

EXECUTIVE SUMMARY AND INTRODUCTORY REPORT - FINANCIAL REPORT MONITORING PACK – AUGUST 2014

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 31 August 2014
 - Monitoring of 1% Efficiency Savings for 2014-15 and 2015-16
 - Update to 2015-16 Budget as at 31 August 2014
 - Monitoring of Financial Risks
 - Reserves and Balances
 - Capital Plan Monitoring Report as at 31 August 2014
 - Treasury Monitoring Report as at 31 August 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 31 August 2014 is an overspend of £1.384m. This is mainly due to overspends in adult care, refuse collection and coastal protection works, shortfall in car parking income, unrecoverable costs for dangerous buildings and inability to realise service review saving within music instructors offset by savings with school and public transport.
- 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. Savings of £1.775m (97.4%) have already been secured and £0.047m (2.6%) are being implemented all with no policy implications.
- 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. There are further funding adjustments of £0.963m relating to Children and Young Persons (Scotland) Act and also the transfer of the A83. There are adjustments to the base budget of £1.228m, employee cost pressures of £0.400m and cost and demand pressures of £0.566m. The overall impact

is a projected surplus for 2015-16 of £0.343m.

- 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 54 financial risk areas have been identified only 7 are classed as likely with a potential impact of £2.390m. 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 £48.526m. 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 £10.350m.
- 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 £2.010m and also an overspend of £3.342m forecast for the full year. There are 4 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 period to August. Borrowing is estimated to be around £20m below the capital financing requirement by 31 March 2015. Investments at 31 August were £61.6m with a return for the last quarter of 0.668% compared to the average 7 day rate of 0.345%.

2. RECOMMENDATIONS

- 2.1 Members to note the revenue budget monitoring report as at 31 August 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 31 August 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 31 August 2014.

2.7 Members to note the treasury monitoring report as at 31 August 2014.

3. IMPLICATIONS

3.1 Policy – None.

3.2 Financial - Outlines the revenue and capital monitoring for 2014-15 as at 31 August 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.

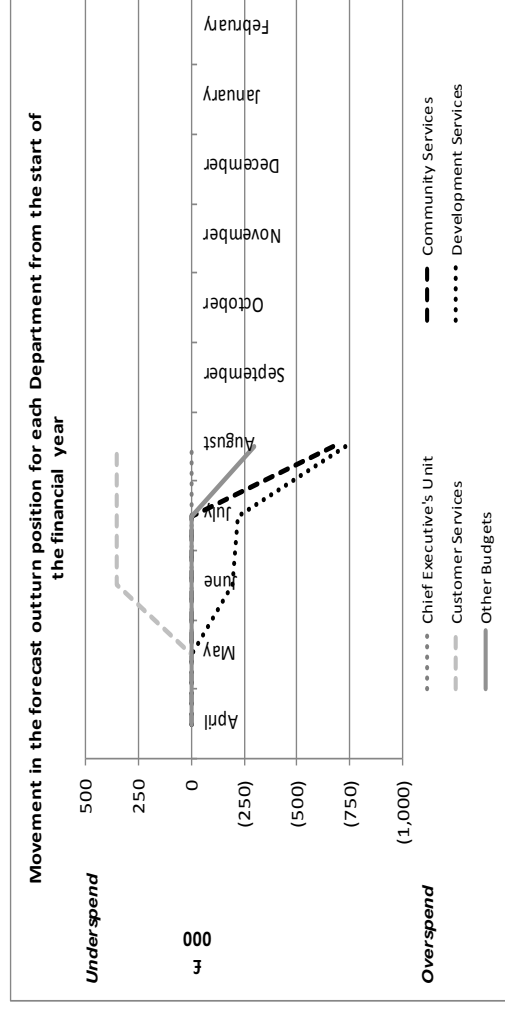
Bruce West
Head of Strategic Finance
1 October 2014

<p>Overall Position:</p> <ul style="list-style-type: none"> The current forecast outturn position is a projected overspend of £1,348k, the position reported in the previous report was a forecast underspend of £136k, therefore the forecast underspend has reduced by £1,484k in the August budget monitoring period. There is a year to date surplus of £3,720k with the profiled Year to Date budget being in excess of the Year to Date expenditure 	<p>Key Highlights for August 2014:</p> <ul style="list-style-type: none"> In the August period the projected year-end outturn position is an overspend of £1,348k, this position will be monitored and any changes reported through monthly budget monitoring. The year to date variance has increased from a year to date surplus of £2,582k in July to a £3,720k surplus in August, further information on year to date variances is included in the departmental financial summaries.
<p>Key Financial Successes:</p> <p>Departmental expenditure for 2013-14 was kept within budget, with an underspend of £0.842m for controllable spend across departments. The General Fund balance decreased by £2.097m 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 and are developing plans to meet 2015-16 targets.</p>	<p>Proposed Actions to address Financial Challenges:</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>
<p>Ongoing requirement to fund unavoidable increases in employee costs, particularly in relation to pay awards, holiday pay entitlements, disturbance payments and changes in rules around pension and national insurance contributions.</p>	<p>Ongoing work with HR to ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.</p>

Forecast Outturn Position

As at the end of August 2014 the forecast outturn position is a projected overspend of £1,348k.

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. Forecast overspend within Community Services relates to an overspend within Adult Care as a result of increasing demand and also an overspend within Music Instructors as a result of not achieving the previously agreed service review saving. Forecast overspend in Development and Infrastructure Services relates to remaining unplanned expenditure within Coastal Protection, a shortfall in commercial refuse collection income, a shortfall in car parking income and unrecoverable costs for dangerous buildings. The forecast overspend in other corporate budgets relates to the expected cost of the recent ruling about holiday pay entitlement, the estimated annual cost of this is £300k. This forecast overspend is shown against other corporate budgets but there will be an expectation that departments will absorb this cost pressure from within existing budgets where possible.
Community Services	136,833	137,507	(674)	0	(674)	
Customer Services	38,907	38,553	354	354	0	
Development and Infrastructure Services	30,441	31,169	(728)	(218)	(510)	
Other Corporate Budgets	37,972	38,272	(300)	0	(300)	
Total	246,239	247,587	(1,348)	136	(1,484)	

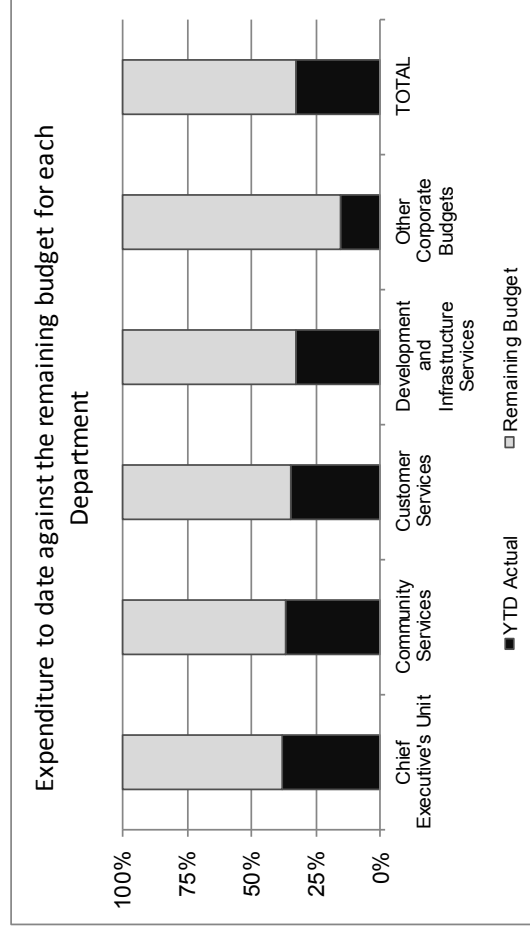


Further information on the departmental forecast outturn variances is included within the attached appendices.

Year to Date Position

As at the end of August 2014 there is a year to date surplus of £3,720k. 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	838	801	37	Outwith reporting criteria
Community Services	50,802	50,289	513	YTD underspend is mainly due to the profiling of budgets in Education.
Customer Services	14,612	13,509	1,103	YTD underspend for School and Public Transport in line with the reported forecast underspend, other YTD underspends are profile related with budgeted income or expenditure being out of sync with actual balances.
Development and Infrastructure Services	11,590	10,013	1,577	YTD underspend is mainly due to profiling of the budgets in Roads and Amenity Services.
Other Corporate Budgets	6,478	5,988	490	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.
Total Net Expenditure	84,320	80,600	3,720	



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

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 AUGUST 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 %
Departmental Budgets								
Chief Executives	838	801	37	4.42%	2,086	2,086	0	0.00%
Community Services	50,802	50,289	513	1.01%	136,833	137,507	(674)	(0.49%)
Customer Services	14,612	13,509	1,103	7.55%	38,907	38,553	354	0.91%
Development and Infrastructure Services	11,590	10,013	1,577	13.61%	30,441	31,169	(728)	(2.39%)
Total Departmental Budgets	77,842	74,612	3,230	4.15%	208,267	209,315	(1,048)	(0.50%)
Non-Departmental Budgets								
Other Operating Income and Expenditure	1,456	1,128	328	22.53%	4,194	4,494	(300)	(7.15%)
Joint Boards	573	674	(101)	(17.63%)	1,376	1,376	0	0.00%
Non-Controllable Costs	4,449	4,186	263	100.00%	32,402	32,402	0	0.00%
Total Non-Departmental Budgets	6,478	5,988	490	7.56%	37,972	38,272	(300)	(0.79%)
TOTAL NET EXPENDITURE	84,320	80,600	3,720	4.41%	246,239	247,587	(1,348)	(0.55%)
Financed By								
Aggregate External Finance	(80,329)	(80,329)	0	0.00%	(204,935)	(204,935)	0	0.00%
Local Tax Requirement	(21,344)	(21,344)	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%	(2,478)	(2,478)	0	0.00%
Total Funding	(101,673)	(101,673)	0	0.00%	(246,239)	(246,239)	0	0.00%
Deficit/(Surplus) for Period	(17,353)	(21,073)	3,720		0	1,348	(1,348)	

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 31 AUGUST 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 %
Subjective Category								
Employee Expenses	51,026	51,090	-64	(0.13%)	132,234	132,646	(412)	(0.31%)
Premises Related Expenditure	8,237	7,964	273	3.31%	16,940	16,940	0	0.00%
Supplies and Services	7,457	6,999	458	6.14%	22,134	22,134	0	0.00%
Transport Related Expenditure	5,577	5,351	226	4.05%	21,100	21,100	0	0.00%
Third Party Payments	49,364	49,987	-623	(1.26%)	129,468	129,807	(340)	(0.26%)
Capital Financing	0	-1,625	1,625	0.00%	27,950	27,950	0	0.00%
TOTAL NET EXPENDITURE	121,661	119,766	1,895	1.56%	349,825	350,577	(752)	(0.21%)
Income	139,014	140,839	-1,825	(1.31%)	349,825	349,229	596	0.17%
Deficit/(Surplus) for Period	-17,353	-21,073	3,720		0	1,348	(1,348)	

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.
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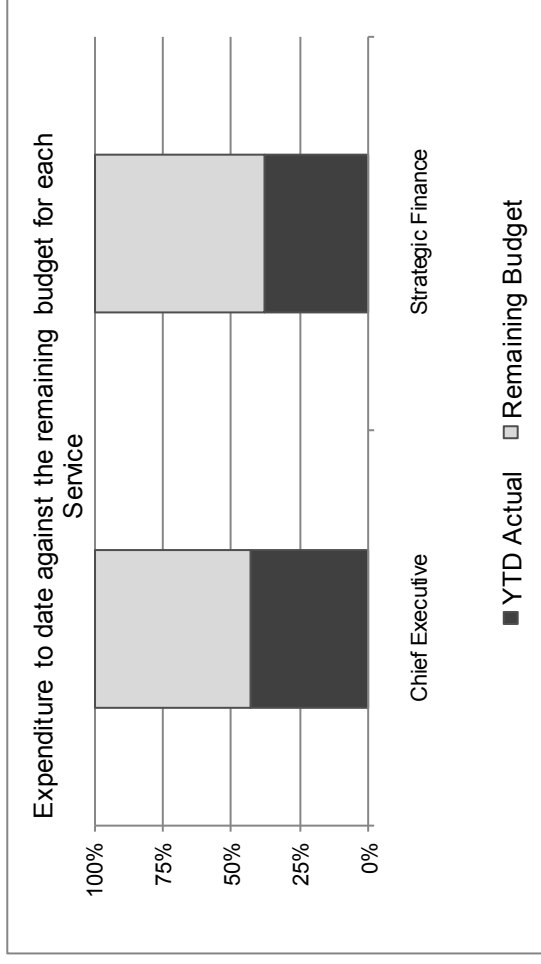
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – AUGUST 2014

- 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 August monitoring period.
- Net expenditure for the year to date spend is £38k less than the profiled to date budget – an underspend to date of 4.50%

Forecast Outturn Position

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
Totals	2,086	2,086	0	0	0

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.

