is currently a vacant post.	This has been a long term vacant post that has been superseded by a number of improvements have been made to service delivery including the development of the road safety learning tool and the innovative cycle training initiative that has recently been shortlisted for an award.	No
Economic Development	Being Developed	ED2	Increase of berthing dues at Port Askaig.	8,942	8,942	Recurring	None	As part of the Scottish Ferries Plan Transport Scotland has engaged with the Islay and Jura communities with a view to rebalancing the services from the mainland to the islands. This will increase sailings to Port Askaig which is a Council asset and will enhance service delivery for residents who live in north Islay and Jura. The service is also looking at ways to increase piers and harbours income across all of our ports and harbours.	No
Planning and Regulatory Services	Already Secured	PRS1	This savings option reduces the level of professional support to Regulatory Services which was allocated to alternative enforcement albeit that the savings are to a post which is current vacant. The impact will be minimal as we have an existing resource within our administration support team, who current undertakes this work as part of their job description, supported by other professional staff and this has worked well in the last year.	11,503	11,503	Recurring	This post is currently vacant and has been used to support our alternative enforcement work.	There will be a slight reduction in our capacity for alternative enforcement in the short-term, until training and development plans are met for the administrative post, although this will be supported by the wider Regulatory Services professional team.	No

## DEVELOPMENT AND INFRASTRUCTURE - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Planning and Regulatory Services	Already Secured	PRS2	This savings option reduces the budget for tobacco control from £50454 to £44754. The budget supports the work of trading standards in undertaking age-restricted activity relating to cigarettes and the enforcement work relating to the display of cigarettes which comes into widespread effect for retail premises on the 1st April 2015. Whilst one member of staff is employed through this cost centre, the saving will not impact on their continued employment.	5,700	5,700	Recurring	There will be no impact on staff and the workload relating to tobacco control enforcement is part of the wider trading standards operational team service plan.	The impact to the service will be minimal as our work to date has identified that there is general compliance with the legislative requirements and has supported business to achieve compliance. The level of targeted work has reduced and our strategy will be intelligence driven focussing on business where there is information suggesting that there may be non-compliance. This can be met by the existing trading standards resource and if necessary they can be supported by other professional across Regulatory Services.	No
Planning and Regulatory Services	Already Secured	PRS3	Proposed deletion of vacant post within the Development Management structure. The post is a 'Planning Systems Support Assistant' based in Whitegates, Lochgillhead which has been vacant since December 2013. The previous post holder has been promoted within DIS to newly created position of Process and Productivity Improvement Manager. Some of the roles and duties of the Systems Support Assistant post have been transferred to the new post as part of a Business Process Review (BPR) that is underway for Development Management. This includes work-streams to deliver efficiencies and best practice within the service.  The post of Systems Support Assistant was originally created in 2009 to roll out and administer the delivery of E-Planning. The majority of outcomes of E-Planning have now been achieved and are bedded into normal working practices now.	14,500	14,500	Recurring	1 vacant post is being removed from structure so there is no loss or change in circumstances to an individual. Other staff within the CVT have already absorbed majority of duties from vacant post with others being transferred to BPR project	Impact on service shall be minimal due to around 70% of the activities of the post being transferred to the new Process and Productivity Improvement Manager or BPR project. Other duties that have not been transferred have been integrated into the wider Central Validation Team (CVT) between June and December 2013 as part of a phased transition. Duties include update of performance data (training of 2 staff still on-going), deleting documents in CIVICA, data management and responding to queries from Planning Officers on systems matters. Whilst the majority of duties from the post have been redistributed the loss of a member of staff within the CVT has marginally reduced resilience during times of unplanned absence or increased workload (unexpected increase in planning applications). A review shall take place in late February to review the resources and demand pressures within the CVT with a view to increase resilience whilst carrying out the duties of the Systems Support Assistant. Further reviews will take place in the medium and long term within the CVT once efficiencies and improvements identified as part of the BPR Process are realised or achieved.	No

DEVELOPMENT AND INFRASTRUCTURE - 1% EFFICIENCY SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Roads and Amenity Services	Being implemented	RAMS1	<ul style="list-style-type: none"> <li>Fuel savings due to rescheduled routes</li> <li>Reduced reliance on hired in plant – close down hires more timely</li> <li>Increase in income streams where possible</li> <li>Restructure resulting in a number of vacant posts being removed from the establishment</li> </ul>	148,525	148,525	Recurring	Staffing will be via the removal of vacant posts. Location and number of posts yet to be determined.	There will be a greater requirement to prioritise roads maintenance revenue works based upon safety priorities and risk assessment with a reduced ability to undertake sustainable asset management as identified through the Roads Asset Management Plan.  Reduction in the scale and/or standard of amenity services may impact upon the presentation of community spaces in towns and villages which may impact adversely upon tourism and business interests and the quality of life of communities.	no
All	Still to identify		Still to identify	0	224,479				
<b>TOTAL</b>				<b>224,481</b>	<b>448,960</b>				

**UPDATE TO 2015-16 BUDGET**

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**1. EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide Members with an update on any changes to the budget assumptions used when preparing the 2015-16 budget and an assessment of the impact.
- 1.2 At this stage there are no changes to the assumptions for employee costs, inflation, cost and demand pressures, fees and charges or efficiency savings target.
- 1.3 The most significant change to the assumptions is in relation to the local government funding. The Council have been advised that the indicators for 2015-16 will now be updated and this results in an estimated £2.557m less in local government funding.
- 1.4 There are two changes to the base budget in respect of payment to Atlantis Leisure and the shortfall in the Education Management restructure savings.
- 1.5 The 2015-16 budget estimated in February 2014 gave rise to a surplus of £4.121m. After reflecting the changes as at the end of June, the position still remains in surplus at £1.415m.

**UPDATE TO 2015-16 BUDGET**

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**2. INTRODUCTION**

- 2.1 The Council set a two year budget in February 2014 which set the budget for 2014-15 and 2015-16. In-year budget monitoring is carried out for the 2014-15 budget and reported within the routine budget monitoring report but it is now necessary to monitor the 2015-16 budget prior to the council tax being set in February 2015.
- 2.2 This report provides an update on any changes to the budget assumptions used when preparing the 2015-16 budget and an assessment of the impact.

**3. DETAIL****3.1 Funding****3.1.1 Finance Settlement**

3.1.1.1 The local government funding for 2015-16 is outwith the current financial settlement. As 2015-16 is a new year it is normal for the various indicators used in allocating the overall local government finance settlement to individual Council's to be updated. However, at the COSLA Leaders meeting in September 2013 it was proposed that the funding for 2015-16 be on a flat cash basis with the additional funding in relation to the Children and Young Person's Bill.

3.1.1.2 The Council have now been advised that the indicators will be updated for the 2015-16 settlement and this results in an estimated £2.557m less in local government funding from the flat cash basis used previously.

**3.1.2 Council Tax**

3.1.2.1 A review of the Council tax funding was undertaken in November 2013 and the Council tax base and the growth was amended for the budget agreed in February 2014. There are no further changes to the assumptions at this stage.

**3.1.3 Total Funding**

3.1.3.1 The changes to the funding are summarised within the table below.

	£000
Funding February 2014	245,598
Updating of indicators	-2,557
Additional funding	0
CTRS changes	0
Updated funding June 2014	243,041

### **3.2 Base Budget**

3.2.1 The base budget for 2015-16 amounts to £231.900m.

3.2.2 There is a base adjustment in relation to a saving for Atlantis Leisure which was not agreed during 2013. This base budget change should have been adjusted within 2014-15 but was omitted and thus will need to be absorbed within 2014-15.

3.2.3 There is a further base adjustment in respect of the Education Management restructure savings shortfall. The anticipated saving was £190,000, however, the saving for the revised structure agreed by Council at its meeting on 23 January 2014 was only £53,316.

3.2.4 The changes to the base budget are summarised within the table below.

	£000
Base Budget February 2014	231,900
Atlantis Leisure	12
Education Management Restructure	137
Updated Base Budget June 2014	232,049

### **3.3 Budget Challenge on Base Budget**

3.3.1 A budget challenge process was carried out as part of the 2014-15 budget process and this identified savings of £0.414m, of which £0.240m were removed from the budget and £0.174m were reinvested.

3.3.2 Another budget challenge will be carried out over the next few months and this will focus on specific areas of the budget where there was a significant variance at the end of 2013-14 or where it has been identified that some budget re-alignment is required. The outcome of this budget challenge will be reported to the next Policy and Resources Committee on 30 October 2014.

### **3.4 Employee Costs**

3.4.1 The assumptions within employee costs included the pay award, estimated at 2% for 2015-16, an allowance for increments and an allowance for an increase in pensionable pay as a result of changes to the Local Government Pension Scheme (Scotland) from 1 April 2015. A review of these assumptions has been carried out and at this stage there are no changes to the assumptions.

### 3.5 Non-Pay Inflation

3.5.1 The position remains that only unavoidable/inescapable inflation has been included for 2015-16. A review of inflation was carried during June 2014 and at this stage there are no changes to the assumptions.

### 3.6 Cost and Demand Pressures

3.6.1 The cost and demand pressures have been reviewed during June 2014. At this stage no new cost or demand pressures have been identified.

### 3.7 Fees and Charges

3.7.1 The increase to fees and charges was set at 3% for 2015-16. At this stage there is no recommended change to this assumption.

### 3.8 1% Efficiency Savings Target

3.8.1 The Council agreed to set a 1% efficiency savings target for both 2014-15 and 2015-16. There is a separate report on progress towards achieving the efficiency savings target and at this stage there is no recommended change to the target.

### 3.9 Updated 2015-16 Budget

3.9.1 The updated budget outlook for 2015-16 is noted in the table below.

<b>Financial Position</b>	<b>2015-16 (Feb 2014)</b>	<b>2015-16 Changes</b>	<b>2015-16 Updated Estimate (June 2014)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjusted Base Budget	231,900	149	232,049
Revenue Budget Challenge	-240	0	-240
Employee Cost Increases	5,168	0	5,168
Non-Pay Inflation	3,856	0	3,856
Cost and Demand Pressures	5,160	0	5,160
Fees and Charges	-723	0	-723
1% Efficiency Savings	-3,644	0	-3,644
<b>Total</b>	<b>241,477</b>	<b>149</b>	<b>241,626</b>
Funding	<b>245,598</b>	<b>-2,557</b>	<b>243,041</b>
<b>Funding Surplus / -Gap</b>	<b>4,121</b>	<b>-2,706</b>	<b>1,415</b>

## 4. CONCLUSION

4.1 This report sets out the updated outlook for 2015-16 in relation to the Council revenue budget. As a result of the funding indicators being updated for 2015-16 the funding is significantly less, however, overall the updated



outlook for 2015-16 remains in surplus at £1.415m.

## **5. IMPLICATIONS**

- |     |                    |   |
|-----|--------------------|---|
| 5.1 | Policy –           | None.   |
| 5.2 | Financial -        | The report provides an update on the changes to the 2015-16 budget. |
| 5.3 | Legal -            | None.   |
| 5.4 | HR -               | None.   |
| 5.5 | Equalities -       | None.   |
| 5.6 | Risk -             | None.   |
| 5.7 | Customer Service - | None.   |

**Bruce West**  
**Head of Strategic Finance**  
**16 July 2014**



**MONITORING OF FINANCIAL RISKS – 2014-15 & 2015-16**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are currently 58 departmental risks totalling £8.476m. Only 6 of the risks are categorised as likely and no risks have been categorised as almost certain.
- 1.4 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

**MONITORING OF FINANCIAL RISKS – 2014-15 & 2015-16**

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**2. INTRODUCTION**

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

**3 DETAIL**

**3.1 Introduction**

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.

- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.

- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:

- 1 – Remote
- 2 – Unlikely
- 3 – Possible
- 4 – Likely
- 5 – Almost Certain

**3.2 Council Wide Risks**

- 3.2.1 The estimated level of council tax income was reviewed at the end of November 2013 and is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £400,000.

- 3.2.2 The financial settlement for 2014-15 is part of the current financial settlement and a further update was announced on 13 March 2014 and is in line with our expectations and does not change the assumptions that the budget for 2014-15 was based on.

- 3.2.3 The local government funding for 2015-16 is outwith the current financial settlement. As 2015-16 is a new year it is normal for the various indicators used in allocating the overall local government finance settlement to individual Council's to be updated. However, at the COSLA Leaders meeting in September 2013 it was proposed that the funding for 2015-16 be on a flat cash basis in addition to the

funding in relation to the Children and Young Person's Bill. The Council have now been advised that the indicators will be updated for the 2015-16 settlement and this results in an estimated £2.557m less in local government funding from the flat cash basis used previously.

- 3.2.4 One area of risk to funding would be if the Council were deemed not to have met the conditions attached to the finance settlement and this is assessed as remote. A 1% variation in Scottish Government Funding amounts to around £2m.
- 3.2.5 At the Council budget meeting in February it was agreed that services have to achieve 1% efficiency savings in both 2014-15 and 2015-16. The savings should not have a policy implication and therefore officers are given delegated authority to develop and secure these savings with progress monitored and reported to the Policy and Resources Committee. The Council have a good track record in delivering savings and the progress with the 1% savings target will be monitored closely. A 1% savings target amounts to £1.822m. A 10% shortfall on this savings target would amount to £182,000.
- 3.2.6 Other Council wide risks that affect expenditure across the whole Council are noted within the table below.

Description	Likelihood	Financial Impact £000
Employee Pay increase by 1% more than budgeted	2	1,000
Employers NI rate increase by 2%	2	2,000
Employers Superannuation auto enrolment into pension scheme.	5	Range of 200 to 2,000
Energy costs increase by 10% greater than anticipated	3	672
Repairs and Maintenance costs increase by 5%	2	120
General Inflation at 2% on all costs not already inflated.	3	1,926

### 3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Community Services	0	0	5	435	15	2,602	2	800	0	0	22	3,837
Customer Services	4	205	6	399	8	1,090	2	90	0	0	20	1,784
Development & Infrastructure	2	120	1	10	11	1,425	2	1,300	0	0	16	2,855
<b>Total</b>	<b>6</b>	<b>325</b>	<b>12</b>	<b>844</b>	<b>34</b>	<b>5,117</b>	<b>6</b>	<b>2,190</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>8,476</b>

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Averse weather conditions which require greater than budgeted number of gritting runs.	4	1,200
Adult Care	Increased complexity of Older People, LD and MH packages.	Level of service demand remains at current commitment or increases due to needs becoming more complex.	3	950
Adult Care	Older People - population growth	Growth in elderly population exceeds expectation reflected in Demand Pressure thereby putting increased demand on services.	3	700
Adult Care	Provider Charges - LD & MH	Increased provider charges in respect of clients with learning disability/mental health needs.	4	400
Adult Care	Older People - external provider rates	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	4	400

3.3.3 The current top five risks in terms of the likely impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Averse weather conditions which require greater than budgeted number of gritting runs.	4	1,200
Adult Care	Provider Charges - LD & MH	Increased provider charges in respect of clients with learning disability/mental health needs.	4	400
Adult Care	Older People - external provider rates	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	4	400
Roads and Amenity Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	4	100
Customer and Support Services	Scottish Welfare Fund claims	Insufficient funds provided by the Scottish Government for the administration of SWF claims.	4	60

### 3.4 Monitoring of Financial Risks

- 3.4.1 Financial risks will be reviewed and monitored on a two monthly basis and will be included in the pack of financial reports submitted to Policy and Resources Committee, timescale is noted in the table below.

Date of P&R Committee	Financial Risks Reviewed at end of
21 August 2014	June
30 October 2014	August
18 December 2014	October
5 February 2015	December
19 March 2015	January

## 4 CONCLUSION

- 4.1 This report summarises the key financial risks facing the Council. Only 6 out of the 58 risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

## 5 IMPLICATIONS

- 5.1 Policy – None.
- 5.2 Financial - The financial value of each risk is included within the appendix.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Equalities - None.

- 5.6 Risk - Financial risks are detailed within the appendix.
- 5.7 Customer Service - None.