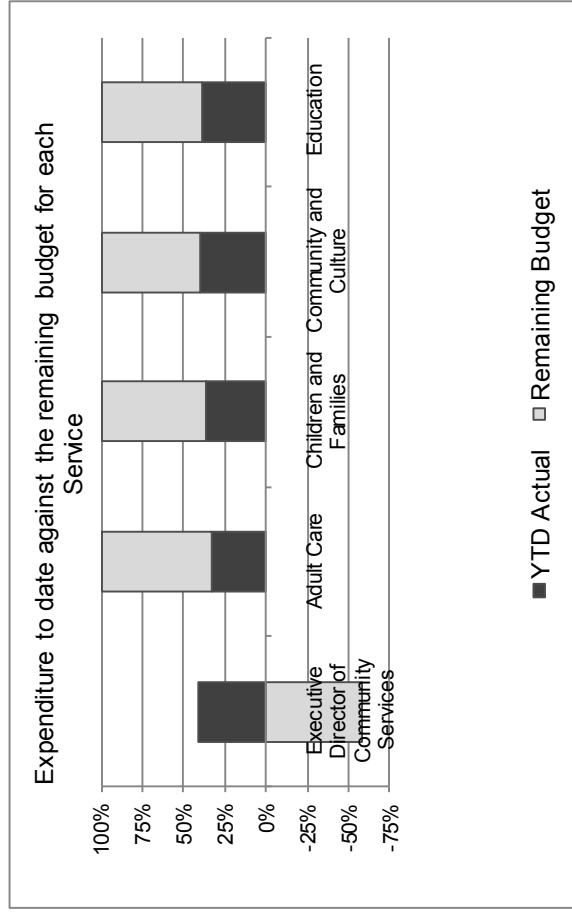
COMMUNITY SERVICES HIGHLIGHTS – AUGUST 2014

- The department are forecasting an overspend of £674k at the August 2014 monitoring period, this is in Adult Care in relation to demand for services and also within Music Instructors as a result of not achieving the previously agreed service review saving.
- Net expenditure for the year to date spend is £513k less than the profiled to date budget – an underspend to date of 1.01%

Forecast Outcome Position

Service	Annual Budget £000	Forecast Outcome £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Community Services	-118	-118	0	0	0
Adult Care	43,911	44,473	-562	0	-562
Children and Families	16,923	16,923	0	0	0
Community and Culture	10,921	10,921	0	0	0
Education	65,196	65,308	-112	0	-112
Totals	136,833	137,507	-674	0	-674

Year to Date Position



Key Financial Successes:

The 2013-14 budget outcome was only 0.2% of the total £138,391k budget.

Key Financial Challenges:

Client growth /Service demand/rising third 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

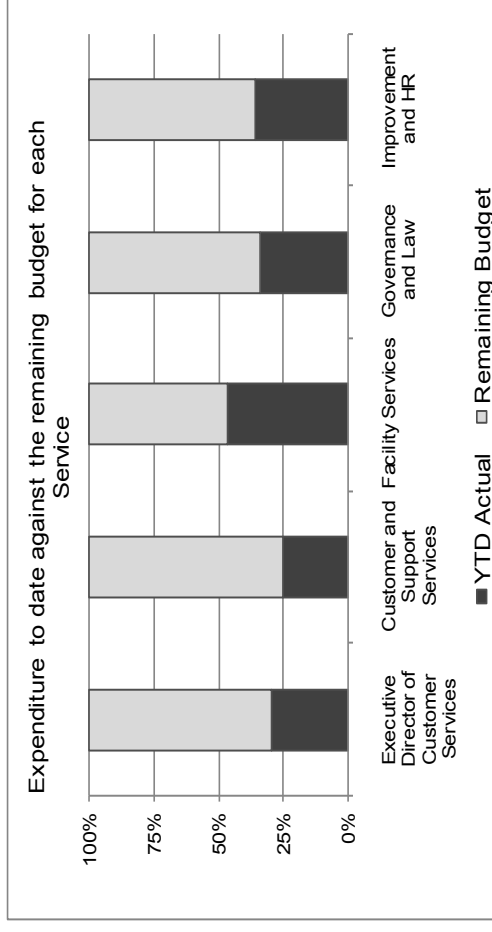
CUSTOMER SERVICES HIGHLIGHTS – AUGUST 2014

- The department are forecasting an underspend of £354k at the August 2014 monitoring period, this is in relation to School and Public Transport.
- Net expenditure for the year to date spend is £1,103k less than the profiled to date budget – an underspend to date of 7.55%.

Forecast Outturn Position

Service	Current Forecast Outturn Variance with change from previous month				
	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Customer Services	13,476	13,476	0	0	0
Customer and Support Services	8,042	8,042	0	0	0
Facility Services	12,054	11,701	354	354	0
Governance and Law	1,893	1,893	0	0	0
Improvement and HR	3,442	3,442	0	0	0
Totals	38,907	38,553	354	354	0

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 successfully removed from service budgets with no policy implications.

Key Financial Challenges:

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

Proposed Actions to address Financial Challenges:

Notification has been received from the Scottish Government of the additional revenue funding allocation. Strategy being developed to minimise the additional cost to the Council to reduce the funding gap for 2014-15 and to update cost estimates for future years.

Impact of Welfare reforms.

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

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.

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

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

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

DEVELOPMENT AND INFRASTRUCTURE SERVICES HIGHLIGHTS – AUGUST 2014

- The department are forecasting an overspend of £728k at the August 2014 monitoring period, this is in Roads and Amenity Services for coastal protection, refuse collection income and car park income and in Planning and Regulatory Services for dangerous buildings.
- Net expenditure for the year to date spend is £1,577k less than the profiled to date budget – an underspend to date of 13.60%, this relates to outdated budget profiles that require to be updated.

Forecast Outturn Position		Year to Date Position	
Current Forecast Outturn Variance with change from previous month			
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000
Executive Director of Development and Infrastructure Services	1,788	1,788	0
Economic Development	2,869	2,869	0
Planning and Regulatory Services	3,261	3,283	-22
Roads and Amenity Services	22,546	23,252	-706
Totals	30,463	31,191	-728
			-510
			-510

Expenditure to date against the remaining budget for each Service

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.	Proposed Actions to address Financial Challenges: Monitoring of trend / expenditure levels / service configuration and the Service Prioritisation process.
Projected shortfall in income within commercial refuse collection, car parking and potential shortfall within building standards.	Close monitoring of income levels to ensure that any further shortfall in income recovery is reported.
Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.	Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.
Delayed introduction of co-mingled alternative weekly recycling collections within the Waste PPP project will lead to a shortfall in delivery of service review savings.	Contractual negotiations with Shanks and the introduction of a co-mingled collection supported by the Special Projects Team.
Renegotiations of shellfish bio-toxin monitoring contract with Food Standards Agency, risk that the income will not meet expenditure.	Ongoing contract negotiations.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£80,890	£83,759	(£2,869)	(3.55%)	£192,844	£192,844	£0	0.00%	Outwith reporting criteria
Chief Executive	£80,890	£83,759	(£2,869)	(3.55%)	£192,844	£192,844	£0	0.00%	
SF01 - Council Finances Managed Effectively	£667,024	£624,469	£42,555	6.38%	£1,671,255	£1,671,255	£0	0.00%	Outwith reporting criteria
SF02 - Internal Audit	£90,179	£92,168	(£1,989)	(2.21%)	£221,753	£221,753	£0	0.00%	
Strategic Finance	£757,203	£716,637	£40,566	5.36%	£1,893,008	£1,893,008	£0	0.00%	
Grand Total	£838,093	£800,396	£37,697	4.50%	£2,085,852	£2,085,852	£0	0.00%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£787,337	£767,420	£19,917	2.53%	£2,109,746	£2,109,746	£0	0.00%	Year to date underspend due to staff vacancies, this variance will reduce in the September period with the re-allocation of the efficiency savings target.
Premises	£145	£0	£145	100.00%	£350	£350	£0	0.00%	YTD underspend due to profiling of budget, very small budget value not a significant variance.
Supplies & Services	£25,016	£26,588	(£1,572)	(6.29%)	£37,060	£37,060	£0	0.00%	Outwith reporting criteria
Transport	£8,260	£5,078	£3,182	38.53%	£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	£17,335	£1,310	£16,025	92.44%	£24,957	£24,957	£0	0.00%	YTD underspend mainly relates to consultants budget in Internal Audit, these costs will be incurred later in the year.
Income	£0	£0	£0	0.00%	(£107,170)	(£107,170)	£0	0.00%	Outwith reporting criteria
Totals	£838,093	£800,396	£37,697	4.50%	£2,085,852	£2,085,852	£0	0.00%	

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

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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 31 AUGUST 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£328,246	£291,405	£36,841	11.22%	(£118,437)	(£118,437)	£0	0.00%	YTD underspend relates to profiling of building repair budgets.
Executive Director of Community Services	£328,246	£291,405	£36,841	11.22%	(£118,437)	(£118,437)	£0	0.00%	
AC1 - Community Support	£13,809,766	£13,813,960	(£4,195)	(0.03%)	£42,657,711	£43,219,653	(£561,942)	(1.32%)	The forecast overspend relates to extremely high demand for adult care services in the first part of the year due to growth in the number of service users and the increasing complexity of new packages.
AC2 - Vulnerable Adults	£32,215	£30,514	£1,701	5.28%	£93,641	£93,641	£0	0.00%	
AC3 - Alcohol and Drugs	£134,829	£140,821	(£5,992)	(4.44%)	£426,990	£426,990	£0	0.00%	
Central/Management Costs	£254,540	£242,816	£11,724	4.61%	£733,056	£733,056	£0	0.00%	
Adult Care	£14,231,350	£14,228,111	£3,239	0.02%	£43,911,398	£44,473,340	(£561,942)	(1.28%)	
CF1 - Looked-after Children	£2,370,423	£2,436,319	(£65,896)	(2.78%)	£5,841,676	£5,841,676	£0	0.00%	
CF2 - Child Protection	£1,345,387	£1,301,409	£43,977	3.27%	£3,416,706	£3,416,706	£0	0.00%	Outwith reporting criteria
CF3 - Children with a Disability and Early Years	£2,058,520	£1,975,432	£83,088	4.04%	£6,664,987	£6,664,987	£0	0.00%	
CF4 - Criminal Justice	£145,464	£137,344	£8,120	5.58%	(£5,477)	(£5,477)	£0	0.00%	
Central/Management Costs	£328,445	£354,628	(£26,182)	(7.97%)	£1,004,994	£1,004,994	£0	0.00%	
Children and Families	£6,248,240	£6,205,132	£43,107	0.69%	£16,922,886	£16,922,886	£0	0.00%	
CC01 - Young people active healthier lives	£2,878	(£3,433)	£6,311	219.27%	£147,290	£147,290	£0	0.00%	The main reason for the YTD variance is the profiling of the Home Energy Efficiency scheme payment budgets.
CC02 - Sport and Physical Activity	£858,723	£877,587	(£18,864)	(2.20%)	£2,680,852	£2,680,852	£0	0.00%	
CC03 - Adults access to learning opportunities	£243,482	£247,526	(£4,044)	(1.66%)	£872,647	£872,647	£0	0.00%	
CC04 - Homelessness	£841,542	£859,689	(£18,148)	(2.16%)	£2,527,399	£2,527,399	£0	0.00%	
CC05 - Youth Services	£184,469	£183,808	£661	0.36%	£550,887	£550,887	£0	0.00%	
CC06 - Community Development	£371,579	£388,349	(£16,770)	(4.51%)	£930,405	£930,405	£0	0.00%	
CC07 - Affordable Housing	£1,032,809	£1,080,310	(£47,501)	(4.60%)	£1,253,652	£1,253,652	£0	0.00%	
CC08 - Improved literacy, health and well-being	£655,539	£638,248	£17,291	2.64%	£1,685,601	£1,685,601	£0	0.00%	
Central/Management Costs	£78,237	£92,499	(£14,261)	(18.23%)	£272,726	£272,726	£0	0.00%	
Community and Culture	£4,269,258	£4,364,585	(£95,327)	(2.23%)	£10,921,459	£10,921,459	£0	0.00%	
ED01 - Primary School Education	£9,634,640	£9,448,186	£186,455	1.94%	£25,718,165	£25,718,165	£0	0.00%	The YTD underspend relates mainly to the outstanding re-allocation of budget held centrally to individual schools re-teacher staffing entitlements. The forecast overspend relates to the music service being unable to deliver a previously agreed service review savings. The service is currently undertaking a further review to identify options for containing expenditure within the allocated budget.
ED02 - Secondary School Education	£10,825,685	£10,898,228	(£72,544)	(0.67%)	£26,672,833	£26,672,833	£0	0.00%	
ED03 - Central/Management Team	£1,669,496	£1,395,744	£273,753	16.40%	£4,061,547	£4,173,547	(£112,000)	(2.76%)	
ED04 - Additional Support Needs	£3,509,981	£3,366,835	£143,146	4.08%	£8,597,625	£8,597,625	£0	0.00%	
ED05 - Opportunities for All	£82,970	£89,019	(£6,049)	(7.29%)	£128,427	£128,427	£0	0.00%	
ED06 - Leadership and Professional Learning	£1,641	£1,641	£0	0.00%	£17,364	£17,364	£0	0.00%	
Education	£25,724,414	£25,199,653	£524,761	2.04%	£65,195,961	£65,307,961	(£112,000)	(0.17%)	
Grand Total	£50,801,507	£50,288,885	£512,622	1.01%	£136,833,266	£137,507,208	(£673,942)	(0.49%)	

COMMUNITY SERVICES – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£34,084,532	£34,038,828	£45,703	0.13%	£85,764,222	£85,876,222	(£112,000)	0.13%	The forecast overspend relates to the music service being unable to deliver a previously agreed service review savings. The service is currently undertaking a further review to identify options for containing expenditure within the allocated budget.
Premises	£2,048,474	£1,813,268	£235,206	11.48%	£6,465,252	£6,465,252	£0	0.00%	YTD variance is mainly due to profiling issues on the central repairs budgets.
Supplies & Services	£1,873,873	£1,810,043	£63,830	3.41%	£8,366,833	£8,366,833	£0	0.00%	YTD variance is the cumulative impact of numerous individual variances, many of which will be rectified by refining the profiling of budgets.
Transport	£605,664	£573,782	£31,882	5.26%	£1,518,875	£1,518,875	£0	0.00%	Outwith reporting criteria
Third Party	£19,970,398	£19,559,507	£410,890	2.06%	£55,713,846	£56,275,788	(£561,942)	(1.01%)	The main factors in the YTD variance are the impact of funds held pending distribution to schools in respect of changes to teacher entitlements, profiling issues in Homecare and an outstanding accrual issue in relation to Speech & Language Therapy. The forecast overspend relates to extremely high demand for adult care services in the first part of the year due to growth in the number of service users and the increasing complexity of new packages.
Income	(£7,781,433)	(£7,506,543)	(£274,890)	(3.53%)	(£20,995,762)	(£20,995,762)	£0	0.00%	The YTD variance is due to the combination of a number of different issues including profiling issues in relation to non-residential care charges to service users and recharges to NHS Highland within Adult Care.
Totals	£50,801,507	£50,288,885	£512,622	1.01%	£136,833,266	£137,507,208	(£673,942)	(0.49%)	

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
Home Care	9,865,006	10,426,948	(561,942)	(5.70%)	Demand for homecare has been extremely high in the first part of the year due to growth in the number of service users and the increasing complexity of new packages due to the continued move towards older people being looked after at home for as long as possible rather than in care homes. The homecare service is currently undertaking a review of all of the current cases and undertaking additional scrutiny on new cases in order to address the overspend.
Music Instructors	319,620	431,620	(112,000)	(35.04%)	The music service has been unable to deliver a previously agreed service review saving and is currently undertaking a further review to identify options for containing expenditure within the allocated budget.

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

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Special Projects	£4,010,323	£3,905,993	£104,331	2.60%	£13,079,384	£13,079,384	£0	0.00%	YTD underspend in Special Projects team, this budget will be required later in the year for the new school projects, the budget profiling will be updated to reflect this.
Central/Management Costs	£106,968	£97,407	£9,561	8.94%	£396,201	£396,201	£0	0.00%	
Executive Director of Customer Services	£4,117,291	£4,003,399	£113,892	2.77%	£13,475,586	£13,475,586	£0	0.00%	
CS01 - Benefits	(£436,439)	(£509,259)	£72,820	(16.69%)	£1,375,167	£1,375,167	£0	0.00%	The YTD underspend in Benefits relates to the budget for discretionary housing payments and the YTD underspend in ICT relates to income recovered from ACHA and equipment disposal. In both cases the variances relate to the timing of expenditure and income with the budget profile out of sync with the amounts paid or received, the budget profiling will be refined.
CS02 - NDR Disc Relief	(£51,791)	(£52,169)	£378	0.00%	£100,294	£100,294	£0	0.00%	
CS03 - Creditors	£88,581	£94,289	(£5,707)	(6.44%)	£239,363	£239,363	£0	0.00%	
CS04 - Print and Mail Room	£14,777	£5,643	£9,134	61.81%	£47,665	£47,665	£0	0.00%	
CS05 - Debtors and Local Tax Income	£271,136	£283,584	(£12,447)	(4.59%)	£575,340	£575,340	£0	0.00%	
CS06 - Procurement	£221,918	£216,030	£5,888	2.65%	£692,359	£692,359	£0	0.00%	
CS07 - Customer Service and Registrars	£467,640	£454,600	£13,040	2.79%	£1,383,510	£1,383,510	£0	0.00%	
CS08 - ICT Applications and Infrastructure	£1,472,129	£1,401,453	£70,675	4.80%	£3,311,593	£3,311,593	£0	0.00%	
Central/Management Costs	£117,537	£116,081	£1,456	1.24%	£316,686	£316,686	£0	0.00%	
Customer and Support Services	£2,165,488	£2,010,251	£155,237	7.17%	£8,041,978	£8,041,978	£0	0.00%	
FS01 - School Meals	£1,446,979	£1,228,073	£218,906	15.13%	(£326,103)	(£326,103)	£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 in School Meals is a result of the ongoing review of the recharge mechanism for the catering service as a result of the removal of the trading account status. The YTD underspend in Safer Communities and Facilities relates to internal property design fees being recovered ahead of schedule. The overall YTD underspend is partly due to the forecast underspend position and also some refinements that require to be made to the budget profiling.
FS02 - Safer Communities and Facilities	£948,376	£721,113	£227,263	23.96%	£2,028,148	£2,028,148	£0	0.00%	
FS03 - Sustainability	£54,983	£45,842	£9,141	16.63%	£132,361	£132,361	£0	0.00%	
FS04 - School and Public Transport	£3,682,958	£3,369,010	£313,948	8.52%	£9,540,271	£9,186,598	£353,673	3.71%	
Central/Management Costs	£286,402	£257,003	£29,399	10.26%	£679,530	£679,530	£0	0.00%	
Facility Services	£6,419,699	£5,621,041	£798,658	12.44%	£12,054,207	£11,700,534	£353,673	2.93%	
GL1 - Democratic Services	£202,690	£224,610	(£21,920)	(10.81%)	£733,747	£733,747	£0	0.00%	Outwith reporting criteria
GL2 - Governance	£42,277	£41,241	£1,035	2.45%	£113,411	£113,411	£0	0.00%	
GL3 - Member's Services	£50,515	£54,361	(£3,846)	(7.61%)	£133,683	£133,683	£0	0.00%	
GL4 - Community Safety	£19,994	£21,898	(£1,904)	(9.52%)	£52,446	£52,446	£0	0.00%	
GL5 - Elections	£54,228	£46,361	£7,867	14.51%	£75,199	£75,199	£0	0.00%	
GL6 - Children's Panel	£13,660	(£2,747)	£16,407	120.11%	£33,698	£33,698	£0	0.00%	
GL7 - Community Councils	£13,014	£14,314	(£1,300)	(9.99%)	£34,810	£34,810	£0	0.00%	
GL8 - Legal Services - Corporate	£118,105	£111,269	£6,836	5.79%	£310,266	£310,266	£0	0.00%	
GL9 - Legal Services - Commercial	£120,220	£110,511	£9,709	8.08%	£336,574	£336,574	£0	0.00%	
GL10 - Licensing	(£41,757)	(£51,714)	£9,957	(23.84%)	(£128,588)	(£128,588)	£0	0.00%	
Central/Management Costs	£74,773	£68,693	£6,080	8.13%	£198,108	£198,108	£0	0.00%	
Governance and Law	£667,719	£638,798	£28,921	4.33%	£1,893,353	£1,893,353	£0	0.00%	
IHR01 - Discrimination	£0	£0	£0	0.00%	£0	£0	£0	0.00%	Outwith reporting criteria
IHR02 - Emergency Planning	£33,272	£32,986	£286	0.86%	£88,551	£88,551	£0	0.00%	
IHR03 - Health and Safety	£136,949	£139,976	(£3,027)	(2.21%)	£374,403	£374,403	£0	0.00%	
IHR04 - Continuous Improvement	£710,643	£705,537	£5,106	0.72%	£1,983,848	£1,983,848	£0	0.00%	
IHR05 - Communications	£78,542	£73,565	£4,977	6.34%	£219,841	£219,841	£0	0.00%	
IHR06 - Gaelic Language Plan	£2,721	£2,799	(£78)	100.00%	£2,721	£2,721	£0	0.00%	
IHR07 - Learning and Development	£233,368	£234,571	(£1,203)	(0.52%)	£646,363	£646,363	£0	0.00%	
Central/Management Costs	£46,990	£46,514	£476	1.01%	£126,241	£126,241	£0	0.00%	
Improvement and HR	£1,242,485	£1,235,949	£6,537	0.53%	£3,441,968	£3,441,968	£0	0.00%	
Grand Total	£14,612,682	£13,509,439	£1,103,243	7.55%	£38,907,092	£38,553,419	£353,673	0.91%	

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£6,989,863	£6,949,173	£40,690	0.58%	£19,418,748	£19,418,748	£0	0.00%	Outwith reporting criteria
Premises	£840,787	£955,650	(£114,863)	(13.66%)	£2,572,093	£2,572,093	£0	0.00%	YTD variance mainly in relation to Scottish Welfare Fund payments which have been posted to premises budget lines in error, the corresponding budget is in third party payments. These transactions have been corrected in the September monitoring period.
Supplies & Services	£2,065,015	£1,784,281	£280,734	13.59%	£4,638,947	£4,638,947	£0	0.00%	YTD underspend mainly relates to School Meals where the budget for catering purchases requires to be re-aligned as part of the review into the recharge mechanism for the catering service.
Transport	£569,870	£431,828	£138,042	24.22%	£7,425,592	£7,425,592	£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	£19,108,389	£18,597,741	£510,649	2.67%	£48,147,585	£47,793,912	£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. The YTD underspend partly relates to the forecast underspend for School and Public Transport and the underspend to date on this budget, in addition to this the remainder of the variance relates to the profiling of the budget for discretionary housing payments.
Income	(£14,961,243)	(£15,209,233)	£247,990	1.66%	(£43,295,873)	(£43,295,873)	£0	0.00%	YTD underspend is in relation to internal property design fee recharges being processed ahead of schedule.
Totals	£14,612,682	£13,509,439	£1,103,243	7.55%	£38,907,092	£38,553,419	£353,673	0.91%	

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

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

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

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

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

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 31 AUGUST 2014

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£626,045	£618,298	£7,748	1.24%	£1,787,838	£1,787,838	£0	0.00%	Outwith reporting criteria
Executive Director of Development and Infrastructure Services	£626,045	£618,298	£7,748	1.24%	£1,787,838	£1,787,838	£0	0.00%	
ET01 - Economic Growth	£390,586	£395,199	(£4,613)	(1.18%)	£1,178,806	£1,178,806	£0	0.00%	Outwith reporting criteria
ET02 - Strategic Transportation & Attractive Communities	£889,090	£874,388	£14,701	1.65%	£1,263,633	£1,263,633	£0	0.00%	
ET03 - Renewables	£12,495	£1,915	£10,580	84.67%	£30,000	£30,000	£0	0.00%	
ET04 - Third Sector	£59,972	£57,529	£2,443	4.07%	£157,302	£157,302	£0	0.00%	
Central/Management Costs	£36,640	£36,235	£405	1.11%	£238,815	£238,815	£0	0.00%	
Economic Development	£1,388,783	£1,365,267	£23,516	1.69%	£2,868,555	£2,868,555	£0	0.00%	
PR01 - Development Management	£134,616	£115,370	£19,246	14.30%	£502,022	£502,022	£0	0.00%	The forecast overspend in Building Standards
PR02 - Trading Standards	£190,446	£193,665	(£3,219)	(1.69%)	£515,798	£515,798	£0	0.00%	relates to previously raised accounts for dangerous
PR03 - Environmental Health	£393,163	£405,657	(£12,494)	(3.18%)	£1,121,856	£1,121,856	£0	0.00%	buildings which have been written off by legal
PR04 - Building Standards	£8,924	£21,984	(£13,060)	(146.34%)	£84,911	£87,149	(£22,238)	(34.26%)	services as they will not be recovered. YTD relates
PR05 - Corepath Plan	£46,812	£40,718	£6,094	13.02%	£136,926	£136,926	£0	0.00%	to increased activity within Private Landlord
PR06 - Environmental Safety	£99,006	£42,610	£56,396	56.96%	£93,685	£93,685	£0	0.00%	Registration.
PR07 - Environmental Policy	£185,766	£190,052	(£4,286)	(2.31%)	£503,022	£503,022	£0	0.00%	
Central/Management Costs	£94,314	£107,032	(£12,718)	(13.48%)	£300,152	£300,152	£0	0.00%	
Planning and Regulatory Services	£1,153,047	£1,117,087	£35,960	3.12%	£3,238,371	£3,260,609	(£22,238)	(0.69%)	
RA01 - Roads & Lighting	£4,573,386	£2,669,999	£1,903,387	41.62%	£8,671,795	£8,671,795	£0	0.00%	The forecast variance relates to remaining
RA02 - Network & Environment	(£462,677)	(£210,370)	(£252,306)	54.53%	(£757,840)	(£297,840)	(£460,000)	60.70%	unplanned expenditure within Coastal Protection
RA03 - Fleet	(£997,702)	(£949,688)	(£48,014)	4.81%	(£1,381,734)	(£1,381,734)	£0	0.00%	following the December 2013 storms and a
RA04 - Roads Design	£177,505	£214,083	(£36,578)	(20.61%)	£468,037	£578,037	(£110,000)	(23.50%)	shortfall in commercial refuse collection income as
RA05 - Streetscene	£1,636,267	£1,644,724	(£8,456)	(0.52%)	£4,130,018	£4,130,018	£0	0.00%	businesses are in a position to reduce the service
RA06 - Waste Management	£3,455,533	£3,501,475	(£45,942)	(1.33%)	£11,310,489	£11,446,489	(£136,000)	(1.20%)	they require or are transferring to the private sector
Central/Management Costs	£39,905	£42,578	(£2,673)	(6.70%)	£104,965	£104,965	£0	0.00%	provision. In addition there is a forecast overspend
Roads and Amenity Services	£8,422,218	£6,912,801	£1,509,417	17.92%	£22,545,731	£23,251,731	(£706,000)	(3.13%)	as a result of a shortfall in car parking and DPE
Grand Total	£11,590,092	£10,013,452	£1,576,640	13.60%	£30,440,495	£31,168,733	(£728,238)	(2.39%)	income, DPE was introduced in June 2014 and
									based on the first months of operation is it unlikely
									that the income recovered will meet the budgeted
									levels. Roads & lighting YTD variance is due to
									roads maintenance profiling, this budget is
									monitored via monthly engagement meetings with
									operational service managers. YTD variance within
									Network and Environment relates to the delayed
									introduction of DPE and the potential impact on
									income levels for PCNs and car parking income.