**Bruce West**  
**Head of Strategic Finance**  
**16 July 2014**



APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Provider Charges - LD & MH	Increased provider charges in respect of clients with learning disability/mental health needs.	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.	4	400
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Older People - external provider rates	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	Commissioning team agreeing rates and the role of home care procurement managers in allocating services.	4	400
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Charges for Community Care	Clients withdraw from service due to charges or changes to benefits leading to a reduction in income.	Ensure clients benefits are maximised to reduce impact of charges and risk of withdrawal from service. Ensure internal and externally delivered services cease where client withdraws from charging scheme.	3	140
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Older People - population growth	Growth in elderly population exceeds expectation reflected in Demand Pressure thereby putting increased demand on services.	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Growth of elderly population built into financial estimates.	3	700
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Increased complexity of Older People, LD and MH packages.	Level of service demand remains at current commitment or increases due to needs becoming more complex.	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Target funding at preventative services to reduce risk of higher dependency.	3	950
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Residential Care - self funding clients	Changes in self funded clients receiving residential care.	Management have no control over financial circumstance of clients receiving care.	3	175
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Looked after children - residential placements	Increased level of support, increased placement cost, increased client base	Commissioning Team; Regular reviews to minimise duration of placement, Maximise existing resources	3	75

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Looked after children - throughcare	Increased level of support, increased placement cost, increased client base	Commissioning Team; Regular reviews; Prompt transition to benefits. Active policy/strategic aim to develop/enhance throughcare offset by corresponding savings within residential placements.	2	80
Community Services	Children and Families	CF3 - Young children and their families are given assistance to help them achieve the best start in life.	Pre-Five Units - number of providers	Failure of commissioning pre-five units resulting in the Council having to provide the service.	Annual financial appraisal; Support network; Short-term cash injections;	3	50
Community Services	Children and Families	CF3 - Young children and their families are given assistance to help them achieve the best start in life.	Pre-Five Units - pupil numbers	Increase in pupil numbers.	Maximise current staff base	3	70
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Fostering	Increase to fostering client base.	Active Policy/Service Priority to enhance activity	3	120
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Adoption	Increased number of contested adoptions	Activity Policy/Service Priority to enhance activity	2	15
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Adoption	Increased number of adoptions	Activity Policy/Service Priority to enhance activity	2	50
Community Services	Children and Families	CF3 - Young children and their families are given assistance to help them achieve the best start in life.	Children with a Disability	Increased demand for service.	Disability Transitions Groups	3	60
Community Services	Community and Culture	CC07 - People successfully access a choice of suitable and affordable housing options in the area that they want to live and can participate in the housing market	Housing Support	Increased cost from external providers of housing support.	Ensure appropriate commissioning of service and targeting of resource to areas of greatest need.	3	20

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Temporary Accommodation - cost	Higher cost of temporary accommodation - increased rental prices and bed and breakfast costs with clients remaining in tenancies for a longer time period until permanent residences are secured.	Bed and breakfast contracts are in place as block purchase of allocation. Work with housing associations and landlords to negotiate rent levels.	3	15
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Temporary Accommodation - priority need	All unintentionally homeless people will be classed as priority need and entitled to permanent accommodation. They must be temporarily accommodated by council until then.	Provision of information and advice services to minimise number of applicants proceeding to full homeless application.	3	12
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Temporary Accommodation - benefits recovered	Introduction of universal benefits has an impact on the level of benefits recovered for temporarily accommodated individuals.	Provision of information and advice services to minimise number of applicants proceeding to full homeless application. Ensure that they are in receipt of full benefit entitlement.	3	75
Community Services	Community and Culture	CC02 - Raised lifelong participation levels in sport and physical activity to enable us to lead more active healthier lives	Leisure Facilities	Reduced take up of services offered.	Tracking of service user participation using a traffic light system to identify services where usage drops. Services with a low rate of participation would be reviewed.	3	40
Community Services	Education	ED04 - The education additional support needs of children and young people are met.	Schools - ASN Assistants	Client base increasing	Priority Need Framework, Active Management of Distribution/ allocations.	2	230
Community Services	Education	ED04 - The education additional support needs of children and young people are met.	ASN - Residential Placements	ASN Residential Placements - increased cost due to increase of client base.	Liaison with SW colleagues. Active management of existing client base.	2	60
Community Services	Education	ED01/ED02 - Primary/secondary school children and are enabled to increase levels of attainment and achievement and realise their potential	Schools - Teacher Cover	Increased absence rate resulting in increased cover requirement.	Absence management protocols.	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	CS05 - Income from local taxes and sundry debtors is maximised and properly controlled	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	110
Customer Services	Customer and Support Services	CS05 - Income from local taxes and sundry debtors is maximised and properly controlled	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate, Council entering into new contract with debt collection agents for Council Tax.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100
Customer Services	Customer and Support Services	CS02 - Businesses are supported in claiming Non-Domestic Rates relief.	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses. Likely to be powers to make a new discretionary rates relief scheme from April 2015.	Outwith direct management control.	4	30
Customer Services	Customer and Support Services	CS01- Benefits are paid promptly whilst minimising fraud	Scottish Welfare Fund claims	Insufficient funds provided by the Scottish Government for the administration of SWF claims.	Ensure most efficient processes in place for the handling and processing of claims.	4	60
Customer Services	Customer and Support Services	CS01- Benefits are paid promptly whilst minimising fraud	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	2	125
Customer Services	Customer and Support Services	CS06 - Increased value is delivered from procurement, with key contracted services of better quality and effectiveness	Procurement legal challenge	Potential challenge from unsuccessful bidders resulting in claims for damages	Ensure procurement procedures and policies are followed. Explore possibilities for insurance cover in relation to claims.	3	100
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Property - Central Repairs	Increased demands on CRA as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of CRA budgets and commitments.	3	200
Customer Services	Facility Services	FS01 - Children in Argyll and Bute are healthier by maximising the number of pupils option to choose a nutritionally balanced school meal at lunchtime	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60
Customer Services	Facility Services	FS04 - School and public transport meets the needs of communities	SPT Requisition	Increased contribution required for SPT requisition.	Outwith direct management control.	2	60

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	Asset Management Strategy	3	250
Customer Services	Facility Services	FS04 - School and public transport meets the needs of communities	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	2	100
Customer Services	Facility Services	FS01 - Children in Argyll and Bute are healthier by maximising the number of pupils option to choose a nutritionally balances school meal at lunchtime	Provision of Free School Meals to P1 to P3 school children	The Children and Young People (Scotland) Act 2014 requires the Council to provide free school meals to all P1 to P3 pupils from January 2015. There will be significant revenue and capital costs associated with this. The costs have been identified but further information is awaited from the Scottish Government on how funds will be allocated for revenue and capital.	Implementation group continually review financial impact of the additional meal provision and update financial assumptions as new information becomes available. Engaging with the Scottish Government through COSLA to provide information on the financial implications to the Council and raising concerns with them.	3	100
Customer Services	Facility Services	FS03 - We contribute to the sustainability of the local area	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC Energy Efficiency Scheme from 2014-15 onwards, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase. There is now little scope for energy cost or consumption fluctuations to be accommodated from within existing budgets.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Rental Income from Properties	Due to current economic climate may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Governance and Law	GL10 - Timely provision of liquor licences and Civic Government licenses to the public	Licensing	Reduced numbers of licensing applications leading to reduced income	Monitoring of trends.	3	30
Customer Services	Governance and Law	GL8 - Provision of high quality, timely legal advice	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10
Customer Services	Governance and Law	GL5 - Electors enabled to participate in the democratic process	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	2	34
Customer Services	Governance and Law	GL6 - The best interests of children at risk are promoted	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10
Customer Services	NPDO	NPDO	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and existing budget.	1	150
Customer Services	NPDO	NPDO	Insurance	Increase in insurance costs.	Monitoring of insurance arrangements - the risk sharing mechanism in the contract and mitigation through financial forecasting and existing budget.	1	35
Development & Infrastructure	Economic Development	ED02 - Argyll and Bute is better connected, safer and more attractive	Ferry Services - maintenance	Increased maintenance costs of ferries due to age of fleet.	Monitor the cost of maintaining the fleet and if necessary prepare business cases for the procurement of replacement ferries.	3	50
Development & Infrastructure	Economic Development	ED02 - Argyll and Bute is better connected, safer and more attractive	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40
Development & Infrastructure	Economic Development	ED02 - Argyll and Bute is better connected, safer and more attractive	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40
Development & Infrastructure	Economic Development	ED02 - Argyll and Bute is better connected, safer and more attractive	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities.	2	10
Development & Infrastructure	Economic Development	ED02 - Argyll and Bute is better connected, safer and more attractive	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Scrutinise all claims for increased costs to ensure that they are in accordance with the contract.	3	30

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Planning and Regulatory Services	PR04 - The health, safety, welfare and convenience of people in and around buildings is protected and improved.	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner	3	180
Development & Infrastructure	Planning and Regulatory Services	PR04 - The health, safety, welfare and convenience of people in and around buildings is protected and improved.	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase Building Warrant fees to a sustainable level.	3	130
Development & Infrastructure	Planning and Regulatory Services	PR01 - The local economy is improved through the delivery of sustainable development.	Planning Fee shortfall	Decrease in Planning Applications income.	Monitor number of applications received and adjust staffing to deal with the decrease	3	70
Development & Infrastructure	Planning and Regulatory Services	PR01 - The local economy is improved through the delivery of sustainable development.	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100
Development & Infrastructure	Planning and Regulatory Services	PR03 - We secure standards relating to public health and health protection through working with businesses, partner agencies and the public, through risk-based proportionate enforcement	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Winter Maintenance	Averse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	4	1,200
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Roads Maintenance	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
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	4	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 30 JUNE 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Roads and Amenity Services	RA02 - Roads maintenance strategies prioritise routes which are likely to contribute to economic growth and improved quality of life and contribute positively to the Councils Economic Development service plan	Car Parking	Reduced use of car parks results in loss of income.	Ensure that there is an enforcement regime in place to collect all income due.	3	300
Development & Infrastructure	Roads and Amenity Services	RA06 - Sustainable disposal of waste	Waste Collection	Unable to introduce co-mingled collections due to an unsatisfactory outcome of negotiations with Shanks.	Devote the necessary resources to complete the variation process and introduce change to service delivery.	3	190
Development & Infrastructure	Roads and Amenity Services	RA06 - Sustainable disposal of waste	Waste Collection	Reduced income from commercial refuse collection	Review operational service provision	3	165
<b>Total</b>						<b>58</b>	<b>8,476</b>



**RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2014**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £49.026m usable reserves as at the end of 31 March 2014. Of this balance, £1.025m relates to Repairs and Renewals Fund, £3.460m relates to Capital Funds and the remainder is held in the General Fund, with £30.372m of the balance earmarked for specific purposes.
- 1.3 The Council has a total of £126.299m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.4 The General Fund contingency level remains at 1.5% of net expenditure. The estimated surplus over contingency at 31 March 2016 is £13.079m, this is the current estimate of the position and this figure is subject to change.

**RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2014**

**2. INTRODUCTION**

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

**3. DETAIL**

**3.1 Types of Reserves**

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

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

**3.2 Reserve Balances At 31 March 2014**

3.2.1 The balances on each type of reserve at 31 March 2014 are set out in the table below.

<b>Reserve</b>	<b>£000</b>
<b>Unusable Reserves</b>	
Revaluation Reserve	56,113
Capital Adjustment Account	198,230
Financial Instruments Adjustment Account	-4,889
Pensions Reserve	-118,337
Accumulated Absences Account	-4,818
<b>Total Unusable Reserves</b>	<b>126,299</b>
<b>Usable Reserves</b>	
Repairs and Renewals Fund	1,025
Capital Fund	703
Usable Capital Receipts Reserve	2,757
General Fund	44,541

<b>Total Usable Reserves</b>	<b>49,026</b>
<b>Total Reserves</b>	<b>175,325</b>

- 3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed asset. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken at 31 March.
- 3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

### 3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2014 can be analysed as follows:

	<b>Balance 31/03/14 £000</b>
Balance on General Fund as at 31 March 2013	46,138
Reduction to General Fund balance at end of 2013-14	1,597
Earmarked Balances	30,372
Contingency allowance at 1.5% of net expenditure	3,658
Unallocated balance as at 31 March 2014	10,511

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2014, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget.

<b>Earmarking Category</b>	<b>Balance 31/03/14</b>	<b>Year to Date 30/06/14</b>	<b>Planned Still to Spend 2014-15</b>	<b>Planned Spend Future Years</b>	<b>Balance no Longer Required £000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Strategic Housing Fund	7,484	0	0	7,484	0
Revenue Contribution to Capital - Dunoon and Campbeltown Schools	3,000	0	0	3,000	0
Investment in Affordable Housing	9,500	0	0	9,500	0
Severance Costs	27	0	0	27	0
Reserve Committed for 2014-15 Budget	326	0	326	0	0
CHORD	420	0	0	420	0
DMR – Schools	887	0	887	0	0
Existing Legal Commitments	196	0	0	196	0
Unspent Grant	979	60	590	329	0
Unspent Third Party Contribution	255	0	20	235	0
Unspent Budget	7,298	259	3,353	3,686	0
<b>Total</b>	<b>30,372</b>	<b>319</b>	<b>5,176</b>	<b>24,877</b>	<b>0</b>

3.3.3 At this stage there are no balances to be un-earmarked and released back into the unallocated General Fund.

3.3.4 Based on the financial risks analysis there are no proposals to change the general fund contingency.

3.3.5 Looking forward, the following forecasts are estimated for the unallocated general fund balance.

<b>Unallocated General Fund Forecast</b>	<b>£000</b>
Unallocated balance on General Fund as at 31 March 2014	10,511
Earmarked funds no longer required	0
Supplementary estimates previously approved (Agreed in 2013-14 for Waverley, £20k in 2013-14, £15k in 2014-15 and £10k in 2015-16)	-25
Budgeted Surplus 2014-15	1,020
Forecast outturn for 2014-15 as at 30 June 2014	158
Forecast outturn for 2015-16 as at 30 June 2014	1,415
Estimated Unallocated balance on General Fund as at 31 March 2016	13,079

#### **4. CONCLUSION**

4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund. There is currently an estimated surplus over contingency of £13.079m and the Council should consider how best to utilise these funds.

## **5. IMPLICATIONS**

- |     |                    |   |
|-----|--------------------|---|
| 5.1 | Policy –           | None.   |
| 5.2 | Financial -        | Outlines the balances held with the Council's usable and unusable reserves. |
| 5.3 | Legal -            | None.   |
| 5.4 | HR -               | None.   |
| 5.5 | Equalities -       | None.   |
| 5.6 | Risk -             | There is currently an estimated surplus over contingency of £13.079m.       |
| 5.7 | Customer Service - | None.   |

**Bruce West**  
**Head of Strategic Finance**  
**16 July 2014**

## **APPENDICES**

Appendix 1 – Earmarked Reserves breakdown of unspent budget



APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2014

Ref	Department	Service	Description	Balance 31/03/14	Year to Date 30/06/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
001	Customer Services	Governance & Law	Oban By-election	60,000		60,000	0	0	Due to the resignation of two elected members there is a requirement to have two separate by-elections in the Oban area, one alongside the European Elections in May and the other in July. The service do not have the capacity within the recurring operational revenue budget to accommodate the cost of the by-elections, the Governance and Law service are projecting a favourable outturn position in 2013-14 which could be earmarked to cover the costs.
002	Development and Infrastructure	Economic Development	Oban Airport meteorological equipment	60,000		60,000	0	0	To replace the current equipment that is at the end of its life expectancy and has required expensive maintenance repairs. Provision was included within the 2013-14 budget for these costs but not in 2014-15. The contract for the works was put out to tender but has to be re-tendered which has delayed this project until 2014-15. There is no available budget within the service in 2014-15 to fund this.
003	Development and Infrastructure	Roads and Amenity Services	Amenity Services introduction of management information system	135,500		135,500	0	0	To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, there is not budget available in 2014-15 to fund this project which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. This will be progressed in 2014-15 instead of 2013-14.
019	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/ Discretionary Housing Payments (agreed at Council February 2014)	523,706		523,706	0	0	DWP LSSR service activity as per Council Paper from February 2014. Scottish Government Grant in relation to Discretionary Housing Payments. This is committed in 2014-15 against DWP LSSF service activity.
022	Customer Services	Facility Services	Holy Loch Community Centre	52,345	52,345	0	0	0	To be used to fund the demolition costs of the Holy Loch Community Centre in Sandbank near Dunoon. This was approved in February 2014 to be met from underspends in the Facility Services budget for 2013-14, there was a delay in carrying out the works on site due to requirement to secure a bat license.

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2014

Ref	Department	Service	Description	Balance 31/03/14	Year to Date 30/06/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
025	Development and Infrastructure	Economic Development	Inveraray CARS	350,000		25,000	325,000	0	<p>The aims of the scheme focus around the objectives of protecting the quality of the built environment as an asset for sustainable economic growth, enabling the development of growth enhancing activities within Inveraray itself and to act as a catalyst for economic regeneration of the town and its hinterland.</p> <p>The scheme seeks to :</p> <ol style="list-style-type: none"> <li>1. Secure investment in the fabric of the built heritage of Inveraray which is highlighted as our premier conservation area and a main tourist attraction.</li> <li>2. Focus on essential repair of the historic environment focused around 8 priority buildings, shop fronts, a small repairs and public realm investment .</li> <li>3. Deliver training and improve the traditional building skills base amongst local contractors and business operating with the community and linking to the Argyll Construction college and working with the Lead Sheet Association.</li> <li>4. Deliver education and awareness raising initiatives working closely with the local primary school, specifically Argyll College (as part of UHI) and local contractors</li> <li>5. Develop working partnerships with local and national authorities, local traders and residents with regard to Improving the appearance of the conservation area.</li> <li>6. Consider opportunities for town centre, access and parking improvements and the opportunities for joint working with the trunk roads authority to develop a heritage led approach relative to road signage.</li> </ol>
026	Development and Infrastructure	Economic Development	Hermitage Park HLF	300,000		0	300,000	0	<p>The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities This will be achieved through the following :</p> <ol style="list-style-type: none"> <li>1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls,</li> <li>2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors,</li> <li>3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park,</li> <li>4 Reconsideration of the recreational elements which include the children’s play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.</li> </ol>



APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2014

Ref	Department	Service	Description	Balance 31/03/14	Year to Date 30/06/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
027	Development and Infrastructure	Economic Development	Campbeltown Picture House	150,000		0	150,000	0	First constructed in 1913 and is now the oldest purpose built cinema still operating in Scotland. However, due to age, years of water ingress and an antiquated heating system, the property is now in a parlous state of repair and is an A -Listed property. Although the management board is composed of volunteers, it currently employs 7 staff (2 FT/ 5 PT) and has plans to expand. Total costs of renovations are forecast at £3m as detailed in the Business Case (Jura Consultants, August 2012).
032	Community Services	Adult Care	Residential Care Home Placements (Charging Order Income)	853,000		0	853,000	0	Contingency put in place in February 2013 to offset budget saving options for Adult Care Service. The Council holds a debtor on the balance sheet for the level of charging orders in place, this earmarked balance is a holding account to retain the monies that were generated in creating the debtor. These funds have not yet been recovered, if this earmarked balance was removed there would be an issue for the service if the debt is not recovered.
033	Community Services	Adult Care	Autism Strategy	35,000		35,000	0	0	Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014. noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD) Work is underway and funding is being utilised.
034	Community Services	Adult Care	Health and Social Care Integration	120,000		120,000	0	0	To fund a team for two years to progress Health and Social Care Integration. Project is up and running. Funding will be required to cover project team staff costs till implementation. Additional ad-hoc support may be required subject to developments / timescales.
035	Community Services	Children and Families	Early Years Change Fund	731,000		365,500	365,500	0	Fund established in 2012/13 to be spent over more than one year. Expenditure plan being prepared for 2014/15.
036	Community Services	Children and Families	Care First /Care Pay Consultancy	16,200		16,200	0	0	Progress the integration of financial and care management information held in the CareFirst system for Children and Families. Monies were planned to be spent during 2013-13, however the timescale has slipped. Consultancy will now be needed in 2014/15.
037	Community Services	Children and Families	Early Years Development Support	29,190	29,190	0	0	0	Two posts shared by the Council and NHS to support the Integrated Childrens Services Planning and Early Years Collaborative. 2 posts were recruited to in November 2013. Funding is required to fund these posts in 14/15.
038	Community Services	Community and Culture	Events and Festivals	67,000	67,000	0	0	0	Contribution towards a strategic events and festivals programme. Year 3 of 3 year programme.
039	Community Services	Community and Culture	Welfare Rights Officer	42,000		33,500	8,500	0	Continuation of fixed 2 year Welfare Rights Officer post, to assist in the delivery of additional requirements placed on the service, as a result of Welfare Reform. Fixed 2 year post wef June 2013.

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2014

Ref	Department	Service	Description	Balance 31/03/14	Year to Date 30/06/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
040	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	648,407		132,631	515,776	0	Additional revenue costs associated with development of new schools. Drawn down as Schools project progresses and project costs are incurred.
041	Community Services	Education	Use of Additional Scottish Government Funding to Maintain Teacher numbers - Performance Management Officer	32,138		32,138	0	0	Two year initiative, creation of a post to provide support to the Education Management Team. Year 2 of initiative. Officer in post, contracted till March 2015.
042	Community Services	Education	Youth Employment Opportunities Fund	162,388		75,000	87,388	0	Fund established in 2012/13 to be spent over more than one year. Monies will be spent on activities including Modern Apprenticeships and work experience.
043	Customer Services	Customer and Support Services	Corporate Purchasing Cards	5,000		5,000	0	0	Introduce corporate purchasing cards for catering purchases in schools. Remaining balance is required for next year for 4 months to allow the completion of the creditors scanning backlog.
044	Customer Services	Customer and Support Services	Information Management Strategy	6,212		6,212	0	0	To fund one-off costs within IT in respect of Information Management Strategy. All monies were planned to be spent during 2013-14, however some invoices were withheld for payment due to late delivery and poor quality of some of the deliverables of the project. These issues have been resolved in 2014-15 and the monies will be required to offset the final costs.
045	Customer Services	Executive Director of Customer Services	NPDO	200,000		200,000	0	0	Use efficiencies within 2012-13 to pay for the potential costs associated with a refinancing proposal for ABC Schools. Any refinancing proposal has the potential to result in a substantial gain for the Council. The costs associated with re-financing will not be incurred until 2014-15.
046	Customer Services	Facility Services	Asbestos Management	358,369	86,220	92,965	179,185	0	Asbestos survey to be carried out for all of the Council properties. Reserves were approved to fund a 3 year programme of asbestos works, the original amount earmarked was £513k. The remaining monies will be spent over 2014-15 and 2015-16.
047	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	164,575		51,083	113,492	0	Fund the Argyll and Bute Manager training programme. The service have incurred some expenditure but this can be accommodated from within the service favourable outturn position. Proposed to maintain balance in reserves to fund the extension of the Argyll and Bute Manager programme.

APPENDIX 1

Earmarked Reserves - Unspent Budget  
As at 30 June 2014

Ref	Department	Service	Description	Balance 31/03/14	Year to Date 30/06/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
048	Customer Services	Improvement and HR	Learning and Development	175,640		54,800	120,840	0	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period. The service have incurred some expenditure in these areas but do not require to draw on the reserves as these costs can be accommodated from the favourable outturn position. The spending plan has been expanded to include the provision of social work HNC qualifications.
049	Customer Services	Improvement and HR	Corporate Improvement Board Projects	43,500		43,500	0	0	Plans for use include the re-accreditation of PSIF verifiers, BPR training costs and the costs of developing e-learning modules. Monies originally planned to be spent by 2014-15. Plans for use include the re-accreditation of PSIF verifiers, BPR training costs and the costs of developing e-learning modules.
050	Development and Infrastructure	Economic Development	Lorn Arc	26,000		26,000	0	0	To address any outstanding aspects of the Lorn Arc Business Case
051	Development and Infrastructure	Economic Development	Iona Ferry Slip	255,000		255,000	0	0	To be used on ferry slip on Iona which requires significant work. Monies were planned to be spent during 2013-14, however there has been a delay in initiating project due to the scope of the work changing and the revised project having to be retendered.
052	Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry	90,000		90,000	0	0	Local Plan Enquiry scheduled for 2014/15
053	Development and Infrastructure	Roads and Amenity Services	Waste Management	586,258		586,258	0	0	Will be used towards Waste Management longer term model. Delay in introduction of comingled collection due to legal issues that remain to be resolved, however monies will be required for waste management longer term model.
054	Development and Infrastructure	Roads and Amenity Services	Car Parking Strategy Initial Shortfall	209,314		209,314	0	0	Required for the implementation of DPE. Implementation commenced during 2013-14. £217k of the funding was used and it is expected that the balance of £209k will be used in the first 6 months of 2014-15.
077	HQ Non Dept	n/a	Community Resilience Fund	524,680		0	524,680	0	Fund established in 2012/13 to be spent over more than one year
078	HQ Non Dept	n/a	PVG Retrospective Phase	211,413	15,401	90,306	105,706	0	Budget earmarked at the end of 2012-13 for a 3 year programme to ensure the council is compliant with the requirement of the PVG scheme, including the migration of existing staff over to the new scheme.
079	HQ Non Dept	n/a	Support Staff for PVG Retrospective Phase	74,192	8,368	28,728	37,096	0	Additional support in HR to process PVG applications.
<b>TOTAL</b>				<b>7,298,027</b>	<b>258,524</b>	<b>3,353,341</b>	<b>3,686,163</b>	<b>0</b>	



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## CAPITAL BUDGET MONITORING REPORT – 30 June 2014

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### 1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 30 June 2014. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

#### 1.2 Financial Position:

- **Current Year to Date** – actual expenditure to date is £6,829k compared to a budget for the year to date of £5,605k giving rise to an over spend for the year to date of £1,224k (-21.8%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £46,716 compared to an annual budget of £51,442 giving rise to forecast under spend for the year of £4,726k (9.2%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £208,378 compared to a total budget for all projects of £204,790 giving rise to a forecast over spend for the overall capital plan of £3,588k (-1.8%).

#### 1.3 Project Delivery:

- **Asset Sustainability** – Out of 168 projects there are 162 projects (96%) on track, 5 projects (3%) off track and recoverable and 1 project (1%) off track.
- **Service Development** - Out of 40 projects there are 29 projects (73%) on track, 10 projects (25%) off track but recoverable and 1 project (2%) off track.
- **Strategic Change** – Out of 25 projects there are 15 projects (60%) on track, 4 projects (16%) off track and recoverable and 6 projects (24%) off track.

### 2 RECOMMENDATIONS

2.1 Note the contents of this financial summary, specifically noting or approving the following:

- Overall Project Cost Changes, noted in Appendix 8
- Project Slippages and Accelerations, noted in Appendix 8
- Changes in Capital Funding/Available Funding, noted in Appendix 4
- Update to 2014-15 Capital Plan to reflect above changes, included in Appendix 11.

### 3 CURRENT YEAR TO DATE FINANCIAL POSITION

#### 3.1 Overall Position

Actual expenditure to date is £6,829k compared to a budget for the year to date of £5,605k giving rise to an over spend for the year to date of £1,224k (-21.8%).

#### 3.2 Project/Department Position

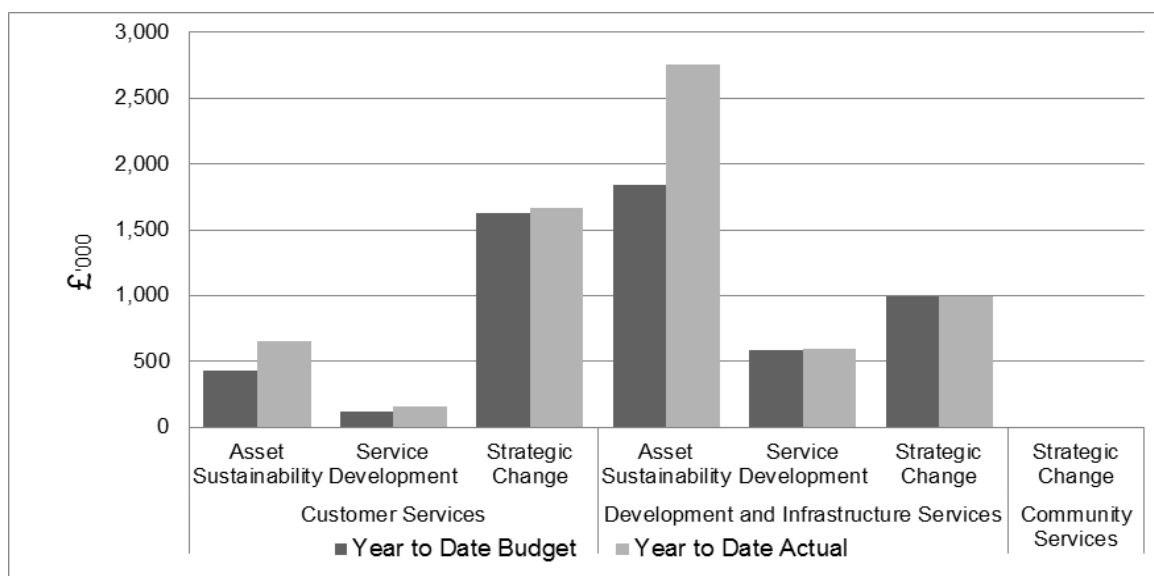
The table below shows the year to date expenditure against the year to date budget by project type and department:

	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
<b>Project Type:</b>			
Asset Sustainability	2,271	3,410	(1,139)
Service Development	712	754	(42)
Strategic Change	2,622	2,665	(43)
<b>Total</b>	<b>5,605</b>	<b>6,829</b>	<b>(1,224)</b>
<b>Department:</b>			
Customer Services	2,174	2,473	(299)
Development and Infrastructure Services	3,431	4,356	(925)
Community Services	0	0	0
<b>Total</b>	<b>5,605</b>	<b>6,829</b>	<b>(1,224)</b>

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

#### 3.3 Chart of YTD Variances

The graph below compares the year to date actual expenditure against the year to date budget for departments by project type (Asset Sustainability, Service Development and Strategic Change):



## 4 FORECAST OUTTURN 2014-15

### 4.1 Overall Position

Forecast expenditure for the full financial year is £46,716 compared to an annual budget of £51,442 giving rise to a forecast under spend for the year of £4,726k (9.2%).

### 4.2 Project/Department Position

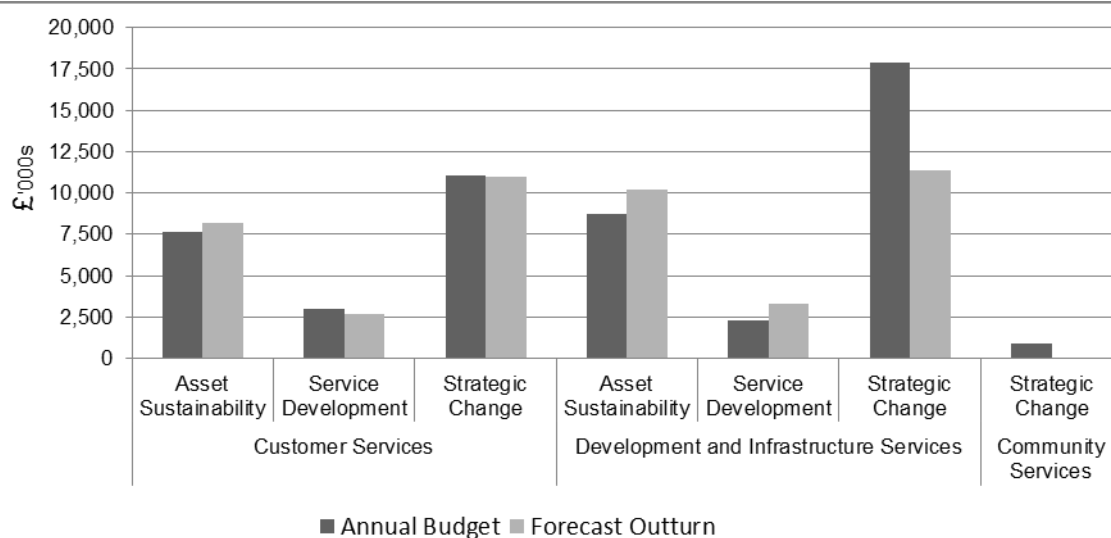
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	16,380	18,341	(1,961)
Service Development	5,276	6,059	(783)
Strategic Change	29,786	22,316	7,470
<b>Total</b>	<b>51,442</b>	<b>46,716</b>	<b>4,726</b>
<b>Department:</b>			
Customer Services	21,668	21,870	(202)
Development and Infrastructure Services	28,895	24,846	4,049
Community Services	879	0	879
<b>Total</b>	<b>51,442</b>	<b>46,716</b>	<b>4,726</b>

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

### 4.3 Chart of Forecast Outturn

The graph below shows the forecast outturn position against the full year budget for departments by project type:



## 5 TOTAL PROJECT COSTS

### 5.1 Overall Position

The forecast total project cost on the total capital plan is £208,378k compared to a total budget for all projects of £204,790k giving rise to a forecast overspend for the overall capital plan of £3,588k (-1.8%).