DEVELOPMENT AND INFRASTRUCTURE SERVICES – SUBJECTIVE SUMMARY AS AT 31 AUGUST 2014

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£8,519,293	£8,361,139	£158,154	1.86%	£22,752,746	£22,752,746	£0	0.00%	The YTD variance mainly relates to the Roads operational staff not being operated at the full establishment, this is offset by the backdating of standby/call out payments.
Premises	£664,781	£533,468	£131,313	19.75%	£2,747,794	£2,747,794	£0	0.00%	The main factor in the YTD variance relates to the depot allocation not being processed.
Supplies & Services	£3,007,521	£3,089,904	(£82,383)	(2.74%)	£7,139,005	£7,139,005	£0	0.00%	YTD variance is the profiling to roads maintenance, this budget is monitored via monthly engagement meetings with operational service managers.
Transport	£4,334,282	£4,272,944	£61,338	1.42%	£11,831,217	£11,831,217	£0	0.00%	The main factor in the YTD variance relates to the fuel and external plant hire, this will be investigated.
Third Party	£9,662,586	£10,624,151	(£961,565)	(9.95%)	£24,128,680	£24,260,917	(£132,238)	(0.55%)	The forecast variance relates mainly to remaining unplanned expenditure within Coastal Protection following the December 2013 storms. The YTD variance is profile related in roads maintenance, this budget is monitored via monthly engagement meetings with operational service managers.
Capital Financing	£0	£0	£0	0.00%	£158,891	£158,891	£0	0.00%	Outwith reporting criteria
Income	(£14,598,370)	(£16,868,153)	£2,269,783	15.55%	(£38,317,837)	(£37,721,837)	(£596,000)	(1.56%)	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. In addition there an expected shortfall in car parking and DPE income, DPE was introduced in June 2014 and based on the first months of operation is it unlikely that the income recovered will meet the budgeted levels.
Totals	£11,590,092	£10,013,452	£1,576,640	13.60%	£30,440,495	£31,168,733	(£728,238)	(2.39%)	The YTD variance is a combination of profiling in roads maintenance, this budget is monitored via monthly engagement meetings with operational service managers and the transitional position while ongoing developments to the recharge basis for fleet costs and income are completed.

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
Coastal Projection	186,105	296,105	(110,000)	(59.11%)	The projected overspend relates to remaining unplanned expenditure within Coastal Protection following the December 2013 and January 2014 storms.
Waste Collection	3,413,172	3,549,172	(136,000)	(3.98%)	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.
Network and Environment	(1,487,717)	(1,027,717)	(460,000)	30.92%	Car parking income is forecast to be 30% down on the budget income for the year which projects a cost pressure for this and future years should the income forecast remain at the current level. DPE commenced in June following a month of issuing warning notices. The planned introduction of DPE was delayed by over two months and this has contributed approximately £70k to the under recovery of DPE income within 2014-15. There will be some learning from the early months of DPE in terms of how enforcement resource is deployed to maximise the benefit in terms of providing turnover of on street parking places and patronage of off street car parks. However, based on the first four months of operation it is unlikely that the car parking income and DPE income will meet current projected income levels.

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

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

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 £1.775m (97.4%) have already been secured and £0.047m (2.6%) are being implemented all with no 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
	182,243	1,822	3,644

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 only the recurring 2014-15 savings that have been identified for 2015-16. The overall Council position is summarised within the table below.

Efficiency Savings	2014-15 £000	2014-15 % of Target	2015-16 £000	2015-16 % of target
1% Target	1,822		3,644	
Already Secured	1,775	97.4%	1,493	41.0%
Being Implemented	47	2.6%	47	1.3%
Being Developed:				
• Policy measures under development	0	0.0%	0	0.0%
• Non-Policy measures under development	0	0.0%	0	0.0%
Still to Identify	0	0.0%	2,104	57.7%
TOTAL	1,822	100.0%	3,644	100.0%

3.2.2 The savings already secured (£1,775k) and those being implemented (£47k) have no policy implications.

3.2.3 Appendices are attached that provide a summary per department.

3.4 Changes to Efficiency Savings since last P&R Report

3.4.1 There are no changes to the efficiency savings reports within the Chief Executive's Unit.

3.4.2 The changes to the efficiency savings with Community Services are summarised as follows:

- Change to the allocation of savings within Adult Care, saving reference AC01.
- Saving reference AC02 is now secured.
- Saving reference CF01 in respect of Child Protection has been removed as a saving option.
- Saving reference CF02 has been reduced to £32,293.
- Saving reference EDUC01 is now secured.
- Saving reference EDUC03 in respect of ASN assistant time has now been removed and been replaced with EDUC04 saving in external residential schools.

3.4.3 The changes to the efficiency savings within Customer Services are summarised as follows:

- Saving reference CUST01 is now secured.
- Saving reference CUST17 is now secured.
- Saving reference CUST18 is now secured.

3.4.4 The changes to the efficiency savings with Development and Infrastructure Services are summarised as follows:

- Saving reference ED2 is now being implemented.
- Saving reference RAMS1 is now secured.

4. CONCLUSION

4.1 Good progress is being made with 2014-15 budget savings. Over 97% of the 2014-15 savings target have been secured with the remainder currently being implemented.

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
1 October 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
1% Target	21,527		43,054	
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%
TOTAL 1% EFFICIENCY SAVINGS TARGET	21,527	100.0%	43,054	100.0%

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				
TOTAL				21,527	43,054				

COMMUNITY SERVICES - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	1,318,554		2,637,108	
Already Secured	1,318,554	100.0%	1,002,251	38.0%
Being Implemented	0	0.0%	0	0.0%
Being Developed:	0	0.0%	0	0.0%
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	1,634,857	62.0%
TOTAL 1% EFFICIENCY SAVINGS TARGET	1,318,554	100.0%	2,637,108	100.0%

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	Already Secured	AC01	The options being considered are: (1) Care Home Placements, Older People: By continuing to implement the existing policy of favouring care at home as against care in residential care, efficiencies will be created as care at home is on average more cost effective than residential care home placements - £366,072 (2) 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. Helocus spend on services that evidence clear strategic outcomes with revenue removed from those which don't- £5,204 (3) Day Services, Older People: Review of service at Oasis, Garalothead in line with existing policy of promoting flexible day service opportunities within the community rather than the traditional dependence of service users attending a building with the associated costs that go with that model of care. - £8,517 (4) Development & Flexibility Budget: reduction in short term, non-recurring pieces of work that do not evidence clear strategic outcomes - £1,174 (5) Jura Progressive Care Centre: efficiency improvements in the delivery of the service to residents at Jura Progressive Care Centre - £16,000 (6) Cowal Integrated Care Team – more efficient use of resources produced through the transfer of work to the homecare service at a lower annual cost - £31,470	428,437	428,437	Recurring	As per performance and service implications.	(1) Equivalent to a reduction of 15 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. (2) 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. (3) Review of service provided by Cross reach in Garalothead. 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. (4) 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. (5) Cost efficiencies which have been made at Jura Progressive Care Centre which will not impact on the level of service provided. (6) Transfer of some work previously undertaken by the Integrated Care Team to the Homecare service which has allowed for a reduction in the size of the team without affecting the overall level of service provided to clients.	no
Adult Care	Already Secured	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 council budget being supplemented by resource release funding. Net impact is no reduction in service delivery	no
Community and Culture	Already Secured	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 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 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	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	Already Secured	CF02	Looked after children. Reduction to throughcare budget to meet the expected level of demand.	32,293	32,293	Recurring	none	Minimal impact on current service however future demands on throughcare could see increased demands in the future	No
Children & Families	Already Secured	CF03	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	Already Secured	CF04	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	CF05	Reduction in fostering budget to meet the expected level of demand.	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	CF06	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
Education	Already Secured	EDUC01	HQ and OIO 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 OIO 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.	316,303	0	Non 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 (HM) action however is most as a result of vacancy / turnover/ recruitment cycle. Devolved management of resource regulations allow schools flexibility.	no
Education	Already Secured	EDUC04	External Residential Schools – A reduction in the number of pupils with additional support needs placed out with Argyll in Residential Schools.	175,000	175,000		None	The ASN service will focus on early intervention and pupils with Priority 1 needs and will, as far as possible, meet identified additional support needs via the network of ASN staff employed by the Council across the schools estate. This will continue to support the inclusion of the most vulnerable children and young people within their local school and community.	No
Community Services	Still to identify		Still to identify		1,634,857				
TOTAL				1,318,554	2,637,108				

CUSTOMER SERVICES - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	241,427		482,854	
Already Secured	221,427	91.7%	239,523	49.6%
Being Implemented	20,000	8.3%	20,000	4.1%
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%
TOTAL 1% EFFICIENCY SAVINGS TARGET	241,427	100.0%	482,854	100.0%

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	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	5,212	10,424	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	6,301	6,301	Recurring	None	None	No
Improvement and HR	Already Secured	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 Service Review saving	20,000	20,000	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	CUST012	Training Budgets across Facility Services	5,000	5,000	Recurring	None	None	No
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	Already Secured	CUST017	Social Work Training - Photocopier and Coffee machine leases	12,000	12,000	Recurring	None	None	No
Improvement and HR	Already Secured	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
TOTAL				241,427	482,854				

DEVELOPMENT AND INFRASTRUCTURE - 1% EFFICIENCY SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	224,480		448,960	
Already Secured	197,086	87.8%	197,086	43.9%
Being Implemented	27,394	12.2%	27,394	6.1%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	224,480	50.0%
TOTAL 1% EFFICIENCY SAVINGS TARGET	224,480	100.0%	448,960	100.0%

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 Implemented	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 focusing 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, Lochgilphead 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	Already Secured	RAMS1	<ul style="list-style-type: none"> Fuel savings due to rescheduled routes Reduced reliance on hired in plant – close down hires more timely Increase in income streams where possible Restructure resulting in a number of vacant posts being removed from the establishment 	148,524	148,524	Recurring	Staffing will be via the removal of vacant posts.	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	224,480				
TOTAL				224,480	448,960				

UPDATE TO 2015-16 BUDGET

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 inflation, fees and charges or the 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 a number of changes to the base budget, some of which are matched by an increase or decrease to the funding. The base adjustments that affect the overall position are in respect of a payment to Atlantis Leisure, the reduction in the Education Management restructure savings, an increase in the estimate for pre-school hours (600 hours) and a reduction to the Joint Valuation Board payment.
- 1.5 There are two additional pressures within employee costs in relation to Holiday Pay (£300,000) and Disturbance Payments (£100,000).
- 1.6 There are three new cost and demand pressures included which total £556,000. £66,000 is due to increased payment to Kintyre Recycling Ltd and Fyne Futures mainly due to increased participation and recycling volumes plus introduction of new formalised commercial recycling service allowing the Council to comply with the Waste (Scotland) Regulations 2012. £100,000 is in relation to repairs and maintenance on leisure facilities. There is also an estimated £390,000 under recovery of income in respect of car parking and decriminalised parking enforcement (DPE).
- 1.7 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 August, the position still remains in surplus at £0.343m.

UPDATE TO 2015-16 BUDGET

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.
- 3.1.1.3 The revenue funding in respect of the delivery of free school meals to children in primary 1 to 3 was confirmed by the Scottish Government by letter on 17 July 2014. The funding for 2015-16 for Argyll and Bute is £863,000.
- 3.1.1.4 When the budget was agreed in February 2014, an estimate of funding in respect of the increase in pre-school hours from 475 hours to 600 hours as a result of the Children and Young People (Scotland) Act was included for 2015-16. The funding estimated was £1.351m. The Scottish Government have now advised that the funding for Argyll and Bute will be £1,265,505.
- 3.1.1.5 The Scottish Government have also advised of an additional allocation of £465,957 in respect of early year places for 2 year olds from workless

households.

- 3.1.1.6 The trunking of 51km of the A83 between Kennacraig and Campbeltown took place early August 2014 and the responsibility for the management and maintenance of this stretch of road transferred from Argyll and Bute Council to Transport Scotland. As a result, the funding will be reduced, the reduction for 2015-16 amounts to £281,000. There is a corresponding base budget reduction.