### 5.2 Project/Department Position

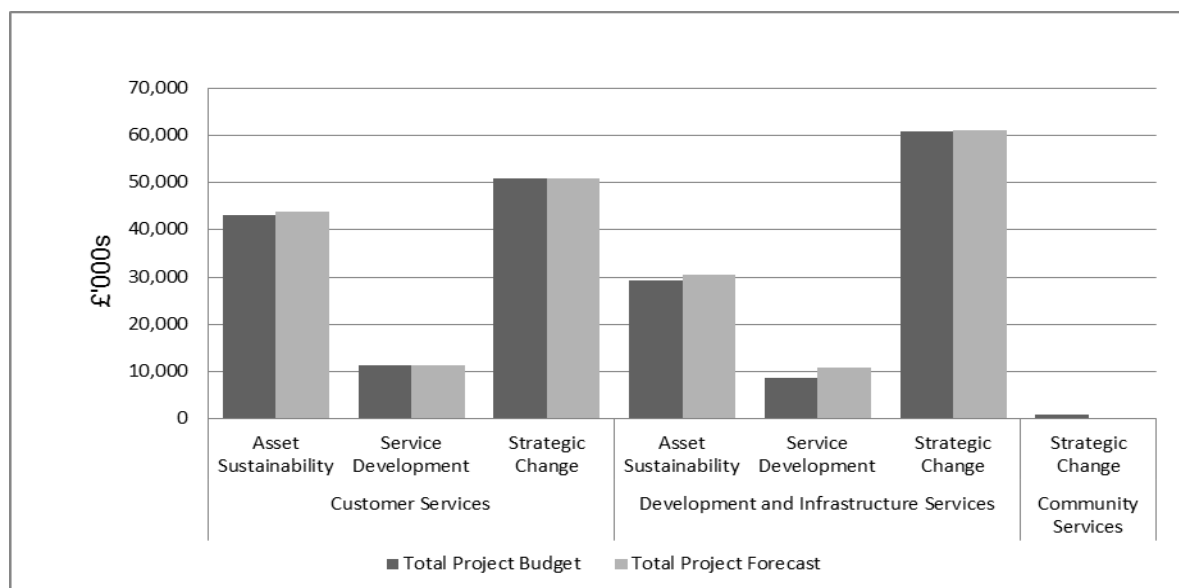
This table shows the forecast total project cost and the budget for total project costs by project type and department:

<b>Project Type:</b>	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Capital Plan Variance £'000</b>
Asset Sustainability	72,384	74,188	(1,804)
Service Development	19,825	22,315	(2,490)
Strategic Change	112,581	111,875	706
<b>Total</b>	<b>204,790</b>	<b>208,378</b>	<b>(3,588)</b>
<b>Department:</b>			
Customer Services	105,135	105,853	(718)
Development and Infrastructure Services	98,776	102,525	(3,749)
Community Services	879	0	879
<b>Total</b>	<b>204,790</b>	<b>208,378</b>	<b>(3,588)</b>

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

### 5.3 Chart of Total Project Costs

The graph below shows the total forecast position against full project budget for Departments by project type:





## 6 CAPITAL FUNDING ESTIMATES

6.1 The total estimates amount of capital funding available to support the capital plan until 2016-17 is as follows:

Year	£'000
2014-15	50,185
2015-16	44,218
2016-17	17,833

6.2 Capital funding has been declining and will continue to decline which will have an increasing impact on the level of capital investment that the Council will be able to afford going forward. This reduction in funding will increase the importance of asset management to ensure that the funding is directed towards the assets required for service delivery.

6.3 The table below shows the updated estimate of available capital funding for the current year if changes are approved, and estimates of income in future years to 2016-17:

Funding	Current Year (2014-15)			2015-16			2016-17		
	Approved Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000
General Capital Grant	14,068	0	14,068	12,937	0	12,937	11,000	0	11,000
Transfer to Revenue for Private Sector Housing Grant (PSHG)	(1,321)	0	(1,321)	(1,321)	0	(1,321)	(1,000)	0	(1,000)
Ring Fenced Capital Grant	140	0	140	140	0	140	140	0	140
Grants from Other Bodies	1,310	15	1,325	626	0	626	0	0	0
Capital Receipts	1,334	0	1,334	4,390	0	4,390	7,693	0	7,693
Revenue Contributions	1,155	5	1,160	286	0	286	0	0	0
Reserve Funding Dunoon & Campbeltown Schools	3,000	0	3,000	0	0	0	0	0	0
Prudential Borrowing	966	595	1,561	30	0	30	0	0	0
Unsupported Borrowing	29,533	(6,351)	23,182	27,130	(1,301)	25,829	0	(8,085)	(8,085)
<b>Capital Funding</b>	<b>50,185</b>	<b>(5,736)</b>	<b>44,449</b>	<b>44,218</b>	<b>(1,301)</b>	<b>42,917</b>	<b>17,833</b>	<b>(8,085)</b>	<b>9,748</b>
<b>Opening Capital Expenditure Budget</b>			51,442			43,948			2,197
<b>Recommended Changes to Capital Plan</b> (Financial Impact - Appendix 8)			(6,993)			(1,031)			7,551
<b>Revised Capital Expenditure Budget</b>			<b>44,449</b>			<b>42,917</b>			<b>9,748</b>
<b>Capital Expenditure Forecast</b>			46,716			43,948			2,197
<b>Updated Projected (Over)/Underspend</b>			(2,267)			(1,031)			7,551

## 7 TOTAL PROJECT PERFORMANCE

### 7.1 Overall Position

There are 233 projects within the Capital Plan, 206 are Complete or On Target, 19 are Off Target and Recoverable and 8 are Off Target and a Problem.

### 7.2 Project Position

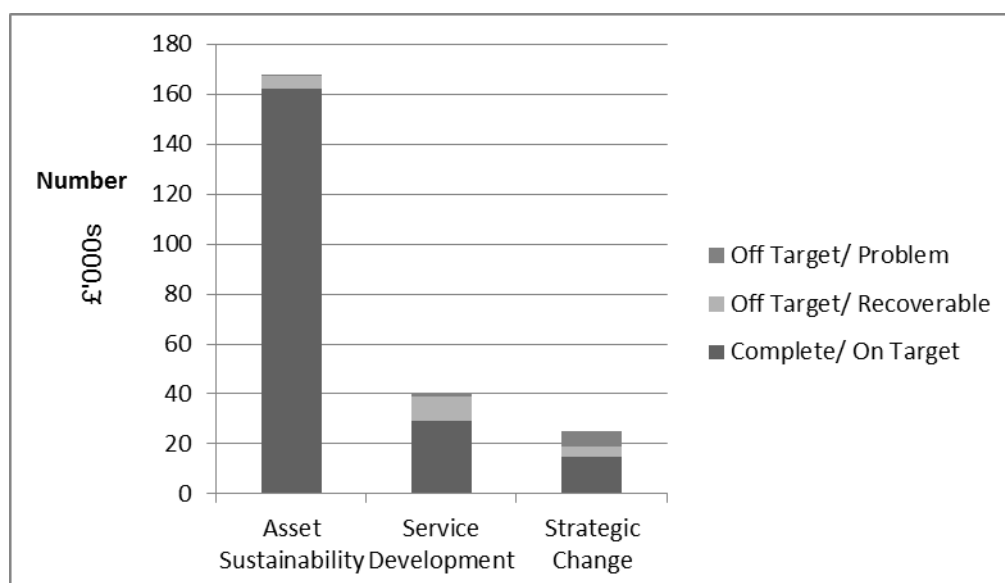
The table below shows the Performance Status of the Projects in the Capital Plan:

<b>Project Type:</b>	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	162	5	1	168
Service Development	29	10	1	40
Strategic Change	15	4	6	25
<b>Total</b>	<b>206</b>	<b>19</b>	<b>8</b>	<b>233</b>
<b>Department:</b>				
Customer Services	177	10	1	188
Development and Infrastructure Services	29	9	7	45
<b>Total</b>	<b>206</b>	<b>19</b>	<b>8</b>	<b>233</b>

Appendices 5, 6 and 7 show the Performance Status of the projects in further detail.

### 7.3 Chart of Performance Status

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



## 8 OFF TRACK PROJECTS

8.1 The Off Track Projects are noted in the table below. Reports are included in Appendix 10.

Project Type	Project	What is Off Track?	Explanation	Action
Asset Sustainability	Whitegates	Project Total Expenditure	Significant additional works to prevent leaks and deal with rot.	Review overall spend in Service division.
Service Development	Cycleways (H&L)	Current Year Expenditure	Land will not be available as soon as previously thought.	Re-profile budget to reflect actual spend.
Strategic Change	Helensburgh Depot Rationalisation	Current Year Expenditure and Project Total Expenditure	Contaminated soil was found on the site and required to be treated	Meeting has been arranged with contractors to agree the final account. Contingency fund will be used to minimise overspend.
Strategic Change	CHORD - Helensburgh	Project Timescale	Various factors including; poor ground conditions and enhancement to drainage due to flooding.	Matter has been escalated and meetings held with contractor. Road closures planned to help complete work as soon as possible.
Strategic Change	CHORD - Campbeltown	Current Year Expenditure	Public Realm works came in under budget.	A workshop is due to take place to outline the options available re allocation of funds.
Strategic Change	CHORD - Dunoon	Current Year Expenditure	Delays starting on site due to need to CPO properties.	CPO process has been taken forward and likely to take 9 months.
Strategic Change	CHORD - Oban	Current Year Expenditure	Delays in obtaining necessary approvals and requirement to phase works to avoid disruption to traders.	Consultation with key stakeholders will continue to progress projects as quickly as possible.
Strategic Change	Helensburgh Pier Flood Defences	Current Year Expenditure	Lack of resources available to take the project forward.	Currently in process of recruiting a Project Manager.

## 9 CHANGES TO CAPITAL PLAN

9.1 The table below shows proposed changes to the Capital Plan at summary level. Explanations relating to the specific projects involved can be seen in Appendix 8.

Department	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability	35	(35)			0	Slippages & Accelerations
Service Development	47	(47)			0	Slippages & Accelerations
<b>Customer &amp; Support Services</b>	<b>82</b>	<b>(82)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(89)	89			0	Slippages & Accelerations
Service Development	(3)	3			0	Slippages & Accelerations
Strategic Change					0	
<b>Facility - Education</b>	<b>(92)</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(383)	383			0	Slippages & Accelerations
Service Development					0	
Strategic Change					0	
<b>Facility - Non Education</b>	<b>(383)</b>	<b>383</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	(2)	1	1		0	Slippages & Accelerations £67k of cost changes within service that net to zero.
Service Development					0	
Strategic Change					0	
<b>Facility - Dunoon</b>	<b>(2)</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	
Asset Sustainability	242	(242)			0	Slippages & Accelerations. £16k of cost changes within service that net to zero.
Service Development	(116)	116			0	Slippages & Accelerations
Strategic Change	(9)	9			0	Slippages & Accelerations
<b>Roads and Amenity Services</b>	<b>117</b>	<b>(117)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Service Development					0	
Strategic Change	(6,715)	(1,308)	7,550	473	0	Slippages & Accelerations
<b>Economic Development</b>	<b>(6,715)</b>	<b>(1,308)</b>	<b>7,550</b>	<b>473</b>	<b>0</b>	
<b>TOTAL</b>	<b>(6,993)</b>	<b>(1,031)</b>	<b>7,551</b>	<b>473</b>	<b>0</b>	

## 10 APPENDICES

- **Appendix 1** – Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Changes to Capital Funding explanations
- **Appendix 5** - Project Performance - Asset Sustainability
- **Appendix 6** - Project Performance - Service Development
- **Appendix 7** - Project Performance - Strategic Change
- **Appendix 8** - Changes to Capital Plan and Financial Impact
- **Appendix 9** - Financial Summary – Overall
  - Financial Summary – DIS
  - Financial Summary – Customer Services
- **Appendix 10** - Off Track Project Reports
- **Appendix 11** - Updated/Revised Capital Plan - Overall
  - Updated/Revised Capital Plan – Community Services
  - Updated/Revised Capital Plan – Customer Services
  - Updated/Revised Capital Plan – DIS

**Bruce West**  
**Head of Strategic Finance**  
25th July 2014



**APPENDIX 1 - Year to Date Finance Variance Explanations**

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

<b>Project</b>	<b>YTD Budget £'000</b>	<b>YTD Actual £'000</b>	<b>Variance £'000</b>	<b>Explanation</b>
PC Replacement	258	175	83	Reflects an adjustment to match early profiled spend presented prior to 14/15 budget clarifications
Fleet Management	0	917	(917)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing until year end when lease drawdown will also be considered.
Other Variances			(390)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(1,224)</b>	

## APPENDIX 2 - Forecast Outturn Variance Explanations

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

Project	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Explanation
Unified Communications and VC	148	228	(80)	Spend required in 14/15 from 15/16 for emerging Lync/UM developments
Colgrain Primary School	71	121	(50)	Considerable additional work required in earlier phases of the project
Islay High School	105	167	(62)	Considerable additional work required in earlier phases of the project
Rosneath Primary School	99	15	84	Toilet refurbishment to be carried out in 15/16 as delayed due to discussions surrounding relocation of school office.
Small Isles Primary School	22	75	(53)	Additional works required that were not anticipated due to discovery of rot in roof structure.
St Andrews Primary	190	120	70	Costs came in substantially below budget. Required for other educational projects.
Tiree High School	(55)	0	(55)	Project Manager will consider where this negative budget can be funded from. Result of overspend in previous year.
Rothesay Library	(60)	0	(60)	Additional works required to alarm system and extensive repairs to roof/windows.
Whitegates	(76)	0	(76)	Significant additional works to prevent leaks and deal with rot in roof
Dunclutha Children's Home	549	100	449	Proposed to move funding to 15/16 to reflect actual cash flow
Roads Reconstruction	6,424	7,497	(1,073)	Adjustments made to balance out 3 year programme
Fleet Management	150	521	(371)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
Cycleways – H&L	334	219	115	Land not available as soon as previously thought. Budget moved to 15/16
Helensburgh Depot Rationalisation	(95)	97	(192)	Contaminated soil found on site resulted in higher than expected costs. Contingency fund will be used to minimise overspend.
SPT	88	200	(112)	Met by forecast income.
CWSS – South Islay Distilleries Path	(4)	250	(254)	Met by forecast income.
CWSS – Kilmichael Glassary	1	240	(269)	In process of securing third party land. Met by forecast income.
Dunoon Esplanade Upgrade	0	250	(250)	Met by forecast income.
Scotrail Upgrades	0	140	(140)	Met by forecast income.
Kilchrenan School Footway	0	50	(50)	Met by forecast income.
CHORD – Campbeltown	2,104	1,263	841	Propose to move funds to future years. Decision has still to be made as to what the surplus funds will be spent on.
CHORD – Dunoon	2,595	741	1,854	Requirement to CPO properties due to breakdown in negotiations has resulted in delays. Propose to move funds to future years.



CHORD – Oban	3,949	700	3,249	Delays in obtaining necessary approvals and requirement to phase works to avoid disruption to traders. Propose to move funds to future years.
Helensburgh Pier Flood Defences	990	20	970	Lack of resources have been available to take project forward has resulted in delay of expenditure. Currently in process of recruiting a Project Manager.
OBC for Dunoon Pier	1,007	1,206	(199)	Loss of external funding (ERDF) and AC desire at June AC to drawdown additional funds from Capital allocation for Wooden Pier
Other variances			440	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>4,726</b>	

### APPENDIX 3 - Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Colgrain Primary School	803	853	(50)	Considerable additional work required in earlier phases of project.
Islay High School	4,082	4,144	(62)	Considerable additional expenditure in previous years.
Small Isles Primary School	253	308	(55)	Additional work required due to discovery of rot in roof structure.
St Andrews Primary School	376	306	70	Cost of works came under budget. Required for other education projects.
Tiree High School	899	954	(55)	High costs of construction on Tiree.
Rothesay Library	202	262	(60)	Additional works required to alarm system and extensive repairs to roof/windows.
Whitegates	112	188	(76)	Significant additional works to prevent leaks and deal with rot in roof
Fleet Management	3,387	3,758	(371)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
Helensburgh Depot Rationalisation	1,050	1,242	(192)	Contaminated soil found on site resulted in higher than expected costs. Contingency fund will be used to minimise overspend.
SPT	307	619	(312)	Met by forecast income.
CWSS – South Islay Distilleries Path	110	614	(504)	£364k met by forecast income
CWSS – Kilmichael Glassary	10	549	(539)	£248k met by forecast income
Dunoon Esplanade Upgrade	0	500	(500)	£250k met by forecast income
Scotrail Upgrades	0	280	(280)	£140k met by forecast income
Kilchrenan School Footway	0	100	(100)	£50k met by forecast income
Appin School Link	0	80	(80)	£40k met by forecast income
Other variances			(422)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(3,588)</b>	

## APPENDIX 4 – Changes to Capital Funding

The table below notes the changes in the estimated available capital funding from the budget for 2014-15 approved in June 2014:

<b>Funding Type</b>	<b>2014-15 Change Amount £'000</b>	<b>2015-16 Change Amount £'000</b>	<b>2016-17 Change Amount £'000</b>	<b>Explanation for Change(s)</b>
General Capital Grant	0	0	0	No Change
Transfer to Revenue for Private Sector Housing Grant (PSHG)	0	0	0	No Change
Ring Fenced Grant	0	0	0	No Change
Grants from Other Bodies	15	0	0	Salen Gaelic Extension - grant to be recognised as Pre Paid and will be drawn down as expenditure takes place. Work and SPT funding for the Bus Turning Circle on the Rest and be Thankful will take place in 2014-15.
Capital Receipts (Asset Sales)	0	0	0	No Change
Revenue Contributions	5	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Reserve Funding Dunoon & Campbeltown Schools	0	0	0	No Change
Prudential Borrowing	595	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Unsupported Borrowing	(6,351)	(1,301)	(8,085)	Changes in unsupported borrowing forecasts to reflect changes within the Plan.
<b>Total</b>	<b>(5,736)</b>	<b>(1,301)</b>	<b>(8,085)</b>	

## APPENDIX 5 – Asset Sustainability Project Performance

There are 168 Projects recognised as Asset Sustainability Projects, 162 are Complete or On Target, 5 are Off Target and Recoverable, 1 project is Off Target and a Problem.