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
Free School Meals	863
Change to funding for Pre-School hours	-85
Early Years – 2 year olds from workless households	466
A83 Trunking – reduction in funding	-281
Updated funding August 2014	244,004

3.2 Base Budget

- 3.2.1 The base budget for 2015-16 amounts to £231.900m.
- 3.2.2 There are a number of changes to the base budget as noted in the following paragraphs.
- 3.2.3 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.
- 3.2.4 Base adjustment in respect of the Education Management restructure savings reduction. 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.
- 3.2.5 Base adjustment in respect of Valuation Joint Board – the requisition advised for 2015-16 is £26,579 less than already budgeted within 2015-16.

- 3.2.6 As noted in paragraph 3.1.1.3, the Scottish Government has announced the revenue funding for the delivery of free school meals to children in primary 1 to 3. The base budget requires to be increased in line with the funding increase.
- 3.2.7 The increase in pre-school hours from 475 hours to 600 hours was previously estimated at a cost of £1.200m. A more accurate figure has now been calculated based on the current uptake of the increased hours and the revised cost is £1.272m, an increase of £71,709.
- 3.2.8 As noted in paragraph 3.1.1.5, the Scottish Government has announced the revenue funding in respect of early year places for 2 year olds from workless households. The base budget requires to be increased in line with the funding increase.
- 3.2.9 As noted in paragraph 3.1.1.6 the responsibility for the 51km of A83 between Kennacraig and Campbeltown has transferred from Argyll and Bute Council to Transport Scotland. The base budget requires to be reduced in line with the funding reduction.
- 3.2.10 The changes to the base budget are summarised in the table below.

	£000
Base Budget February 2014	231,900
Atlantis Leisure	12
Education Management Restructure	137
Valuation Joint Board	-27
Free School Meals (matched by additional funding)	863
Pre-School Hours – change to base estimate	72
Early Years – 2 year olds from workless households (covered by additional funding)	452
A83 Trunking Kennacraig to Campbetlown (matched by a reduction to funding)	-281
Updated Base Budget August 2014	233,128

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. This budget challenge is ongoing and the outcome will be reported to the Policy and Resources Committee in December.

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.

3.4.2 The Council have additional cost implications in respect of holiday pay as a result of a recent ruling by the European Court of Justice. The ruling means that employers must now pay employees the same rate of pay, including any overtime or other additional payments that are linked to their job, whilst they are on holiday. The full year cost is estimated to be between £200,000 and £300,000 and this is being implemented from October 2014. The upper estimate has been included within the revised employee costs.

3.4.3 The Council also have additional cost implications in respect of Disturbance Payments. Staff had not been claiming the disturbance payments as set out in the Single Status Agreements. The full year cost is approximately £100,000 and this has been included within the revised employee cost estimates.

3.4.2 The changes to employee costs are summarised in the table below.

	£000
Employee Costs February 2014	5,168
Holiday Pay	300
Disturbance Payments	100
Updated Employee Costs August 2014	5,568

3.5 Non-Pay Inflation

3.5.1 The position remains that only unavoidable/inescapable inflation has been included for 2015-16. A recent review of inflation has been carried out 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 August 2014 and the following changes are noted, with further detail included in Appendix 1:

- Cost Pressure: Increased payments as per agreements with Kintyre Recycling Ltd and Fyne Futures - £66,000.
- Cost Pressure: Under recovery of car parking income and Decriminalised Parking Enforcement income (DPE) – this is based on current estimations following introduction of DPE - £390,000.
- Demand Pressure: Central Repairs and Maintenance on Leisure estate - £100,000.

3.6.2 The changes to the cost and demand pressures are summarised in the table below:

	£000
Cost and Demand Pressures February 2014	5,160
Kintyre Recycling and Fyne Futures	66
Leisure Repairs and Maintenance	100
Car Parking Income and DPE	390
Updated Cost and Demand Pressures August 2014	5,716

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.

3.7.2 It should be noted that the Scottish Government have advised that the Town and Country Planning Amendment Regulations 2014 come into force on 1 November 2014 which results in a 5% increase on planning fees. The increased income has not been reflected in the budget outlook as the service are using this increase towards their 1% savings target.

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.

Financial Position	2015-16 (Feb 2014)	2015-16 Changes	2015-16 Updated Estimate (August 2014)
	£000	£000	£000
Adjusted Base Budget	231,900	1,228	233,128
Revenue Budget Challenge	-240	0	-240
Employee Cost Increases	5,168	400	5,568
Non-Pay Inflation	3,856	0	3,856
Cost and Demand Pressures	5,160	556	5,716
Fees and Charges	-723	0	-723
1% Efficiency Savings	-3,644	0	-3,644
Total	241,477	2,184	243,661
Funding	245,598	-1,594	244,004

Funding Surplus / -Gap	4,121	-3,778	343
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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 £0.343m.

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
1 October 2014

APPENDIX 1

ADDITIONAL COST PRESSURES - AS AT 31 AUGUST 2014

Ref	Service	Detail	Risk	Cost Pressure 2015-16 £000
	Roads and Amenity Services	Increased payments as per Agreements with Kintyre Recycling Ltd and Fyne Futures for continued kerbside recycling (with increased participation) provision ,bring sites (for plastic, cans and textiles) collections and new commercial recycling service on Councils behalf in Kintyre and on Bute respectively. Additional payments mainly due to increased participation and recycling volumes (plastics in particular) plus introduction of new formalised commercial recycling service allowing the Council to comply with the Waste (Scotland) Regulations 2012. Similar payments expected to continue in future years .	Risk of not increasing service and payment could leave Council in breach of Waste (Scotland) Regulations plus the groups would not be able to operate as is.Council taking on such collections would likely result in increase costs plus significant job losses with the community groups.	66
	Roads and Amenity Services	Car parking income is forecast to be 30% down on the budget income for the year which projects a cost pressure for this and future years should the income forecast remain at the current level. DPE commenced in June following a month of issuing warning notices. There will be some learning from the early months of DPE in terms of how enforcement resource is deployed to maximise the benefit in terms of providing turnover of on street parking places and patronage of off street car parks. However, based on the first four months of operation it is unlikely that the car parking income and DPE income will meet current projected income levels.	Shortfall on budget income therefore impact on the overall funding of service delivery	390

APPENDIX 1

ADDITIONAL DEMAND PRESSURES - AS AT 31 AUGUST 2014

Ref	Service	Detail	Risk	Demand Pressure 2015-16 £000
	Community and Culture	<p>Central Repairs /Maintenance. Property Services have highlighted a requirement to undertake statutory, emergency and planned maintenance and repair works on a range of buildings across the Leisure estate in order to maintain the buildings in a safe operational state. In previous years, although the Leisure central repairs budget has not been adequate to meet the costs of these works, the service has been able to offset the overspend from savings within the revenue budget. This is not longer possible due to limitations placed on the revenue budget as a result of the ongoing requirement to deliver annual efficiency savings.</p>	<p>If this pressure is not agreed then deterioration of infrastructure will escalate and establishments will further fall into a state of disrepair potentially resulting in more expensive remedial works and the closure / partial closure of some facilities where they are not safe for use by the general public.</p>	100

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

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 54 departmental risks totalling £8.006m. Only 7 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

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 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 The Council have additional cost implications in respect of holiday pay as a result of a recent ruling by the European Court of Justice. The ruling means that employers must now pay employees the same rate of pay, including any overtime or other additional payments that are linked to their job, whilst they are on holiday. The full year cost is estimated to be between £200,000 and £300,000. An employee could bring a backdated claim for holiday pay and this is usually limited to five years, however, if it is brought as an unlawful deduction for wages claim in an employment tribunal, a claim could go back as far as the introduction of the Working Time Regulations in 1998. This has the potential to cost between £1.0m and £4.8m.
- 3.2.7 The Council wide risks noted above in addition to other Council wide risks are noted within the table below:

Description	Likelihood	Financial Impact £000
1% variation in Council Tax Income	2	400
Council has not met the conditions attach to the finance settlement. Risk value is equivalent to a 1% variation in Scottish Government funding.	1	2,000
10% shortfall on 1% efficiency savings target	2	182
Backdating of Holiday Pay Entitlement (between 5 years and 16 years)	4	Range of 1,000 to 4,800
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	14	2,527	3	1,000	0	0	22	3,962
Customer Services	3	170	6	399	8	1,090	2	90	0	0	19	1,749
Development & Infrastructure	2	120	1	10	8	865	2	1,300	0	0	13	2,295
Total	5	290	12	844	30	4,482	7	2,390	0	0	54	8,006

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	Adverse 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	Adverse 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

3.4 Changes to Financial Risks since last P&R Report

3.4.1 The changes to the financial risks are summarised as follows:

- Increased the likelihood on Children's Residential placements from a 3 to a 4 and increased the financial impact from £75,000 to £150,000 – this is in line with the current estimated budget position.
- Removed NPDO insurance financial risk – no longer a risk area based on current estimates.
- Combined two planning fee income financial risks together.
- Removed co-mingled waste collection financial risk.
- Removed car parking reduced income financial risk as this has been put forward as a cost pressure within 2015-16 and forecast as an overspend within

2014-15.

3.5 **Monitoring of Financial Risks**

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

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

4 **CONCLUSION**

- 4.1 This report summarises the key financial risks facing the Council. Only 7 out of the 54 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
1 October 2014

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	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	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	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	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	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	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	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	4	200
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	2	80

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	As At 30 June 2014		As At 31 August 2014	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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.	3	50	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.	3	70	3	70
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Fostering	Increase to fostering client base.	3	120	3	120
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Adoption	Increased number of contested adoptions	2	15	2	15
Community Services	Children and Families	CF1 - The life chances for looked after children and improved	Adoption	Increased number of adoptions	2	50	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.	3	60	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.	3	20	3	20
Community Services	Community and Culture	CC04 - Fewer 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.	3	15	3	15
Community Services	Community and Culture	CC04 - Fewer 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.	3	12	3	12

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Community and Culture	CC04 - Fewer 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	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	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	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	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	3	100
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	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	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	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	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	2	125

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	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	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	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	2	60
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	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	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 balanced 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 estimated and the Scottish Government have allocated additional revenue funding for 2014-15 and 2015-16 but the Council are still awaiting notification on the capital funding allocation.	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	3	100

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	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	2	20
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	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	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	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	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	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	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	3	40

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DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	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	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	3	30
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	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	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	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	1	20
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	4	1,200	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	3	230

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 AUGUST 2014

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As At 30 June 2014		As At 31 August 2014	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	4	100
	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		
	Roads and Amenity Services	RA06 - Sustainable disposal of waste	Waste Collection	Reduced income from commercial refuse collection	Review operational service provision	3	165	3	165
Total						58	8,476	54	8,006

RESERVES AND BALANCES – UPDATE AS AT 31 AUGUST 2014

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 £48.526m 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 £10.350m, this is the current estimate of the position and this figure is subject to change.

RESERVES AND BALANCES - UPDATE AS AT 31 AUGUST 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.

Reserve	£000
Unusable Reserves	
Revaluation Reserve	56,113
Capital Adjustment Account	198,230
Financial Instruments Adjustment Account	-4,889
Pensions Reserve	-118,337
Accumulated Absences Account	-4,818
Total Unusable Reserves	126,299
Usable Reserves	
Repairs and Renewals Fund	1,025
Capital Fund	703
Usable Capital Receipts Reserve	2,757
General Fund	44,041

Total Usable Reserves	48,526
Total Reserves	174,825

- 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:

	Balance 31/03/14 £000
Balance on General Fund as at 31 March 2013	46,138
Reduction to General Fund balance at end of 2013-14	2,097
Earmarked Balances	30,372
Contingency allowance at 1.5% of net expenditure	3,658
Unallocated balance as at 31 March 2014	10,011

- 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.

Earmarking Category	Balance 31/03/14 £000	Drawn- down to 2014-15 Budget as at 31/08/14	Planned Still to Spend 2014-15 £000	Planned Spend Future Years £000	Balance no Longer Required £000
Strategic Housing Fund	7,484	412	0	7,072	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	326	0	0	0
CHORD	420	0	0	420	0
DMR – Schools	887	887	0	0	0
Existing Legal Commitments	196	0	0	196	0
Unspent Grant	979	190	607	182	0
Unspent Third Party Contribution	255	15	5	235	0
Unspent Budget	7,298	817	2,184	3,948	349
Total	30,372	2,647	2,796	24,580	349

3.3.3 The balances no longer required that can be released back into the unallocated General Fund are noted below:

- NPDO £200,000
- Argyll and Bute Manager Programme £51,083
- Learning and Development £54,800
- Corporate Improvement Board Projects £43,500

3.3.4 The earmarked balances noted in paragraph 3.3.3 are all within Customer Services. Due to procurement savings and lower than expected inflation costs within School and Public Transport in addition to insurance savings within NPDO, the department will be able to progress the projects/initiatives from within their current budget for 2014-15 and is therefore able to release the earmarked balances back into the unallocated General Fund.

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

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

Unallocated General Fund Forecast	£000
Unallocated balance on General Fund as at 31 March 2014	10,011
Earmarked funds no longer required	349
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 31 August 2014	-1,348

Forecast outturn for 2015-16 as at 31 August 2014	343
Estimated Unallocated balance on General Fund as at 31 March 2016	10,350

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 £10.350m 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 £10.350m.
- 5.7 Customer Service - None.

Bruce West
Head of Strategic Finance
1 October 2014

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2014

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/08/14	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	16,468	43,532	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	0	60,000	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	0	135,500	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	220,000	41,853	261,853		DWP LSSRF 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 LSSRF service activity.
022	Customer Services	Facility Services	Holy Loch Community Centre	52,345	52,345	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 31 August 2014

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/08/14	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	0	25,000	325,000		<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"> 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. 2. Focus on essential repair of the historic environment focused around 8 priority buildings, shop fronts, a small repairs and public realm investment . 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. 4. Deliver education and awareness raising initiatives working closely with the local primary school, specifically Argyll College (as part of UJH) and local contractors 5. Develop working partnerships with local and national authorities, local traders and residents with regard to Improving the appearance of the conservation area. 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.
026	Development and Infrastructure	Economic Development	Hermitage Park HLF	300,000	0	0	300,000		<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"> 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. 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors. 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park. 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.

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2014

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/08/14	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	0	150,000		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	0	853,000		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	10,354	24,646	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 Intervention (Early Years Change Fund)	731,000	64,795	300,705	365,500		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	0	16,200	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		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		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	33,434	66	8,500		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.
040	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	648,407	36,816	95,815	515,776		Additional revenue costs associated with development of new schools. Drawn down as Schools project progresses and project costs are incurred.

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2014

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/08/14	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
041	Community Services	Education	Use of Additional Scottish Government Funding to Maintain Teacher numbers - Performance Management Officer	32,138	9,911	22,227	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	913	74,087	87,388		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	2,400	3,812	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	0	0	0	200,000	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	96,667	82,518	179,185		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	0	0	113,492	51,083	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. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 August 2014

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to Budget as at 31/08/14	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	0	0	120,840	54,800	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. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.
049	Customer Services	Improvement and HR	Corporate Improvement Board Projects	43,500	0	0	0	43,500	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. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.
050	Development and Infrastructure	Economic Development	Lorn Arc	26,000	0	26,000	0		To address any outstanding aspects of the Lorn Arc Business Case
051	Development and Infrastructure	Economic Development	Iona Ferry Slip	255,000	0	255,000	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	21,200	68,800	0		Local Plan Enquiry scheduled for 2014/15
053	Development and Infrastructure	Roads and Amenity Services	Waste Management	586,258	0	586,258	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	0	209,314	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	0	524,680		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		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	15,182	21,914	37,096		Additional support in HR to process PVG applications.
TOTAL				7,298,027	817,076	2,183,553	3,948,016	349,383	

CAPITAL BUDGET MONITORING REPORT – 31 August 2014

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 August 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 £16,499k compared to a budget for the year to date of £14,489k giving rise to an over spend for the year to date of £2,010k (-13.9%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £47,762k compared to an annual budget of £44,420k giving rise to forecast over spend for the year of £3,342k (-7.5%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £210,975k compared to a total budget for all projects of £206,085k giving rise to a forecast over spend for the overall capital plan of £4,890k (-2.4%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 165 projects there are 159 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 28 projects (70%) on track and 12 projects (30%) off track but recoverable.
- **Strategic Change** – Out of 26 projects there are 19 projects (73%) on track, 4 projects (15%) off track and recoverable and 3 projects (12%) off track.

CAPITAL BUDGET MONITORING REPORT – 31 August 2014

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 August 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.

2.2 Financial Position:

- **Current Year to Date** – actual expenditure to date is £16,499k compared to a budget for the year to date of £14,489k giving rise to an over spend for the year to date of £2,010k (-13.9%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £47,762k compared to an annual budget of £44,420k giving rise to forecast over spend for the year of £3,342k (-7.5%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £210,975k compared to a total budget for all projects of £206,085k giving rise to a forecast over spend for the overall capital plan of £4,890k (-2.4%).

2.3 Project Delivery:

- **Asset Sustainability** – Out of 165 projects there are 159 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 28 projects (70%) on track and 12 projects (30%) off track but recoverable.
- **Strategic Change** – Out of 26 projects there are 19 projects (73%) on track, 4 projects (15%) off track and recoverable and 3 projects (12%) off track.

3 RECOMMENDATIONS

3.1 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.

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual expenditure to date is £16,499k compared to a budget for the year to date of £14,489k giving rise to an over spend for the year to date of £2,010k (-13.9%).

4.2 Project/Department Position

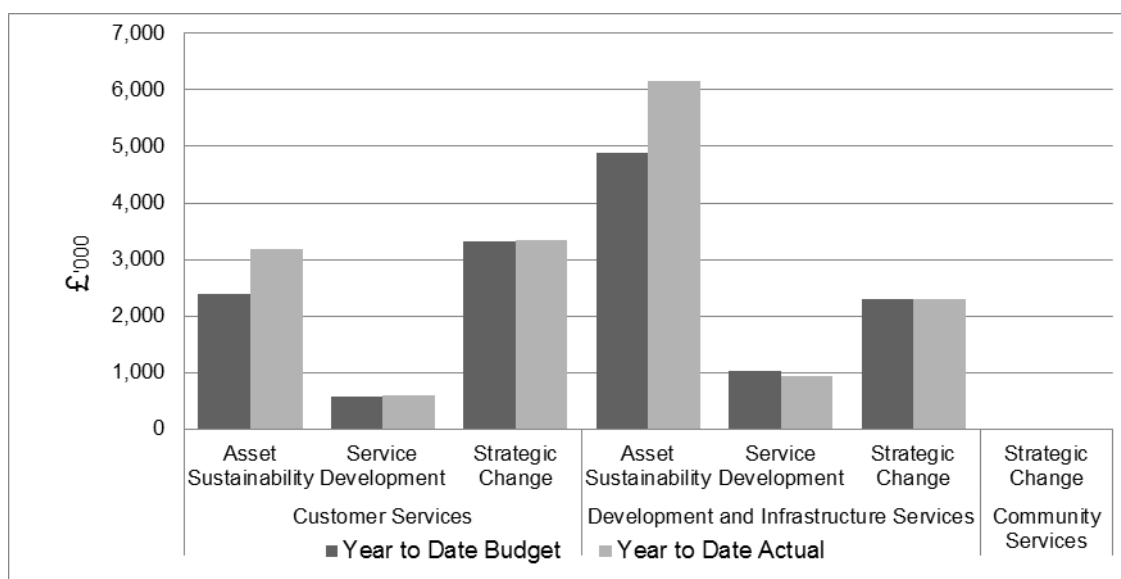
The table below shows the year to date expenditure against the year to date budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	7,275	9,337	(2,062)
Service Development	1,583	1,537	46
Strategic Change	5,631	5,625	6
Total	14,489	16,499	(2,010)
Department:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Customer Services	6,283	7,105	(822)
Development and Infrastructure Services	8,206	9,394	(1,188)
Community Services	0	0	0
Total	14,489	16,499	(2,010)

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

4.3 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):



5 FORECAST OUTTURN 2014-15

5.1 Overall Position

Forecast expenditure for the full financial year is £47,762k compared to an annual budget of £44,420k giving rise to a forecast over spend for the year of £3,342k (-7.5%).

5.2 Project/Department Position

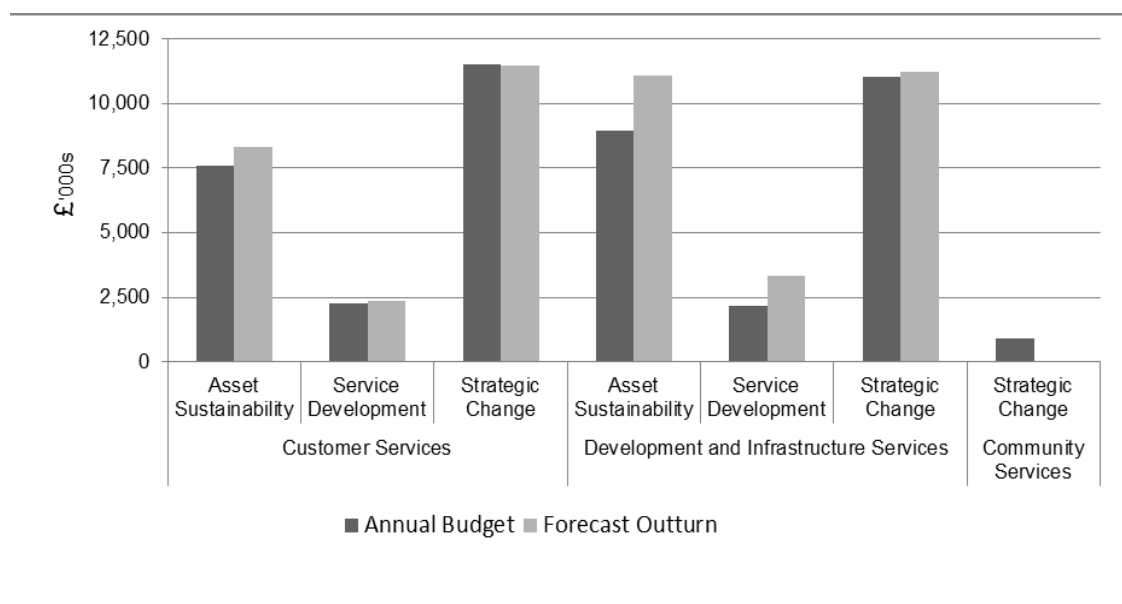
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	16,553	19,375	(2,822)
Service Development	4,439	5,705	(1,266)
Strategic Change	23,428	22,682	746
Total	44,420	47,762	(3,342)
Department:			
Customer Services	21,394	22,143	(749)
Development and Infrastructure Services	22,147	25,619	(3,472)
Community Services	879	0	879
Total	44,420	47,762	(3,342)

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

5.3 Chart of Forecast Outturn

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



6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total project cost on the total capital plan is £210,975 compared to a total budget for all projects of £206,085k giving rise to a forecast over spend for the overall capital plan of £4,890k (-2.4%).

6.2 Project/Department Position

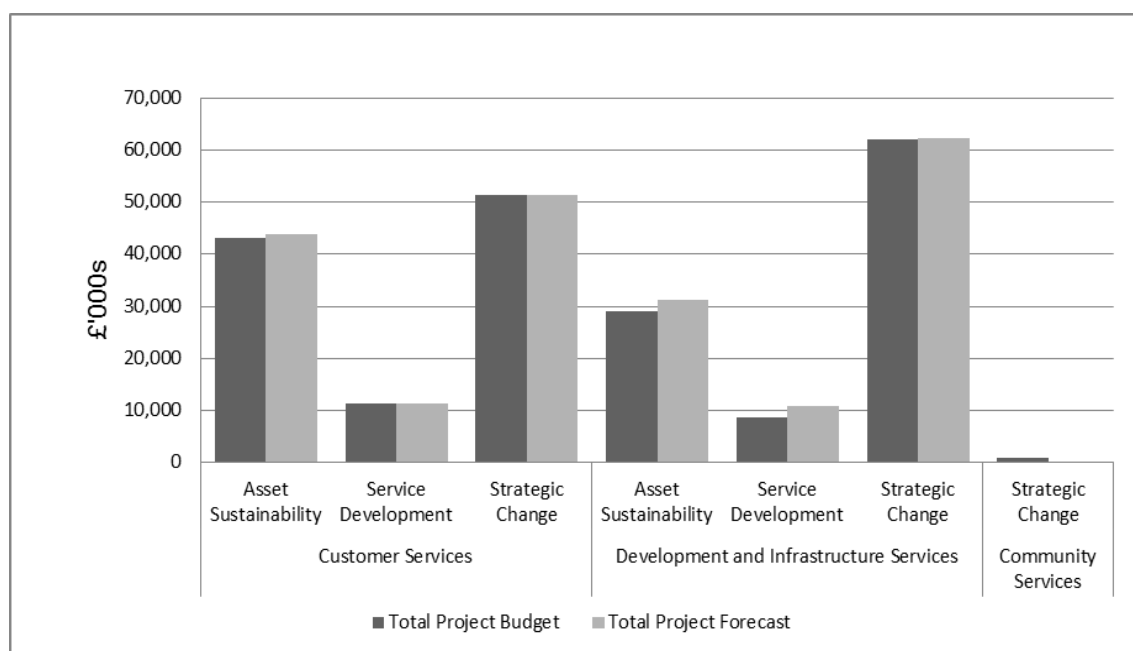
This table shows the forecast total project cost and the budget for total project costs by project type and department:

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Asset Sustainability	72,015	75,114	(3,099)
Service Development	19,878	22,375	(2,497)
Strategic Change	114,192	113,486	706
Total	206,085	210,975	(4,890)
Department:			
Customer Services	105,663	106,558	(895)
Development and Infrastructure Services	99,543	104,417	(4,874)
Community Services	879	0	879
Total	206,085	210,975	(4,890)

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

6.3 Chart of Total Project Costs

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



7 CAPITAL FUNDING ESTIMATES

7.1 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

7.2 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.

7.3 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	(6,617)	22,916	27,130	279	27,409	0	(8,035)	(8,035)
Capital Funding	50,185	(6,002)	44,183	44,218	279	44,497	17,833	(8,035)	9,798
Opening Capital Expenditure Budget			44,420			44,310			9,748
Recommended Changes to Capital Plan (Financial Impact - Appendix 8)			(237)			187			50
Revised Capital Expenditure Budget			44,183			44,497			9,798
Capital Expenditure Forecast			47,762			44,310			9,748
Updated Projected (Over)/Underspend			(3,579)			187			50

8 TOTAL PROJECT PERFORMANCE

8.1 Overall Position

There are 231 projects within the Capital Plan, 206 are Complete or On Target, 21 are Off Target and Recoverable and 4 are Off Target and a Problem.