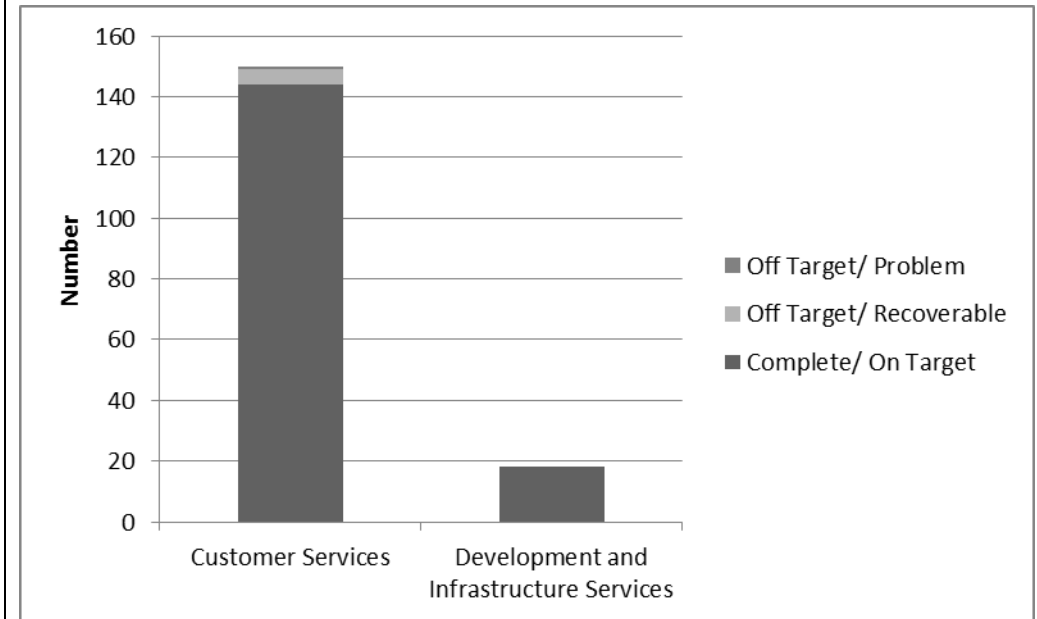
### Department Position:

The table below shows the Performance Status of the Asset Sustainability Projects.

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	144	5	1	150
Development and Infrastructure Services	18	0	0	18
<b>Total</b>	<b>162</b>	<b>5</b>	<b>1</b>	<b>168</b>

### Chart of Asset Sustainability Performance Status

The graph provides a view of the Performance Status of the Asset Sustainability Projects:



## APPENDIX 6 – Service Development Project Performance

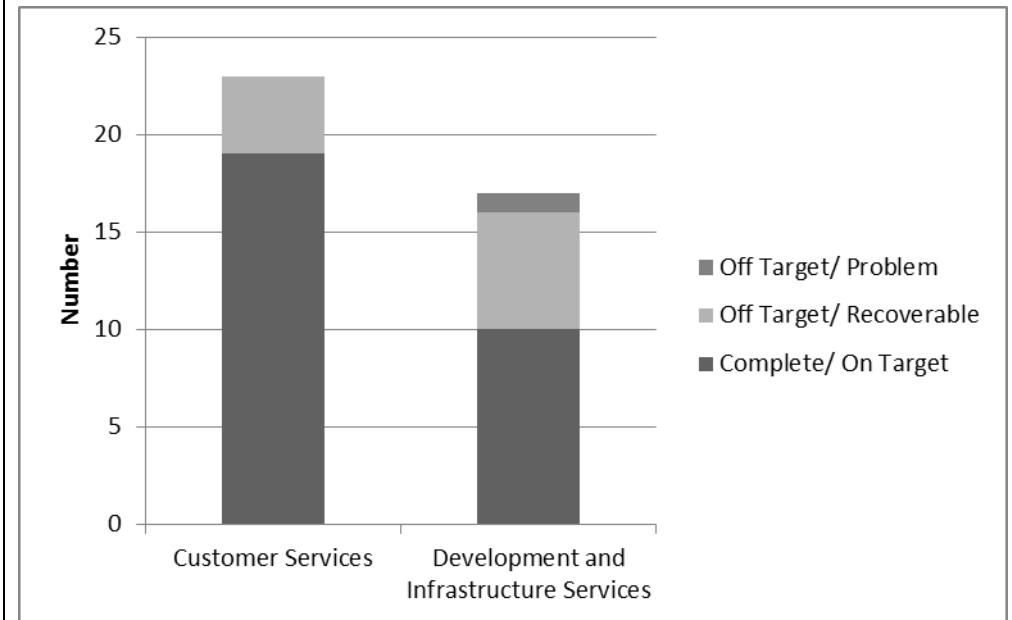
There are 40 Projects recognised as Service Development Projects, 29 are Complete or On Target, 10 are Off Target and Recoverable, 1 project is recognised as Off Target and a Problem.

The table below shows the Performance Status of the Service Development Projects.

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	19	4	0	23
Development and Infrastructure Services	10	6	1	17
<b>Total</b>	<b>29</b>	<b>10</b>	<b>1</b>	<b>40</b>

### Chart of Service Development Performance Status

The graph provides a view of the Performance Status of the Service Development Projects:



## APPENDIX 7 – Strategic Change Project Performance

There are 25 Projects recognised as Strategic Change Projects. 15 are Complete or On Target, 4 are Off Target and Recoverable. 6 projects are Off Target and a Problem.

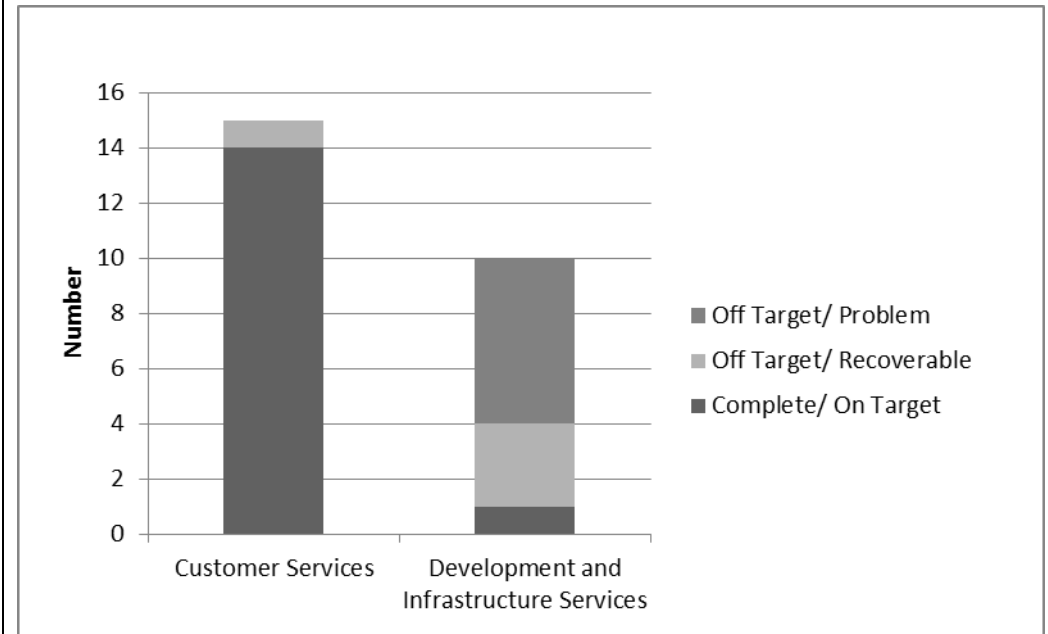
### Department Position:

The table below shows the Performance Status of the Strategic Change Projects.

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	14	1	0	15
Development and Infrastructure Services	1	3	6	10
<b>Total</b>	<b>15</b>	<b>4</b>	<b>6</b>	<b>25</b>

### Chart of Strategic Change Performance Status

The graph provides a view of the Performance Status of the Strategic Change Projects:



**APPENDIX 8 – Changes to Capital Plan and Financial Impact**
**OVERALL COST CHANGES**

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Argyll House, Dunoon	(22)				(22)	2014-15 Reduce budget by £22	Scope of works reduced. Use to fund overspends elsewhere within service.
Blairvadach	(18)				(18)	2014-15 Removal of £18k budget	Works complete therefore budget no longer required. Use to fund overspends elsewhere within service.
Castle House, Dunoon	(22)				(22)	2014-15 Reduce budget by £22	Extent of works less than originally anticipated. Use to fund overspends elsewhere within service.
Rothsay Pavillion	(1)				(1)	2014-15 Reduce budget by £1k	Retention/final fee only left to pay therefore less budget required. Use to fund overspends elsewhere within service.
Tarbert Office, Argyll House	(4)				(4)	2014-15 Removal of £4k budget	Works complete, budget not required. Use to fund overspends elsewhere within service.
Kilmory Castle 2012-13	2				2	2014-15 Increase budget by £2k	Retention and final fee still to be paid. Funded by underspends elsewhere.
Kilmory Castle	5				5	2014-15 Increase budget by £5k	Additional budget required. Funded from underspends elsewhere.
Manse Brae District Office	21				21	2014-15 Increase budget by £21k	Additional budget required. Funded from underspends elsewhere.
Tobermory Area Office	9	1			10	2014-15 Increase budget by £9k 2015-16 Increase budget by £1k	Extent of roofing works greater than expected. Funded by underspends elsewhere.
Capital Property Works	29				29	2014-15 Increase budget by £29k	Additional budget required. Funded from underspends elsewhere.
Ropework Park Pitch Improvements	(3)				(3)	2014-15 Removal of £3k budget	Works complete. Use to fund overspends in Public Convenience Upgrades.
Pennyfuir Internal Road Construction	(5)				(5)	2014-15 Removal of 5k budget	Works complete. Use to fund overspends in Public Convenience Upgrades.
Bute Local Capital Priorities	(8)				(8)	2014-15 Removal of £8k budget	Works complete. Use to fund overspends in Public Convenience Upgrades.
Public Convenience Upgrades	16				16	2014-15 Increase budget by £16k	Funds from underspends elsewhere to go towards overspend in this project.
<b>Total Cost Changes</b>	<b>(1)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**APPENDIX 8 - Changes to Capital Plan and Financial Impact**
**SLIPPAGES AND ACCELERATIONS**

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
PC Replacement	(4)	4			0	Slip £4k from 2014-15 to 2015-16	Reflects an adjustment to match early profiled spend presented prior to 14/15 budget clarifications
Telecomms Network	5	(5)			0	Accelerate £5k from 2015-16 to 2014-15	Reflects an adjustment to match early profiled spend presented prior to 14/15 budget clarifications
Computer Network Security	(22)	22			0	Slip £22k from 2014-15 to 2015-16	Less ambitious spend in current year reflecting existing workload of Networks Team
Unified Communications and Video Conferencing	80	(80)			0	Accelerate £80k from 2015-16 to 2014-15	Spend required for emerging LYNC/UM developments
Corporate GIS Portal	(24)	24			0	Slip £24k from 2014-15 to 2015-16	Awaiting final GIS Strategy and developments plan which might impact ability to spend budget in current year
IT Enablement Process for Change	5	(5)			0	Accelerate £5k from 2015-16 to 2014-15	To meet overspend on Council Chamber spend
Applications Projects	42	(42)			0	Accelerate £42k from 2015-16 to 2014-15	Additional funding approved by ICT Steering Board for Resourcelink
Argyll House, Dunoon	(1)	1			0	Slip £1k from 2014-15 to 2015-16	Slight Slippage of budget.
Bowmore Area Office	(2)	2			0	Slip £2k from 2014-15 to 2015-16	Slight Slippage of budget.
Castle House, Dunoon	(1)	1			0	Slip £1k from 2014-15 to 2015-16	Slight Slippage of budget.
Killarow House		(1)	1		0	Slip £1k from 2015-16 to 2016-17	Slight Slippage of budget.
Kilmory Castle	5	(5)			0	Accelerate £5k from 2015-16 to 2014-15	Phase 1 and Car Park drainage now complete. Budget required earlier than anticipated.
Lorn House, Oban	(2)	2			0	Slip £2k from 2014-15 to 2015-16	Slight Slippage of budget.
Traffic Management	(31)	31			0	Slip £31k from 2014-15 to 2015-16	Discuss with Project Manager



**APPENDIX 8 - Changes to Capital Plan and Financial Impact**
**SLIPPAGES AND ACCELERATIONS**

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Roads Reconstruction	273	(273)			0	Accelerate £273k from 2015-16 to 2014-15	Adjustments within the 3 year programme resulting in higher spend in 2014/15 and less in 2015-16
A849 Pennyghael Bridge Mull	(1)	1			0	Slip £1k from 2014-15 to 2015-16	It is anticipated that business case refresh will complete in 2015-16.
Cycleways (H&L)	(115)	115			0	Slip £115k from 2014-15 to 2015-16	Land not available as soon as previously thought.
Kintyre Renewables Hub	(9)	9			0	Slip £9k from 2014-15 to 2015-16	Transfer of funds with Campbeltown Old Quay will take place at end of 2014-15.
Bunessan Primary School	(4)	4			0	Slip £4k from 2014-15 to 2015-16	Slight slippage of budget
Luss Primary School	(1)	1			0	Slip £1k from 2014-15 to 2015-16	Slight slippage of budget
Rosneath Primary School	(84)	84			0	Slip £84k from 2014-15 to 2015-16	Delays due to discussions regarding relocation of school office
Salen Primary School – Gaelic Pre School Extension	(3)	3			0	Slip £3k from 2014-15 to 2015-16	Slight slippage of budget
Rothesay Swimming Pool	(3)	3			0	Slip £3k from 2014-15 to 2015-16	Slight slippage of budget
Sandbank Library HQ	22	(22)			0	Accelerate £22k from 2015-16 to 2014-15	Fire alarm work now taking place in 2014-15
Tarbert Library	(2)	2			0	Slip £2k from 2014-15 to 2015-16	Slight slippage of budget

<b>APPENDIX 8 - Changes to Capital Plan and Financial Impact</b>							
<b>SLIPPAGES AND ACCELERATIONS</b>							
<b>Project</b>	<b>2014-15 £'000</b>	<b>2015-16 £'000</b>	<b>2016-17 £'000</b>	<b>Future Years £'000</b>	<b>Total Capital Plan £'000</b>	<b>Recommendation</b>	<b>Explanation</b>
Dunclutha Childrens Home	(400)	400			0	Slip £400k from 2014-15 to 2015-16	Design work ongoing. Business case to be considered in late summer/autumn. Majority of expenditure will now be incurred in 2015-16.
CHORD – Campbeltown	(841)	841			0	Slip £841k from 2014-15 to 2015-16	Decisions still to be made regarding allocation of funds. Unlikely to be spent in 2014-15.
CHORD – Dunoon	(1,854)	(2,275)	3,656	473	0	Slip £1,854k from 2014-15 to 2016-17 Slip £2,275k from 2015-16 with £1,802k to 2016-17 and £473k to 2017-18	Requirement to CPO properties due to breakdown in negotiations has resulted in delays.
CHORD – Oban	(3,249)	1,000	2,249		0	Slip £3,249k from 2014-15 with £1,000k to 2015-16 and £2,249k to 2016-17	Delays in obtaining necessary approvals and requirement to phase works to avoid disruption to traders.
Helensburgh Pier Flood Defences	(970)	(675)	1,645		0	Slip £970k from 2014-15 to 2016-17 Slip £675k from 2015-16 to 2016-17	Lack of resources have been available to take project forward has resulted in delay of expenditure. Currently in process of recruiting a Project Manager.
OBC for Dunoon Pier	199	(199)			0	Accelerate £199k from 2015-16 to 2014-15	Due to loss of external funding and funds required for Wooden Pier.
<b>Total Slippages and Accelerations</b>	<b>(6,992)</b>	<b>(1,032)</b>	<b>7,551</b>	<b>473</b>	<b>0</b>		
<b>Net Impact of Changes</b>	<b>(6,993)</b>	<b>(1,031)</b>	<b>7,551</b>	<b>473</b>	<b>0</b>		

**ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL  
FINANCIAL SUMMARY - GROSS EXPENDITURE**

30 June 2014

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
<b>Archives - Asset Sustainability</b>	0	19	-19	87	77	10	128	118	10
<b>Area Committee Expenditure - Asset Sustainability</b>	0	19	(19)	44	0	44	69	25	44
<b>Asset Sustainability Projects</b>									
Customer Services	428	612	(184)	7,489	8,091	(602)	42,898	43,585	(687)
Development & Infrastructure Services	1,843	2,760	(917)	8,760	10,173	(1,413)	29,289	30,460	(1,171)
<b>Asset Sustainability Total</b>	<b>2,271</b>	<b>3,372</b>	<b>(1,101)</b>	<b>16,249</b>	<b>18,264</b>	<b>(2,015)</b>	<b>72,187</b>	<b>74,045</b>	<b>(1,858)</b>
<b>Service Development Projects</b>									
Customer Services	122	157	(35)	3,001	2,721	280	11,260	11,371	(111)
Development & Infrastructure Services	590	597	(7)	2,275	3,338	(1,063)	8,565	10,944	(2,379)
<b>Service Development Total</b>	<b>712</b>	<b>754</b>	<b>(42)</b>	<b>5,276</b>	<b>6,059</b>	<b>(783)</b>	<b>19,825</b>	<b>22,315</b>	<b>(2,490)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	2	(2)	39	50	(11)	6,238	6,249	(11)
Dunoon Primary	0	4	(4)	36	50	(14)	6,834	6,848	(14)
Replacement of Oban High	0	36	(36)	53	53	0	125	165	(40)
NPDO Capital Requirement - residual payments	0	0	0	100	0	100	6,030	5,930	100
Aqualibrium - residual payments	0	0	0	10	0	10	9,779	9,769	10
Carbon Management Business Cases	0	0	0	77	77	0	205	205	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	0	0	0	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	180	180	0	760	760	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	28	28	0	209	209	0
Campbeltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Helensburgh Office Rationalisation	1,415	1,415	0	6,521	6,521	0	11,489	11,489	0
Mid Argyll Offices Reorganisation	29	29	0	98	98	0	270	270	0
New Helensburgh Swimming Pool	0	0	0	3,240	3,240	0	7,652	7,652	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Kintyre Renewables Hub	145	145	0	3,019	3,010	9	12,115	12,115	0
Port Askaig Pier	0	0	0	1	1	0	13,818	13,818	0
Rothesay Harbour Ferry Improvements	0	0	0	(7)	0	(7)	0	7	(7)
Helensburgh Depot Rationalisation	0	1	(1)	(95)	97	(192)	1,050	1,242	(192)
CHORD - Helensburgh	646	646	0	4,297	4,297	0	7,370	7,370	0
CHORD - Campbeltown	63	63	0	2,104	1,263	841	4,786	4,786	0
CHORD - Dunoon	15	15	0	2,595	741	1,854	8,625	8,625	0
CHORD - Oban	129	129	0	3,949	700	3,249	6,560	6,560	0
CHORD - Rothesay	0	0	0	0	0	0	2,400	2,400	0
Helensburgh Pier Flood Defences	0	0	0	990	20	970	2,175	2,175	0
OBC for Dunoon Pier	0	0	0	1,007	1,206	(199)	2,023	2,023	0
Hermitage Development	0	0	0	879	0	879	879	0	879
<b>Strategic Change Total</b>	<b>2,622</b>	<b>2,665</b>	<b>(43)</b>	<b>29,786</b>	<b>22,316</b>	<b>7,470</b>	<b>112,581</b>	<b>111,875</b>	<b>706</b>
<b>TOTAL</b>	<b>5,605</b>	<b>6,829</b>	<b>(1,224)</b>	<b>51,442</b>	<b>46,716</b>	<b>4,726</b>	<b>204,790</b>	<b>208,378</b>	<b>(3,588)</b>

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT

Appendix 9

FINANCIAL SUMMARY GROSS EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

30 June 2014

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
<b>Asset Sustainability Projects</b>									
Flood Prevention	17	17	0	99	99	0	533	533	0
Bridge Strengthening	16	16	0	602	602	0	1,930	1,930	0
Traffic Management	30	30	0	211	180	31	368	368	0
Roads Reconstruction	1,610	1,610	0	6,424	7,497	(1,073)	18,672	19,472	(800)
Lighting	70	70	0	507	507	0	1,703	1,703	0
Fleet	0	917	(917)	150	521	(371)	3,387	3,758	(371)
Environmental	0	0	0	303	312	(9)	586	595	(9)
Roads	49	49	0	285	285	0	1,251	1,251	0
Waste	26	26	0	98	98	0	403	403	0
Recreation and Sport	0	0	0	0	0	0	0	0	0
Crematoria and Burial Grounds	25	25	0	51	42	9	156	147	9
Pier	0	0	0	30	30	0	300	300	0
<b>Asset Sustainability Total</b>	<b>1,843</b>	<b>2,760</b>	<b>(917)</b>	<b>8,760</b>	<b>10,173</b>	<b>(1,413)</b>	<b>29,289</b>	<b>30,460</b>	<b>(1,171)</b>
<b>Service Development Projects</b>									
A83 South of Muasdale	0	0	0	518	518	0	590	590	0
A849 Pennyghael Bridge Mull	0	0	0	5	4	1	131	131	0
Preliminary design for Regional Transport projects	0	3	(3)	(21)	25	(46)	227	273	(46)
Milton Burn	1	1	0	1	1	0	2,527	2,527	0
Campbeltown Old Quay	574	574	0	1,190	1,190	0	1,424	1,424	0
Helensburgh Cycleways	15	15	0	334	219	115	2,536	2,536	0
Vehicle Tracking System	0	0	0	41	41	0	217	217	0
Safe Streets, Walking and Cycling	0	0	0	149	140	9	289	280	9
SPFT	0	4	(4)	88	200	(112)	307	619	(312)
CWSS Jubilee Bridge (£93 200) (Lorn)	0	0	0	0	0	0	99	99	0
CWSS - South Islay Distilleries Path	0	0	0	(4)	250	(254)	110	614	(504)
CWSS - Kilmichael Glassary - Bridgend Link	0	0	0	1	270	(269)	10	549	(539)
CWSS - Kintyre Schools Route Development	0	0	0	0	0	0	0	0	0
CWSS - Dunollie - Ganavan	0	0	0	0	0	0	0	0	0
CWSS - Connel Station Path	0	0	0	(28)	0	(28)	76	104	(28)
CWSS - South Shian Link	0	0	0	0	0	0	0	0	0
CWSS - Machrihanish Path	0	0	0	0	0	0	0	0	0
CWSS - Monydrain to Achnabreac	0	0	0	0	0	0	0	0	0
CWSS - Portnacraish Footway	0	0	0	0	0	0	0	0	0
CWSS - Cycle Parking 2013-14	0	0	0	1	0	1	22	21	1
Dunoon Esplanade Upgrade	0	0	0	0	250	(250)	0	500	(500)
Scotrail Upgrades	0	0	0	0	140	(140)	0	280	(280)
Kilchrenan School Footway	0	0	0	0	50	(50)	0	100	(100)
Appin School Link	0	0	0	0	40	(40)	0	80	(80)
<b>Service Development Total</b>	<b>590</b>	<b>597</b>	<b>(7)</b>	<b>2,275</b>	<b>3,338</b>	<b>(1,063)</b>	<b>8,565</b>	<b>10,944</b>	<b>(2,379)</b>
<b>Strategic Change Projects</b>									
Kintyre Renewables Hub	145	145	0	3,019	3,010	9	12,115	12,115	0
Port Askaig Pier	0	0	0	1	1	0	13,818	13,818	0
Rothesay Harbour Ferry Improvements	0	0	0	(7)	0	(7)	0	7	(7)
Helensburgh Depot Rationalisation	0	1	(1)	(95)	97	(192)	1,050	1,242	(192)
CHORD - Helensburgh	646	646	0	4,297	4,297	0	7,370	7,370	0
CHORD - Campbeltown	63	63	0	2,104	1,263	841	4,786	4,786	0
CHORD - Dunoon	15	15	0	2,595	741	1,854	8,625	8,625	0
CHORD - Oban	129	129	0	3,949	700	3,249	6,560	6,560	0
CHORD - Rothesay	0	0	0	0	0	0	2,400	2,400	0
Helensburgh Pier Flood Defences	0	0	0	990	20	970	2,175	2,175	0
OBC For Dunoon Pier	0	0	0	1,007	1,206	(199)	2,023	2,023	0
<b>Strategic Change Total</b>	<b>998</b>	<b>999</b>	<b>(1)</b>	<b>17,860</b>	<b>11,335</b>	<b>6,525</b>	<b>60,922</b>	<b>61,121</b>	<b>(199)</b>
<b>Departmental Total</b>	<b>3,431</b>	<b>4,356</b>	<b>(925)</b>	<b>28,895</b>	<b>24,846</b>	<b>4,049</b>	<b>98,776</b>	<b>102,525</b>	<b>(3,749)</b>

**ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT**  
**FINANCIAL SUMMARY GROSS EXPENDITURE - CUSTOMER SERVICES**

**Appendix 9**  
**30 June 2014**

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
<b>Asset Sustainability</b>									
Education	0	150	(150)	2,868	3,329	(461)	26,436	27,040	(604)
Community and Culture	52	102	(50)	1,152	1,177	(25)	3,275	3,275	0
Adult Care	0	56	(56)	621	582	39	3,378	3,339	39
Children and Families	50	80	(30)	185	231	(46)	532	578	(46)
Facility Services	41	41	0	774	848	(74)	2,676	2,752	(76)
Customer and Support Services	285	183	102	1,889	1,924	(35)	6,601	6,601	0
<b>Asset Sustainability Total</b>	<b>428</b>	<b>612</b>	<b>(184)</b>	<b>7,489</b>	<b>8,091</b>	<b>(602)</b>	<b>42,898</b>	<b>43,585</b>	<b>(687)</b>
<b>Service Development Projects</b>									
Graham Williamson IT Centre	0	0	0	3	0	3	499	496	3
Property Management System	0	0	0	14	14	0	90	90	0
Education Domain Extension	0	0	0	(9)	0	(9)	433	442	(9)
Consolidated Server Replacement	0	0	0	43	43	0	1,052	1,052	0
IT Enablement Process for Change	0	(4)	4	151	156	(5)	1,054	1,043	11
Applications Projects	0	1	(1)	408	450	(42)	937	937	0
Flexi System HRS Integration	0	0	0	37	37	0	37	37	0
Council Chamber Video Conferencing	0	4	(4)	(1)	4	(5)	111	116	(5)
Ardrihaig Primary School - Pre 5 Unit	0	13	(13)	387	387	0	411	411	0
Hermitage Primary Annexe Replacement	0	1	(1)	81	100	(19)	765	784	(19)
Lochnell Primary School - Pre Five Unit	0	0	0	(9)	20	(29)	210	239	(29)
Park Primary Extension/Pre Fives Unit	0	1	(1)	24	28	(4)	355	359	(4)
Salen Primary School - Gaelic Pre School	0	8	(8)	150	135	15	150	138	12
St Joseph's Pre Five Parenting Facilities	0	0	0	(43)	5	(48)	75	123	(48)
Strachur Primary School - Pre Five Unit	0	6	(6)	37	20	17	315	298	17
Taynuilt Primary Additional Classroom	0	0	0	(10)	0	(10)	131	141	(10)
Tayvallich Primary School - Pre 5 Unit	122	122	0	334	334	0	430	476	(46)
Early Learning and Childcare	0	5	(5)	503	503	0	503	503	0
Video Conferencing Upgrade	0	0	0	5	0	5	60	55	5
Mull & Iona Progressive Care Centre	0	0	0	7	0	7	772	765	7
Campbeltown All Weather Pitch	0	0	0	(47)	0	(47)	917	964	(47)
Riverside Leisure Centre Refurbishment	0	0	0	389	385	4	650	646	4
Dunclutha Childrens Home	0	0	0	549	100	449	750	701	49
Dunoon Family Mediation Centre	0	0	0	(4)	0	(4)	55	59	(4)
Residential Respite Care Facility	0	0	0	2	0	2	498	496	2
<b>Service Development Total</b>	<b>122</b>	<b>157</b>	<b>(35)</b>	<b>3,001</b>	<b>2,721</b>	<b>280</b>	<b>11,260</b>	<b>11,371</b>	<b>(111)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	2	(2)	39	50	(11)	6,238	6,249	(11)
Dunoon Primary	0	4	(4)	36	50	(14)	6,834	6,848	(14)
Replacement of Oban High	0	36	(36)	53	53	0	125	165	(40)
NPDO Capital Requirement - residual payments	0	0	0	100	0	100	6,030	5,930	100
Aqualibrium - residual payments	0	0	0	10	0	10	9,779	9,769	10
Carbon Management Business Cases	0	0	0	77	77	0	205	205	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	0	0	0	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	180	180	0	760	760	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	28	28	0	209	209	0
Campbeltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Helensburgh Office Rationalisation	1,415	1,415	0	6,521	6,521	0	11,489	11,489	0
Mid Argyll Offices Reorganisation	29	29	0	98	98	0	270	270	0
New Helensburgh Swimming Pool	0	0	0	3,240	3,240	0	7,652	7,652	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
<b>Strategic Change Total</b>	<b>1,624</b>	<b>1,666</b>	<b>(42)</b>	<b>11,047</b>	<b>10,981</b>	<b>66</b>	<b>50,780</b>	<b>50,754</b>	<b>26</b>
<b>Departmental Total</b>	<b>2,174</b>	<b>2,435</b>	<b>(261)</b>	<b>21,537</b>	<b>21,793</b>	<b>(256)</b>	<b>104,938</b>	<b>105,710</b>	<b>(772)</b>

**OFF TRACK PROJECT****Appendix 10****Department:** Facility Services**Project Name:** Whitegates – roofing upgrade**First Added to Capital Plan:** 2014/15**Project Manager:** T Muirhead-Smith**How is this project funded?** *Capital***Why is the project classified as off target?**

The project expenditure is greater than budget

**What has caused the issue outlined above?**

Balances/retention on re roofing works. Overspend as a result of significant additional works to prevent leaks and deal with rot in roof structure.

**What action will be taken to rectify this issue?**

Review overall spend in service division.

**What are the implications of the action proposed?**

Possible impact on spend on other buildings, this will be managed in the overall budget.

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** *Helensburgh – Cardross Cycleway***First Added to Capital Plan:** 2011-12**Project Manager:** Callum Robertson**How is this project funded?** 2012 - Grant Funded SPFT £610k over three years , plus £165k legacy funding from previous project**Why is the project classified as off target?**

The project is classed as off target due to the slippage in the spend against budget, on physical construction works. Roads Services can only work on packages of construction work as land becomes available.

**What has caused the issue outlined above?**

Negotiations with landowners is still a slow and laborious process due to land agent reluctance to accept land value prices and insisting on accommodation works which no longer comply with SEPA guidelines on attenuated drainage schemes. Roads Services have been able to deliver construction works on available land during the last two financial years, as it has become available. Infrastructure Design and Estates continue to negotiate with land agents to resolve these issue and relaeas land to progress the works.

**What action will be taken to rectify this issue?**

Estates section, in conjunction with Infrastructure Design have been asked to widen the scope of land acquisition to cover all of the route between Helensburgh and Cardross ( and beyond to Dumbarton) to secure sufficient land anywhere on the corridor to allow construction to progress as programmed October 2014 onwards. The project team has meet with colleagues from West Dunbartonshire Council to maximise the availability of land towards completion of the route.

**What are the implications of the action proposed?**

The funding package from SPfT will overrun , if insufficient land is made available for construction works to the remaining value to be delivered before the end of the 3 year period ( 2015) Strategic Transportation colleagues are in contact with SPfT on various projects within Argyll and Bute and budget profiling and adjustments can be made to allow works to progress as soon as land becomes available.

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Helensburgh Depot Rationalisation**First Added to Capital Plan:** 2012-13**Project Manager:** Helen Ford**How is this project funded?** Spend to Save Project**Why is the project classified as off target?**

The project is classed as off target as the project was 95k over budget at the end of 2013/14 and with a further 97k expected to be invoiced over the next 2/3 months this will result in a total overspend of 192k. Budget £1,050,000, Forecast £1,242,000.

**What has caused the issue outlined above?**

The main reason for the projected overspend is that contaminated soil was found on site and required to be treated. The cost of this has still to be agreed with Clarks but is between £92,500 and £113,500). This in turn has led to extension of time claims. A meeting has been arranged with contractor to take place w/c 21 July to agree the Final Account. .

**What action will be taken to rectify this issue?**

Contingency fund will be used to minimise cost overspend.

**What are the implications of the action proposed?**

Following agreement of the Final Account a meeting will be arranged between the Head of Roads and Amenity Services and the Project Manager to discuss how overspend will be financed



**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Helensburgh CHORD Public Realm**First Added to Capital Plan:** 2009/10**Project Manager:** Helen Ford**How is this project funded?** Prudential Borrowings**Why is the project classified as off target?**

The project is classed as off target as the works are significantly behind programme. Contractual completion date 14 October 2014, contractor projecting completion works mid April 2015.

**What has caused the issue outlined above?**

A combination of factors including poor /unexpected ground conditions, enhancement to drainage to help alleviate the impact of last year's flooding during extreme weather conditions, which has been successful, poor programming of sequencing of works/ordering of materials etc.