8.2 Project Position

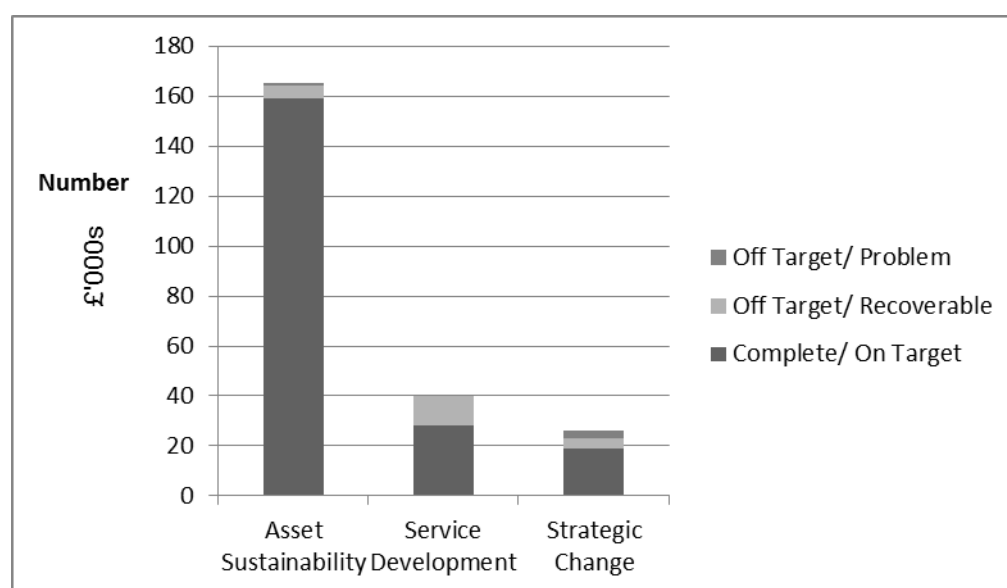
The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	159	5	1	165
Service Development	28	12	0	40
Strategic Change	19	4	3	26
Total	206	21	4	231
Department:				
Customer Services	173	12	1	186
Development and Infrastructure Services	33	9	3	45
Total	206	21	4	231

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

8.3 Chart of Performance Status

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



9 OFF TRACK PROJECTS

9.1 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.
Strategic Change	Helensburgh Depot Rationalisation	Current Year Expenditure and Project Total Expenditure	Contaminated soil was found on the site and required to be treated	Contingency fund will be used to minimise over spend.
Strategic Change	CHORD – Helensburgh	Current Year Expenditure and 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	OBC for Dunoon Pier	Total Project Spend	Loss of external income (ERDF) and increase in structural repair works.	Approval to spend £2,830k which includes a £350k contribution from RCGF.

10 CHANGES TO CAPITAL PLAN

10.1 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						
Service Development						
Customer & Support Services	0	0	0	0	0	
Asset Sustainability	15	(15)			0	Acceleration
Service Development						
Strategic Change						
Facility - Education	15	(15)	0	0	0	
Asset Sustainability	(50)	50			0	Slippage
Service Development						
Strategic Change						
Facility - Non Education	(50)	50	0	0	0	
Asset Sustainability						
Service Development						
Strategic Change						
Facility - Dunoon	0	0	0	0	0	
Asset Sustainability	(202)	152	50		0	Slippage
Service Development						
Strategic Change						
Roads and Amenity Services	(202)	152	50	0	0	
Service Development						
Strategic Change						
Economic Development	0	0	0	0	0	
TOTAL	(237)	187	50	0	0	

11 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
17th September 2014

APPENDIX 1 - Year to Date Finance Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	Variance £'000	Explanation
Bowmore Primary School	0	59	(59)	Balances and Retentions.
Colgrain Primary School	40	101	(61)	Considerable extra work required in the earlier phases of the project. Propose to accelerate £15k from 15/16.
Islay High School	40	109	(69)	Considerable additional work required in earlier phases of the project.
Small Isles Primary School	22	75	(53)	Additional works required that were not anticipated due to discovery of rot in roof structure.
Tiree High School	0	50	(50)	No budget as a result of overspends in previous year. Project Manager will consider where this can be funded from.
Bridge Strengthening	356	218	138	Timeframe for addressing the staff shortages has resulted in some forecast slippage. Propose to slip £202k into future years.
Roads Reconstruction	4,175	4,561	(386)	Funded by income from Forestry and SSE.
Fleet Management	60	1,095	(1,035)	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			(435)	Total value of non-material variances less than +/-£50k
Total			(2,010)	

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
Bowmore Primary School	(13)	59	(72)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Colgrain Primary School	71	121	(50)	Considerable additional work required in earlier phases of the project. Propose to accelerate £15k from 15/16 to 14/15.
Garelochhead Primary School	(49)	5	(54)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Islay High School	105	167	(62)	Considerable additional work required in earlier phases of the project
Small Isles Primary School	22	90	(68)	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.
Strath of Appin Primary School	(40)	18	(58)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Tiree High School	(55)	50	(105)	Project Manager will consider where this negative budget can be funded from. Result of overspend in previous year.
St Joseph's Pre 5 Parenting Facilities	(43)	9	(52)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Corran Halls, Oban	182	100	82	Working around events in halls. Propose to slip £50k from 2014/15 to 2015/16.
Rothesay Library	(60)	1	(61)	Additional works required to alarm system and extensive repairs to roof/windows.
Whitegates	(76)	12	(88)	Significant additional works to prevent leaks and deal with rot in roof.
Bridge Strengthening	602	400	202	Timeframe for addressing staff shortages has resulted in some forecast slippage in the programme. Propose to slip £202k to future years.
Roads Reconstruction	6,697	7,527	(830)	Covered by extra income from Forestry and SSE.
Fleet Management	150	1,616	(1,466)	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	(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.
Other variances			536	Total value of non-material variances less than +/-£50k
Total			(3,342)	

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
Bowmore Primary School	328	400	(72)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Islay High School	4,082	4,144	(62)	Considerable additional expenditure in previous years.
Small Isles Primary School	253	323	(70)	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.
Strath of Appin Primary School	315	373	(58)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Tiree High School	899	1,004	(105)	High costs of construction on Tiree.
St Joseph's Pre 5 Parenting Facilities	75	127	(52)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Early Learning and Childcare	556	503	53	To be looked at by Project Manager.
Rothesay Library	202	263	(61)	Additional works required to alarm system and extensive repairs to roof/windows.
Whitegates	112	200	(88)	Significant additional works to prevent leaks and deal with rot in roof
Roads Reconstruction	18,672	19,502	(830)	£800k met by income.
Fleet Management	3,387	4,853	(1,466)	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			358	Total value of non-material variances less than +/-£50k
Total			(4,890)	

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:

Funding Type	2014-15 Change Amount £'000	2015-16 Change Amount £'000	2016-17 Change Amount £'000	Explanation for Change(s)
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 & Campbelltown Schools	0	0	0	No Change
Prudential Borrowing	595	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Unsupported Borrowing	(6,617)	279	(8,035)	Changes in unsupported borrowing forecasts to reflect changes within the Plan.
Total	(6,002)	279	(8,035)	

APPENDIX 5 – Asset Sustainability Project Performance

There are 165 Projects recognised as Asset Sustainability Projects, 159 are Complete or On Target, 5 are Off Target and Recoverable, 1 project is Off Target and a Problem.

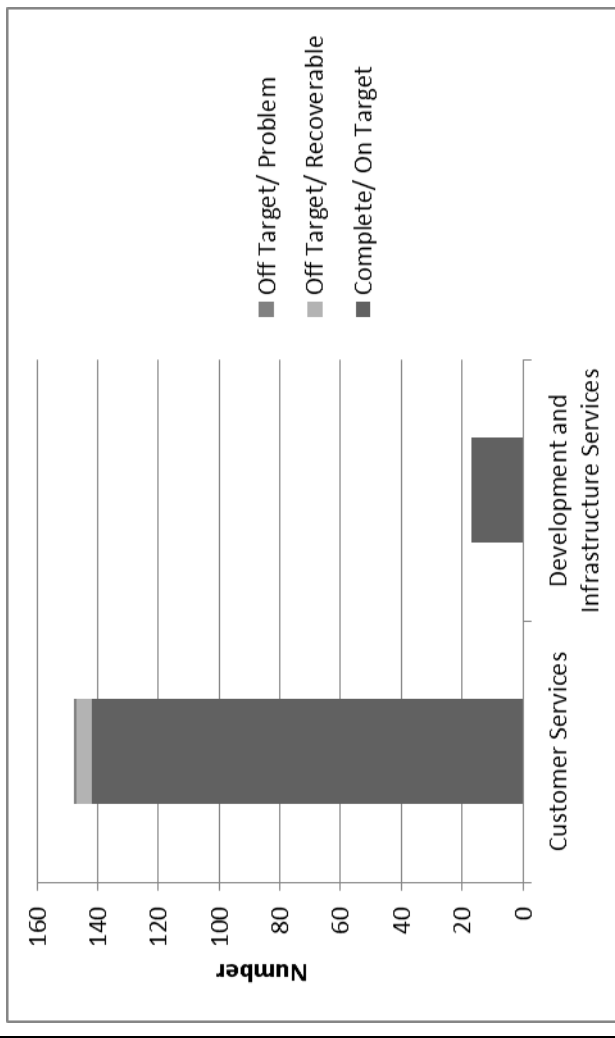
Department Position:

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	142	5	1	148
Development and Infrastructure Services	17	0	0	17
Total	159	5	1	165

Chart of Asset Sustainability Performance Status

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



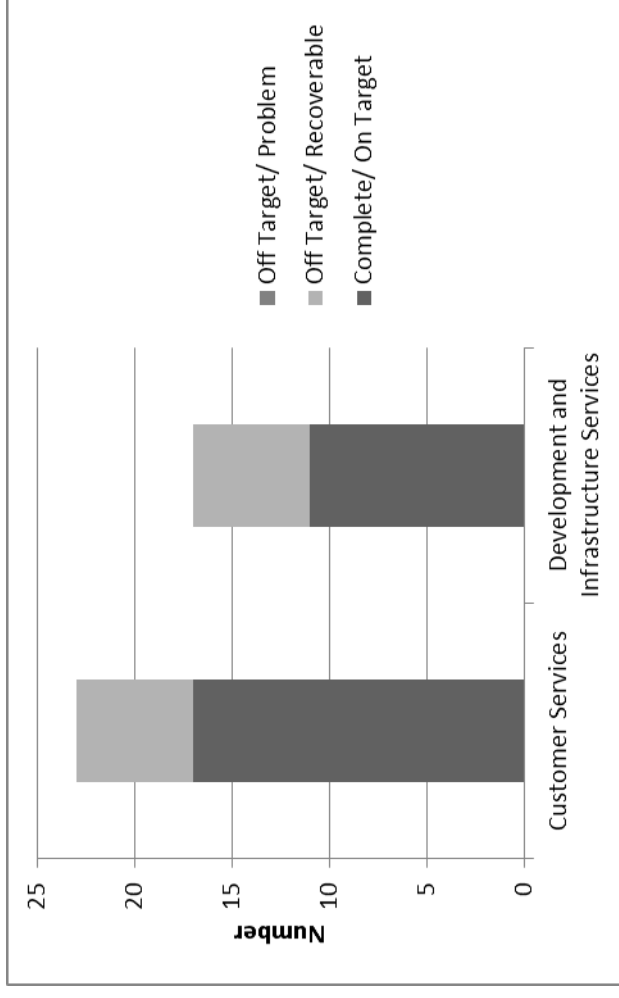
APPENDIX 6 – Service Development Project Performance

There are 40 Projects recognised as Service Development Projects, 28 are Complete or On Target and 12 are Off Target and Recoverable.

Chart of Service Development Performance Status

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

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	17	6	0	23
Development and Infrastructure Services	11	6	0	17
Total	28	12	0	40



APPENDIX 7 – Strategic Change Project Performance

There are 26 Projects recognised as Strategic Change Projects. 19 are Complete or On Target, 4 are Off Target and Recoverable. 3 projects are Off Target and a Problem.