**What action will be taken to rectify this issue?**

Matter has been escalated to CEO, Deputy Leader, H&L Area Chair and senior officers, meetings have taken place with contractor, actions agreed which continue to be monitored. Road Closures are being progressed for phases 3 and 4 to help complete works as quickly as possible whilst having due regard for quality of work and the health and safety of both public and workforce.

**What are the implications of the action proposed?**

Prolongation fees due to Design Team, Resident Engineer and Project Manager. Available funds in CHORD budget to cover this cost. Procurement working with CHORD Programme Manager to progress the necessary approvals.

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Campbeltown CHORD**First Added to Capital Plan:** 2009/10**Project Manager:** Helen Ford**How is this project funded?** Prudential Borrowings**Why is the project classified as off target?**

The project is classed as off target as the project budget for 2014/15 is £2.104m with a forecasted spend of £1.263m. The £841k variance is the amount of uncommitted CHORD funds that the MAKI Members have to agree how they wish funds allocated.

**What has caused the issue outlined above?**

Original budget allocation for the Public Realm works came in under budget.

**What action will be taken to rectify this issue?**

A workshop is due to take place autumn 14 outlining options. It is likely that £500k will be allocated to a second CARS bid for the town. The amount of the remaining balance will be dependent on tender returns for the berthing marina.

**What are the implications of the action proposed?**

The £841k is not now likely to be spent until 2015/16.

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Dunoon CHORD**First Added to Capital Plan:** 2009/10**Project Manager:** Helen Ford**How is this project funded?** Prudential Borrowings**Why is the project classified as off target?**

The project is classed as off target as the project budget for 2014/15 is £2.595 with a forecasted spend of £741k. The £1.854m variance is due to delay on starting on site, now summer 2015 due to need to CPO properties.

**What has caused the issue outlined above?**

Requirement to CPO properties due to breakdown in negotiations with at least 1 of the three parties.

**What action will be taken to rectify this issue?**

Council approval has been given to start CPO process, which has been taken forward. Two of three parties concerned are likely to conclude sale agreement with the Council over the next few months. The CPO process is anticipated to take 9 months.

**What are the implications of the action proposed?**

The budget spend profile has slipped by a year and is now £3.397m in 15/16 and £4.006m 16/17

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Oban CHORD**First Added to Capital Plan:** 2009/10**Project Manager:** Helen Ford**How is this project funded?** Prudential Borrowings**Why is the project classified as off target?**

The project is classed as off target as the project budget for 2014/15 is £3.949 with a forecasted spend of £700k.

**What has caused the issue outlined above?**

The £3.249m variance is due to delays in obtaining necessary approvals, requirement to phase works to avoid disruption to traders etc. Phase 1 works to Stafford site due to go on site in October this year, subject to securing necessary statutory approvals.

**What action will be taken to rectify this issue?**

Consultation with key stakeholders will continue to progress projects as quickly as possible.

**What are the implications of the action proposed?**

The budget spend profile has slipped by a year and is now £3.160m in 15/16 and £2.449m 16/17

**OFF TRACK PROJECT****Appendix 10****Department:** Development and Infrastructure**Project Name:** Helensburgh Pier Head Flood Defences**First Added to Capital Plan:** 2012/13**Project Manager:** Helen Ford**How is this project funded?** Prudential Borrowings**Why is the project classified as off target?**

The project is classed as off target as the project budget for 2014/15 is £990k with a forecasted spend of £20k, variance £970k.

**What has caused the issue outlined above?**

The £970k variance is due to lack of Project Management resources available to take project forward.

**What action will be taken to rectify this issue?**

Approval to recruit for a PM has been granted and post was advertised on the 11 July 2014.

**What are the implications of the action proposed?**

The budget spend profile has slipped by a year and is now £500k in 15/16 and £1.645m in 16/17

PROPOSED CAPITAL PLAN 2014-15  
SUMMARY

APPENDIX 11

Department	Head of Service	Previous	2015-16	2016-17	Future	Total
		Years			Years	
		£000s	£000s	£000s	£000's	£000s
<b>Community Services</b>	Adult Care	1,443	260	0	0	1,703
	Children and Families	410	680	0	0	1,090
	Community and Culture	3,648	1,033	0	0	4,681
	Education	18,049	15,395	37	0	33,481
<b>Community Services Total</b>		<b>23,550</b>	<b>17,368</b>	<b>37</b>	<b>0</b>	<b>40,955</b>
<b>Customer Services</b>	Customer and Support Services	8,290	2,142	0	0	10,432
	Facility Services	29,157	5,785	1	0	34,943
<b>Customer Services Total</b>		<b>37,447</b>	<b>7,927</b>	<b>1</b>	<b>0</b>	<b>45,375</b>
<b>Development and Infrastructure</b>	Economic Development	22,666	9,809	9,700	13,927	57,375
	Roads and Amenity Services	45,318	7,813	10	0	53,141
<b>Development and Infrastructure Total</b>		<b>67,984</b>	<b>17,622</b>	<b>9,710</b>	<b>13,927</b>	<b>110,516</b>
<b>Overall Total</b>		<b>128,981</b>	<b>42,917</b>	<b>9,748</b>	<b>13,927</b>	<b>196,846</b>

PROPOSED CAPITAL PLAN 2014-15  
COMMUNITY SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous			Future	Total
			Years £000s	2015-16 £000s	2016-17 £000s	Years £000's	
Adult Care	Asset Sustainability	Aids and Adaptations	75	25	0	0	100
		Asbestos Removal/Control Works	20	10	0	0	30
		Health and Safety	1,010	50	0	0	1,060
		Legionella Control Works	40	20	0	0	60
		Lochgilphead Resource Centre	90	145	0	0	235
		Lorn Resource Centre	208	10	0	0	218
	<b>Asset Sustainability Total</b>	<b>1,443</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>1,703</b>	
<b>Adult Care Total</b>		<b>1,443</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>1,703</b>	
<b>Overall Total</b>		<b>1,443</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>1,703</b>	

PROPOSED CAPITAL PLAN 2014-15  
COMMUNITY SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous			Future	Total
			Years	2015-16	2016-17	Years	
			£000s	£000s	£000s	£000's	£000s
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	20	10	0	0	30
		Health and Safety	100	50	0	0	150
		Legionella Control Works	40	20	0	0	60
	<b>Asset Sustainability Total</b>		<b>160</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>240</b>
	Service Development	Dunclutha Childrens Home	250	600	0	0	850
<b>Service Development Total</b>			<b>250</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>850</b>
<b>Children and Families Total</b>			<b>410</b>	<b>680</b>	<b>0</b>	<b>0</b>	<b>1,090</b>
<b>Overall Total</b>			<b>410</b>	<b>680</b>	<b>0</b>	<b>0</b>	<b>1,090</b>



Head of Service	Category	Project	Previous	2015-16	2016-17	Future	Total		
			Years £000s	£000s	£000s	Years £000's	£000s		
Community and Culture	Asset Sustainability	Asbestos Removal/Control Works	60	20	0	0	80		
		Campbeltown Town Hall	0	30	0	0	30		
		Corran Halls, Oban	556	23	0	0	579		
		Health & Safety	318	57	0	0	375		
		Legionella Control Works	40	20	0	0	60		
		Lochgilphead Community Ed Centre	7	245	0	0	252		
		Oban Library (Leased Property)	0	20	0	0	20		
		Ramsay Memorial Hall	140	80	0	0	220		
		Replacement of Gym Equipment	0	100	0	0	100		
		Rhu Community Ed Centre	273	5	0	0	278		
		Rothesay Swimming Pool	251	3	0	0	254		
		Sandbank Library HQ	44	3	0	0	47		
		Tarbert Library	94	2	0	0	96		
		Victoria Halls, Campbeltown	747	75	0	0	822		
		Victoria Halls, Helensburgh	333	100	0	0	433		
		<b>Asset Sustainability Total</b>			<b>2,863</b>	<b>783</b>	<b>0</b>	<b>0</b>	<b>3,646</b>
			Service Development	Riverside Leisure Centre Refurbishment	785	250	0	0	1,035
<b>Service Development Total</b>			<b>785</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>1,035</b>		
<b>Community and Culture Total</b>			<b>3,648</b>	<b>1,033</b>	<b>0</b>	<b>0</b>	<b>4,681</b>		
<b>Overall Total</b>			<b>3,648</b>	<b>1,033</b>	<b>0</b>	<b>0</b>	<b>4,681</b>		

Head of Service	Category	Project	Previous	2015-16	2016-17	Future	Total
			Years			Years	
			£000s	£000s	£000s	£000's	£000s
Education	Asset Sustainability	Achaleven Primary School	0	100	0	0	100
		Ardchattan Primary School	20	25	0	0	45
		Arinagour Primary School	81	50	0	0	131
		Asbestos Control/Removal Works	70	50	0	0	120
		Bunessan Primary School	346	4	0	0	350
		Campbeltown Grammar	3,694	25	0	0	3,719
		Capital Property Works	846	170	0	0	1,016
		Cardross Primary School	852	225	0	0	1,077
		Carradale Primary School	41	150	0	0	191
		Castlehill Primary School	206	50	0	0	256
		Clachan Primary	2	220	0	0	222
		Colgrain Primary School	812	115	0	0	927
		Dunoon Primary School	110	25	0	0	135
		Ferry Houses - Housing Quality Standard	76	38	0	0	114
		Garelochhead Primary School	262	100	0	0	362
		Glassary Primary School	106	65	0	0	171
		Homeless Houses - Housing Quality Standard	51	25	0	0	76
		Innellan Primary School	85	25	0	0	110
		Islay High School	4,158	100	0	0	4,258
		Kilchrenan Primary School	20	15	0	0	35
		Kilmodan Primary School	220	90	0	0	310
		Kirn Primary School	81	20	0	0	101
		Legionella Control Works	128	75	0	0	203
		Lismore Primary School	41	20	0	0	61
		Lochgoilhead Primary School	23	60	0	0	83
		Luss Primary School	92	1	0	0	93
		Oban High School	620	25	0	0	645
		Park Primary School	734	10	0	0	744
		Port Charlotte Primary School	167	200	0	0	367
		Port Ellen Primary School	441	40	0	0	481
		Rosneath Primary School	288	377	0	0	665
		School Houses - Housing Quality Standard	447	223	0	0	670
		St Andrew's Primary School	448	50	0	0	498
St Joseph's Primary School	742	50	0	0	792		
St Mun's Primary School	61	10	0	0	71		
<b>Asset Sustainability Total</b>			<b>16,371</b>	<b>2,828</b>	<b>0</b>	<b>0</b>	<b>19,199</b>
Service Development	Ardnishig Primary School - Pre Five Unit		797	14	0	0	811
		Salen Primary School - Gaelic Pre School Extension (FG)	290	3	0	0	293
<b>Service Development Total</b>			<b>1,087</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>1,104</b>

Head of Service	Category	Project	Previous	2015-16	2016-17	Future	Total
			Years £000s	£000s	£000s	Years £000's	£000s
Education	Strategic Change	Campbeltown Schools Redevelopment	268	6,000	22	0	6,290
		Dunoon Primary School	323	6,550	15	0	6,888
	<b>Strategic Change Total</b>		<b>591</b>	<b>12,550</b>	<b>37</b>	<b>0</b>	<b>13,178</b>
<b>Education Total</b>			<b>18,049</b>	<b>15,395</b>	<b>37</b>	<b>0</b>	<b>33,481</b>
<b>Overall Total</b>			<b>18,049</b>	<b>15,395</b>	<b>37</b>	<b>0</b>	<b>33,481</b>

PROPOSED CAPITAL PLAN 2014-15  
CUSTOMER SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous	Future		Total	
			Years £000s	2015-16 £000s	2016-17 £000s		Years £000's
Customer and Support Services	Asset Sustainability	Computer Network Security	643	72	0	0	715
		Corporate GIS Portal Rollout	202	83	0	0	285
		Internet / Online Access	340	123	0	0	463
		IT Education	821	390	0	0	1,211
		MS Exchange & Doc Sharing	366	25	0	0	391
		PC Replacement	1,920	854	0	0	2,774
		Server Capacity Growth	160	80	0	0	240
		Telecomms Network	744	54	0	0	798
		Unified Communications and Video Conferencing	917	44	0	0	961
		<b>Asset Sustainability Total</b>			<b>6,113</b>	<b>1,725</b>	<b>0</b>
	Service Development	Applications Projects	1,155	233	0	0	1,388
		IT Enablement Process for Change	1,022	184	0	0	1,206
<b>Service Development Total</b>			<b>2,177</b>	<b>417</b>	<b>0</b>	<b>0</b>	<b>2,594</b>
<b>Customer and Support Services Total</b>			<b>8,290</b>	<b>2,142</b>	<b>0</b>	<b>0</b>	<b>10,432</b>
<b>Overall Total</b>			<b>8,290</b>	<b>2,142</b>	<b>0</b>	<b>0</b>	<b>10,432</b>

Head of Service	Category	Project	Previous	Future		Total		
			Years £000s	2015-16 £000s	2016-17 £000s	Years £000's	£000s	
Facility Services	Asset Sustainability	Argyll House, Dunoon	33	1	0	0	34	
		Block Allocation to address building fabric upgrades	0	588	0	0	588	
		Bowmore Area Office	39	2	0	0	41	
		Burnett Building	78	1	0	0	79	
		Castle House, Dunoon	71	1	0	0	72	
		Dunoon Office rat Implementation	445	7	0	0	452	
		Finance Office, Witchburn Rd	182	3	0	0	185	
		Hill Street Dunoon Rewire	66	1	0	0	67	
		Kilarrow House	175	35	1	0	211	
		Kilmory Castle	248	25	0	0	273	
		Lorn House, Oban	152	2	0	0	154	
		Municipal Buildings, Oban	0	41	0	0	41	
		Tobermory Area Office	58	1	0	0	59	
	<b>Asset Sustainability Total</b>			<b>1,547</b>	<b>708</b>	<b>1</b>	<b>0</b>	<b>2,256</b>
	Strategic Change		Helensburgh Office Rationalisation (FPB,REC)	18,636	789	0	0	19,425
			Kilmory Biomass Project OBC (FPB,REV)	1,943	30	0	0	1,973
			Mid Argyll Offices Reorganisation	389	8	0	0	397
		New Helensburgh Swimming Pool	6,642	4,250	0	0	10,892	
<b>Strategic Change Total</b>			<b>27,610</b>	<b>5,077</b>	<b>0</b>	<b>0</b>	<b>32,687</b>	
<b>Facility Services Total</b>			<b>29,157</b>	<b>5,785</b>	<b>1</b>	<b>0</b>	<b>34,943</b>	
<b>Overall Total</b>			<b>29,157</b>	<b>5,785</b>	<b>1</b>	<b>0</b>	<b>34,943</b>	

Head of Service	Category	Project	Previous	2015-16	2016-17	Future		
			Years			Years	Total	
			£000s	£000s	£000s	£000's	£000s	
Economic Development	Service Development	Safe Streets, Walking and Cycling (CWSS)	289	140	0	0	429	
	<b>Service Development Total</b>		<b>289</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>429</b>	
	Strategic Change	CHORD - Campbeltown		4,425	1,687	0	846	6,958
		CHORD - Dunoon		1,505	3,397	4,006	6,022	15,403
		CHORD - Helensburgh -Public Realm Imprv		12,189	124	0	124	12,437
		CHORD - Oban		1,780	3,160	2,449	2,360	9,749
		CHORD - Rothesay		0	0	1,600	2,400	4,800
		Helensburgh Pier Flood Defences		50	500	1,645	1,175	3,370
		OBC for Dunoon Pier		2,428	801	0	1,000	4,229
	<b>Strategic Change Total</b>		<b>22,377</b>	<b>9,669</b>	<b>9,700</b>	<b>13,927</b>	<b>56,946</b>	
<b>Economic Development Total</b>		<b>22,666</b>	<b>9,809</b>	<b>9,700</b>	<b>13,927</b>	<b>57,375</b>		
<b>Overall Total</b>		<b>22,666</b>	<b>9,809</b>	<b>9,700</b>	<b>13,927</b>	<b>57,375</b>		

PROPOSED CAPITAL PLAN 2014-15  
DEVELOPMENT AND INFRASTRUCTURE

APPENDIX 11

Head of Service	Category	Project	Previous	Future		Total	
			Years £000s	2015-16 £000s	2016-17 £000s		Years £000's
Roads and Amenity Services	Asset Sustainability	Bridge Strengthening	1,151	795	0	0	1,946
		Environmental - Unallocated	400	100	0	0	500
		Fleet Management	4,229	596	0	0	4,825
		Flood Prevention	182	368	0	0	550
		Lighting	1,123	650	0	0	1,773
		Pier Upgrades	60	260	10	0	330
		Public Convenience Upgrades	131	1	0	0	132
		Roads Reconstruction	16,989	4,366	0	0	21,355
		Traffic Management	248	119	0	0	367
	<b>Asset Sustainability Total</b>		<b>24,513</b>	<b>7,255</b>	<b>10</b>	<b>0</b>	<b>31,778</b>
	Service Development	A849 Pennyghael Bridge Mull	134	1	0	0	135
		Campbeltown Old Quay	3,115	73	0	0	3,188
		Cycleways - H&L (FSPT)	2,445	325	0	0	2,770
	<b>Service Development Total</b>		<b>5,694</b>	<b>399</b>	<b>0</b>	<b>0</b>	<b>6,093</b>
Strategic Change	Kintyre Renewables Hub (FGPB)	15,111	159	0	0	15,270	
<b>Strategic Change Total</b>		<b>15,111</b>	<b>159</b>	<b>0</b>	<b>0</b>	<b>15,270</b>	
<b>Roads and Amenity Services Total</b>		<b>45,318</b>	<b>7,813</b>	<b>10</b>	<b>0</b>	<b>53,141</b>	
<b>Overall Total</b>		<b>45,318</b>	<b>7,813</b>	<b>10</b>	<b>0</b>	<b>53,141</b>	





**TREASURY MANAGEMENT MONITORING REPORT 30 JUNE 2014**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report is for noting its sets out the Council's treasury management position for the period 1 April 2014 to 30 June 2014 and includes information on :
- Overall Borrowing Position
  - Borrowing Activity
  - Investment Activity
  - Economic Forecast
  - Prudential Indicators.
- 1.2 The Council has not undertaken or made any repayments of long term debt in the period. Due to a reduced Capital Financing Requirement (CFR) of £256m at 31 March 2014 the estimated CFR for 31 March 2015 has reduced from £275m to £272m from that predicted in the budget at February 2014.
- 1.3 In respect of investment activity the level of investments have increased by £14.9m from £44.4m at 1 April 2014 to £59.2m at 30 June 2014. The rate of return achieved was 0.668% which compares favourably with the target of 7 day LIBID which was 0.348%.
- 1.4 On June 27<sup>th</sup> the Council's treasury advisors changed their credit methodology due to forthcoming changes being introduced by the credit rating agencies. This change had no impact on the counterparties currently used by the Council for investments and will require no changes to either the Investment Strategy or the Treasury Management Practice Statements.

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**TREASURY MANAGEMENT MONITORING REPORT 30 JUNE 2014**


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**2. INTRODUCTION**

2.1 This report summarises the monitoring as at 30 June 2014 of the Council's:

- Overall Borrowing Position
- Borrowing Activity
- Investment Activity
- Economic Forecast
- Prudential Indicators.

**3. RECOMMENDATIONS**

3.1 The treasury management monitoring report is noted.

**4. DETAIL****Overall Borrowing Position**

4.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at the 31 March 2014. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	<b>Forecast</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
CFR at 1 April	256,463	258,871	272,831	288,833
Net Capital Expenditure	34,809	34,809	27,786	(5,903)
Less Loans Fund Principal Repayments	(18,441)	(18,441)	(11,784)	(10,784)
<b>Estimated CFR 31 March</b>	<b>272,831</b>	<b>275,239</b>	<b>288,833</b>	<b>272,146</b>
Less Funded by NPDO	(79,603)	(79,603)	(78,055)	(76,507)
<b>Estimated Net CFR 31 March</b>	<b>193,228</b>	<b>195,636</b>	<b>210,778</b>	<b>195,639</b>
Estimated External Borrowing at 31 March	161,315	161,315	169,315	177,315
<b>Gap</b>	<b>31,913</b>	<b>34,321</b>	<b>41,463</b>	<b>18,324</b>

4.2 Borrowing is currently estimated to be below the CFR for the period to 31 March 2014. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment / credit worthiness risks. However if it becomes clear that longer term interest rates are due to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.

- 4.3 The Council's estimated net capital financing requirement at the 31 December 2013 is £176.380m. The table below shows how this has been financed. Whilst borrowing is less than CFR there are substantial internal balances (mainly the General Fund) of which £59m is currently invested.

	Position at 31/03/2014 £000's	Position at 30/06/2014 £000's
Loans	161,181	161,221
Internal Balances	60,027	91,236
Less Investments & Deposits	(44,350)	(59,229)
<b>Total</b>	<b>176,858</b>	<b>193,228</b>

### Borrowing Activity

- 4.4 The table below summarises the borrowing and repayment transactions in the period 1 April 2014 to 30 June 2014.

	Actual £000's
External Loans Repaid 1st April 2014 to 30 June 2014	1
Borrowing undertaken 1st April 2014 to 30th June 2014	41
<b>Net Movement in External Borrowing</b>	<b>40</b>

- 4.5 Two local bonds were repaid in the period 1 April 2014 to 30 June 2014. Both of these Bonds were repaid to trust funds prior to the trust funds being transferred as part of the charities amalgamation programme
- 4.6 No new local bonds were taken out in the period 1 April 2014 to 30 June 2014
- 4.7 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the quarter. Owing to the levels of internal balances and surplus cash temporary borrowing has been minimal. The increase includes an additional £35k received from three companies with regard to Section 69 Planning agreements which have been placed here pending a specific bank account being opened.

	£000s	% Rate
Temp borrowing at 31st March 2014	1,310	0.30%
Temp borrowing at 30th June 2014	1,351	0.30%

### Investment Activity

- 4.8 The average rate of return achieved on the Council's investments to 30<sup>th</sup> June 2014 was 0.668% compared to the average LIBID rate for the same period of 0.348% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At the 30 June 2014 the Council had £59m of short term investment at an average rate of 0.668%. The table below details the counterparties that the investments were placed with, the maturity date, the

interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating
Bank of Scotland	Instant Access	10,000	0.40%	Short Term A-1, Long Term A
Bank of Scotland	31/10/2014	5,000	0.98%	
Bank of Scotland	16/12/2014	5,000	0.98%	
Bank of Scotland	07/01/2015	5,000	0.95%	
Bank of Scotland	23/01/2015	5,000	0.95%	
Royal Bank of Scotland	Instant Access	50	0.25%	Short Term A-2, Long Term A-
Clydesdale Bank	Instant Access	3,929	0.50%	Short Term A-2, Long Term BBB+
Handelsbanken	35 Day Notice	20,000	0.65%	Short Term A-1+, Long Term AA-
Santander	Instant Access	5,250	0.40%	Short Term A-1, Long Term A
<b>Total</b>		<b>59,229</b>		

4.9 Deposits with the Clydesdale Bank exceeded the limit of £5m on the following date

Date	Amount over Limit £'s	Explanation
03/04/2014	343,000	Unexpected income received after the deadline for moving money had passed.

4.10 All other investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.

4.11 During June 2014 our treasury advisors Capita Asset Services altered their credit methodology to reflect changes that the three ratings agencies (Fitch, Moody's and Standard and Poor's) are proposing to make to their ratings to reflect the removal of sovereign support in the future.

- 4.12 Both Fitch and Moody's are proposing to remove their standalone ratings and these have been removed from the credit methodology. The new methodology will focus solely on the Short and Long Term ratings of an institution. In addition, Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that Capita have always taken. Furthermore, Capita will continue to utilise CDS prices as an overlay to ratings in our new methodology.
- 4.13 Capita Asset Services will maintain the same "colour coding" duration suggestions. These will be based on the new range of rating categories. The new methodology will come into effect starting with the list to be sent out on Friday 27th June.
- 4.14 The change to the ratings provided by Capita Asset Services will have no impact on the Investment Strategy or the Treasury Management Practices of the Council.
- 4.15 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 4.16 In response to the low investment returns available in the market and the reduced likelihood of increases in base rate it has been decided to place fixed deposits with the part nationalised banks for periods up to 12 months to increase returns without significantly increasing the risks associated with the investments.

### **Economic Forecast**

- 4.17 The economic background for the period to 30 June 2014 is shown in appendix 1.

### **Prudential Indicators**

- 4.18 The prudential indicators for 2013-14 are attached in appendix 2.

## **5. CONCLUSION**

- 5.1 The Council has taken no new long term borrowing or made any repayments during the three months to 30 June 2014. The investment returns were 0.668% which is above the target of 0.348%. During the period the credit methodology used by Capita Asset Services but this had no impact on the Council's counterparties.

## **6. IMPLICATIONS**

- |     |                    |       |
|-----|--------------------|-------|
| 6.1 | Policy –           | None. |
| 6.2 | Financial -        | None  |
| 6.3 | Legal -            | None. |
| 6.4 | HR -               | None. |
| 6.5 | Equalities -       | None. |
| 6.6 | Risk -             | None. |
| 6.7 | Customer Service - | None. |

**Bruce West, Head of Strategic Finance**  
**Dick Walsh Council Leader and Policy Lead for Strategic Finance**

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Appendix 1 – Economic background  
Appendix 2 – Prudential Indicators

## **Economic background:**

- During the quarter ended 30<sup>th</sup> June 2014:
  - Indicators suggested that the economic recovery accelerated;
  - Household spending rose again;
  - Inflation fell to its lowest level since September 2009;
  - The ILO measure of unemployment fell further to 6.6%;
  - The MPC suggested that the economy might warrant higher interest rates before the end of the year;
  - Low tax receipts put the fiscal tightening slightly off track; and
  - The European Central Bank (ECB) made announcements designed to boost bank lending and counter the risk of deflation.
  
- After a healthy quarterly expansion in UK GDP of 0.8% in Q1, some of the early indicators point to growth accelerating in the second quarter. On the basis of past form, the CIPS/Markit business activity surveys point to quarterly GDP growth of around 1.5% in Q2. Admittedly, the composite PMI has tended to overstate the pace of the recovery over the past year. However, survey data was also encouraging on the strength of the recovery in Q2. All of the headline figures in April's industrial production release were encouraging. Indeed, even if production only manages to hold steady in the remaining two months of the quarter, it would still be 0.7% higher in Q2 overall than in Q1. That said, the £2.5bn trade deficit in April, compared to £1.7bn last year, highlights that the recovery is still struggling to rebalance towards exports.
  
- Meanwhile, household spending looks to have supported further GDP growth in Q2. While retail sales volumes fell by 0.5% on the previous month in May, following strong growth in April, the underlying trend remains strong as a combination of rapid jobs growth and falling prices continues to fuel a recovery in consumer spending. In addition, the more forward-looking survey balances of expected sales also point to solid growth in consumer spending in the near-term. Furthermore, non-high street spending remained robust too. Annual growth in new car registrations averaged around 5% in April and May and the Bank of England's Agents' Survey recorded the measure of consumer services turnover at its joint highest level in May since 1998. So it still seems likely that overall household spending strengthened in the second quarter.
  
- The labour market has continued its strong recovery. Employment rose by a huge 345,000 in the three months to April, by far the biggest increase since records began in 1971. Despite an increase in the workforce,

employment growth was enough to bring the headline (three-month average) unemployment rate down to 6.6% in April. In addition, the timelier claimant count measure of unemployment fell by 27,400 in May, potentially pointing to further falls in the broader ILO measure of unemployment. Nonetheless, pay growth has remained subdued, with headline annual growth (three month average) in average earnings (including bonuses) falling to 0.7% in April, well below inflation of 1.8%. Since real earnings have yet to rise, some consumers may be overstretching their finances in order to spend more.

- Meanwhile, after sending dovish messages through the May Inflation Report, the MPC's communications have now gone full circle, from trying to prevent interest rate expectations from rising too quickly via the introduction of forward guidance last summer, to trying to *raise* them now. A number of Committee members, including Governor Mark Carney, have warned of not-too-distant policy tightening.
- Indeed, the main factor that could dissuade the MPC from starting on an earlier path for increasing Bank Rate is inflation. CPI inflation fell to 1.5% in May, the lowest rate since late 2009. Recent developments, including sterling's further appreciation, falls in producer price inflation and very weak wages growth, suggest that CPI inflation could fall to as low as 1% later this year.
- Meanwhile, May's public borrowing figures contained tentative signs that the coalition is struggling to bring down the deficit in line with fiscal plans this year. The underlying measure of borrowing (PSNB ex. excluding APF and Royal Mail pension fund transfers) was £13.3bn in May, exceeding the consensus forecast of £12.2bn. The increase was largely driven by a drop in tax receipts, rather than strong increases in spending. Spending in April and May is around 9% higher than it was in the same period last year. However, it is still too early in the fiscal year to draw conclusions from these figures.
- One risk which continues to linger is an overheating housing market. Fears that a nationwide bubble is building will not have been assuaged by the Financial Policy Committee's (FPC) relatively timid action announced alongside June's Financial Stability Report. Indeed, the 15% limit on the proportion of the volume of new mortgages that can be advanced at a multiple of 4.5 times income or more is unlikely to prevent a further rise in high loan-to-income ratio lending, given that the limit is a fair way above the actual current proportion of 10%. Furthermore, the tweaks to the existing stress tests used to assess mortgage applicants seem unlikely to make a material difference either. Admittedly, the housing market has already shown some signs of slowing of its own accord. Indeed, approvals for new mortgages fell to an eleven-month low in May, and the new buyer



enquiries balance of the RICS Housing Market Survey has continued to moderate. However, with supply remaining tight, further strong increases in house prices in the near-term look likely. Although the FPC could announce further measures at a later date, the timidity of its actions so far may have slightly increased the chances that the MPC could raise Bank Rate in the not too distant future.

- Internationally, the robust 217,000 increase in US non-farm payrolls in May is another encouraging sign that the economy is getting back on the right track after the weather-related weakness during the winter. The 0.6% m/m rise in US industrial production in May also suggests that activity is bouncing back. Meanwhile, the US Federal Reserve continued tapering its asset purchases by a further \$10bn in June's policy meeting and highlighted that the benign outlook for inflation means monetary policy will remain loose for some time. The Fed lowered its forecasts for GDP growth and unemployment, but the FOMC's policy statement made no reference to the recent build up of price pressures.
- Activity indicators for the Eurozone suggest that the recovery only gained a little momentum in Q2. Moreover, the spectre of deflation continues to hang over the region. HICP inflation fell from 0.7% to 0.5% in May, the joint weakest rate since 2009 and far beneath the ECB's 2% price stability ceiling. Furthermore, unit labour costs have risen by just 0.1% in the past year. As developments in wages tend to affect wider measures of inflation after a short lag, the latest data suggests that consumer price inflation could fall even further. Accordingly, the ECB made a number of announcements in June designed to boost bank lending and counter deflationary risks, including rate cuts and potential asset purchases. However, the policies involved are not as bold as they might seem. The interest rate cuts were very small and the decision not to sterilise bond purchases made under the Securities Markets Programme amounts to just 1.7% of GDP.
- In the UK, equities continued to underperform, despite improving expectations for the strength and sustainability of the UK's recovery. Indeed, they have continued to underperform US equities, even though the consensus expects the UK to grow faster than the US in 2014. Meanwhile, gilt yields edged up – particularly at the short-end of the curve – following the MPC's communications in June, which were more hawkish than May's Inflation Report. In contrast, forward rates at the long end of the curve fell further, although it is not clear whether this is a result of pessimism about the UK's growth prospects in the long run, or a decline in the term premium which reflects uncertainty about the future path of interest rates.

**APPENDIX 2 : PRUDENTIAL INDICATORS**

PRUDENTIAL INDICATOR	2014/15	2014/15	2015/16	2016/17
<b>(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT</b>				
	<b>Original Estimate</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>				
Non - HRA	50,185	50,185	44,218	12,197
TOTAL	50,185	50,185	44,218	12,197
<b>Ratio of financing costs to net revenue stream</b>				
Non - HRA	10.98%	10.98%	8.24%	7.96%
<b>Net borrowing requirement</b>				
brought forward 1 April *	258,871	258,871	275,239	291,241
carried forward 31 March *	275,239	275,239	291,241	274,554
in year borrowing requirement	16,368	16,368	16,002	(16,687)
<b>In year Capital Financing Requirement</b>				
Non - HRA	16,368	16,368	16,002	(16,687)
TOTAL	16,368	16,368	16,002	(16,687)
<b>Capital Financing Requirement as at 31 March</b>				
Non - HRA	275,239	275,239	291,241	274,554
TOTAL	275,239	275,239	291,241	274,554
<b>Incremental impact of capital investment decisions</b>				
Increase in Council Tax (band D) per annum	£ p 69.61	£ p 69.61	£ p 60.80	£ p (12.92)

PRUDENTIAL INDICATOR	2014/15	2015/16	2016/17
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised limit for external debt -</b>			
borrowing	203,000	220,000	205,000
other long term liabilities	81,000	80,000	78,000
TOTAL	284,000	300,000	283,000
<b>Operational boundary for external debt -</b>			
borrowing	198,000	215,000	200,000
other long term liabilities	78,000	77,000	75,000
TOTAL	276,000	292,000	275,000
<b>Upper limit for fixed interest rate exposure</b>			
Principal re fixed rate borrowing	195%	190%	190%
<b>Upper limit for variable rate exposure</b>			
Principal re variable rate borrowing	60%	60%	60%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	80%	0%