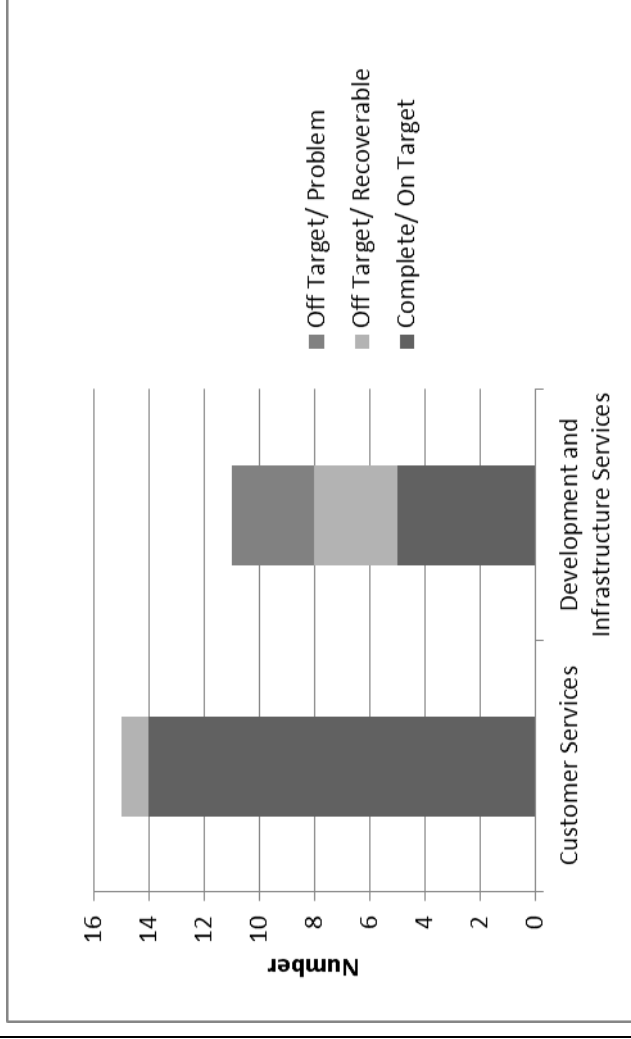
Department Position:

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	5	3	3	11
Total	19	4	3	26

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
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Colgrain Primary School	15	(15)			0	Accelerate £15k from 2015-16 to 2014-15	Considerable extra work required in the earlier phases of the project.
Bridge Strengthening	(202)	152	50		0	Slip £202k from 2014-15 with £152k to 2015-16 and £50k to 2016-17.	Timeframe for addressing the staff shortages has resulted in some forecast slippage.
Corran Halls	(50)	50			0	Slip £50k from 2014-15 to 2015-16	Working around events in halls
Total Slippages and Accelerations	(237)	187	50	0	0		
Net Impact of Changes	(237)	187	50	0	0		

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

Appendix 9
31 August 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
Archives - Asset Sustainability	0	19	-19	87	77	10	128	118	10
Area Committee Expenditure - Asset Sustainability	0	19	(19)	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	2,387	3,142	(755)	7,450	8,232	(782)	42,829	43,686	(857)
Development & Infrastructure Services	4,888	6,157	(1,269)	8,972	11,066	(2,094)	28,989	31,285	(2,296)
Asset Sustainability Total	7,275	9,299	(2,024)	16,422	19,298	(2,876)	71,818	74,971	(3,153)
Service Development Projects									
Customer Services	568	592	(24)	2,280	2,367	(87)	11,313	11,431	(118)
Development & Infrastructure Services	1,015	945	70	2,159	3,338	(1,179)	8,565	10,944	(2,379)
Service Development Total	1,583	1,537	46	4,439	5,705	(1,266)	19,878	22,375	(2,497)
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	8	(8)	39	50	(11)	6,238	6,249	(11)
Dunoon Primary	0	5	(5)	36	50	(14)	6,834	6,848	(14)
Replacement of Oban High	40	37	3	53	53	0	125	165	(40)
NPDO Capital Requirement - residual payments	0	0	0	100	0	100	6,030	5,930	100
Aqualinium - residual payments	0	0	0	10	0	10	9,779	9,769	10
Carbon Management Business Cases	271	270	1	563	563	0	749	749	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	0	11	(11)	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	610	602	8	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	2,378	2,341	37	6,521	6,521	0	11,489	11,489	0
Mid Argyll Offices Reorganisation	29	59	(30)	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	465	468	(3)	3,010	3,010	0	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	42	(42)	(95)	97	(192)	1,050	1,242	(192)
CHORD - Helensburgh	1,445	1,430	15	3,450	3,450	0	7,330	7,330	0
CHORD - Campbeltown	103	98	5	1,263	1,263	0	4,786	4,786	0
CHORD - Dunoon	65	54	11	741	741	0	8,625	8,625	0
CHORD - Oban	198	200	(2)	700	700	0	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	20	20	0	2,175	2,175	0
OBC for Dunoon Pier	27	0	27	1,903	1,903	0	2,830	2,830	0
Pier Upgrades	0	0	0	30	30	0	300	300	0
Hermitage Development	0	0	0	879	0	879	879	0	879
Strategic Change Total	5,631	5,625	6	23,428	22,682	746	114,192	113,486	706
TOTAL	14,489	16,499	(2,010)	44,420	47,762	(3,342)	206,085	210,975	(4,890)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT
FINANCIAL SUMMARY GROSS EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

Appendix 9
31 August 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
Asset Sustainability Projects									
Flood Prevention	17	18	(1)	99	99	0	533	533	0
Bridge Strengthening	356	218	138	602	400	202	1,930	1,930	0
Traffic Management	30	30	0	180	180	0	368	368	0
Roads Reconstruction	4,175	4,561	(386)	6,697	7,527	(830)	18,672	19,502	(830)
Lighting	120	120	0	507	507	0	1,703	1,703	0
Fleet	60	1,095	(1,035)	150	1,616	(1,466)	3,387	4,853	(1,466)
Environmental	0	0	0	311	312	(1)	594	595	(1)
Roads	49	49	0	285	285	0	1,251	1,251	0
Waste	56	41	15	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	43	42	1	148	147	1
Pier	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	4,888	6,157	(1,269)	8,972	11,066	(2,094)	28,989	31,285	(2,296)
Service Development Projects									
A83 South of Miuasdale	0	0	0	518	518	0	590	590	0
A849 Pennyghael Bridge Mull	0	0	0	4	4	0	131	131	0
Preliminary design for Regional Transport projects	0	6	(6)	(21)	1	(46)	227	273	(46)
Milton Burn	1	1	0	1	1	0	2,527	2,527	0
Campbeltown Old Quay	905	903	2	1,190	1,190	0	1,424	1,424	0
Helensburgh Cycleways	19	17	2	219	219	0	2,536	2,536	0
Vehicle Tracking System	10	8	2	41	41	0	217	217	0
Safe Streets, Walking and Cycling	0	4	(4)	149	140	9	289	280	9
SPT	30	6	24	88	200	(112)	307	619	(312)
CWSS Jubilee Bridge (£93 200) (Lom)	0	0	0	0	0	0	99	99	0
CWSS - South Islay Distilleries Path	10	0	10	(4)	250	(254)	110	614	(504)
CWSS - Kilmichael Glassary - Bridgend Link	5	0	5	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 - Morydrain to Achmabreac	0	0	0	0	0	0	0	0	0
CWSS - Portnacraoish Footway	0	0	0	0	0	0	0	0	0
CWSS - Cycle Parking 2013-14	0	0	0	1	1	0	22	21	1
Dunoon Esplanade Upgrade	0	0	0	0	250	(250)	0	500	(500)
Scotrail Upgrades	35	0	35	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)
Service Development Total	1,015	945	70	2,159	3,338	(1,179)	8,565	10,944	(2,379)
Strategic Change Projects									
Kintyre Renewables Hub	465	468	(3)	3,010	3,010	0	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	42	(42)	(95)	97	(192)	1,050	1,242	(192)
CHORD - Helensburgh	1,445	1,430	15	3,450	3,450	0	7,330	7,330	0
CHORD - Campbeltown	103	98	5	1,263	1,263	0	4,786	4,786	0
CHORD - Dunoon	65	54	11	741	741	0	8,625	8,625	0
CHORD - Oban	198	200	(2)	700	700	0	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	20	20	0	2,175	2,175	0
OBC For Dunoon Pier	27	0	27	1,903	1,903	0	2,830	2,830	0
Pier Upgrades	0	0	0	30	30	0	300	300	0
Strategic Change Total	2,303	2,292	11	11,016	11,215	(199)	61,989	62,188	(199)
Departmental Total	8,206	9,394	(1,188)	22,147	25,619	(3,472)	99,543	104,417	(4,874)

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

**Appendix 9
31 August 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
Asset Sustainability	1,237	1,880	(643)	2,779	3,521	(742)	26,436	27,187	(751)
Education	336	338	(2)	1,169	1,128	41	3,275	3,276	(1)
Community and Culture	105	144	(39)	621	568	53	3,378	3,345	33
Adult Care	70	113	(43)	185	243	(58)	532	578	(46)
Children and Families	69	76	(7)	772	848	(76)	2,607	2,695	(88)
Facility Services	570	591	(21)	1,924	1,924	0	6,601	6,605	(4)
Customer and Support Services									
Asset Sustainability Total	2,387	3,142	(755)	7,450	8,232	(782)	42,829	43,686	(857)
Service Development Projects									
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	15	1	(1)	43	0	(9)	433	442	(9)
Consolidated Server Replacement	0	0	0	15	43	0	1,052	1,052	0
IT Enablement Process for Change	16	2	(14)	156	156	0	1,054	1,043	11
Applications Projects	0	0	0	450	450	0	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)
Ardrisaig Primary School - Pre 5 Unit	40	35	5	387	387	0	411	411	0
Hermitage Primary Annexe Replacement	25	45	(20)	81	100	(19)	765	784	(19)
Lochnell Primary School - Pre Five Unit	0	25	(25)	(9)	30	(39)	210	249	(39)
Park Primary Extension/Pre Fives Unit	0	1	(1)	24	28	(4)	355	359	(4)
Salen Primary School - Gaelic Pre School	15	14	1	147	135	12	150	138	12
St Joseph's Pre Five Parenting Facilities	0	9	(9)	(43)	9	(52)	75	127	(52)
Strachur Primary School - Pre Five Unit	10	9	1	37	20	17	315	298	17
Taynuilt Primary Additional Classroom	0	1	(1)	(10)	1	(11)	131	142	(11)
Tayvallich Primary School - Pre 5 Unit	292	288	4	334	330	4	430	472	(42)
Early Learning and Childcare	155	153	2	503	503	0	556	503	53
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
Campbelltown All Weather Pitch	0	0	0	(47)	0	(47)	917	964	(47)
Riverside Leisure Centre Refurbishment	0	0	0	64	60	4	650	646	4
Dunclutha Childrens Home	0	0	0	109	60	49	750	750	0
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
Service Development Total	568	592	(24)	2,280	2,367	(87)	11,313	11,431	(118)
Strategic Change Projects									
Campbelltown Schools Redevelopment	0	8	(8)	39	50	(11)	6,238	6,249	(11)
Dunoon Primary	0	5	(5)	36	50	(14)	6,834	6,848	(14)
Replacement of Oban High	40	37	3	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	271	270	1	563	563	0	749	749	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	0	11	(11)	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	610	602	8	760	760	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	28	28	0	209	209	0
Campbelltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Helensburgh Office Rationalisation	2,378	2,341	37	6,521	6,521	0	11,489	11,489	0
Mid Argyll Offices Reorganisation	29	59	(30)	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
Strategic Change Total	3,328	3,333	(5)	11,533	11,467	66	51,324	51,298	26
Departmental Total	6,283	7,067	(784)	21,263	22,066	(803)	105,466	106,415	(949)

OFF TRACK PROJECT

Appendix 10

Department: Facility Services

Project Name: Whitegates – roofing upgrade

First Added to Capital Plan: 2013/14

Project Manager: Craig Houston

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?

Extensive work required to replace new gutters and downpipes, treating rotten timber below roof finish.

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 to be managed.

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 is expected to be over budget by £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. Two meetings have taken place since last variance report but final account figure has yet to be agreed. Council's QS pushing Clarks to finalise 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?	
	<p>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/end April 2015.</p> <p>As at August 14, in year forecast approximately 215k behind budget due to issues below,</p>
What has caused the issue outlined above?	
	<p>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.</p>
What action will be taken to rectify this issue?	
	<p>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 in place for phases 3 and 4, should help address productivity issues.</p> <p>Phase 2 practical completion issued, including Sinclair St car park. Works to ph1b esplanade due for completion end of September 2014..</p>
What are the implications of the action proposed?	
	<p>Prolongation fees agreed to Dec 14 for Design Team, Resident Engineer and Project Manager. Available funds in CHORD budget to cover this cost.</p>

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: Dunoon Wooden Pier

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 in year project forecast is £54k behind budget.

Also the budget figure requires update to reflect August P&R approvals budget currently shown as £2.023m should be £2.83m.

What has caused the issue outlined above?

In year variance due to outstanding design invoices.

What action will be taken to rectify this issue?

Designers will be prompted to submit invoices. Budget to be updated to reflect August P&R budget approvals.

What are the implications of the action proposed?

None

PROPOSED CAPITAL PLAN 2014-15
SUMMARY

APPENDIX 11

Department	Head of Service	Previous Years £000	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Future Years £000	Total £000
Community Services								
	Adult Care	2,239	546	260	0	0	0	3,045
	Children and Families	792	298	720	0	0	0	1,810
	Community and Culture	12,144	1,239	1,996	0	0	0	15,379
	Education	23,243	5,357	15,433	37	0	0	44,070
Community Services Total		38,418	7,440	18,409	37	0	0	64,304
Customer Services								
	Customer and Support Services	5,189	2,617	2,142	0	0	0	9,948
	Facility Services	6,790	12,137	5,255	1	0	0	24,183
Customer Services Total		11,979	14,754	7,397	1	0	0	34,131
Development and Infrastructure								
	Economic Development	5,568	8,314	10,986	9,710	1,273	0	35,851
	Roads and Amenity Services	33,955	13,631	7,705	50	0	0	55,341
Development and Infrastructure Total		39,523	21,945	18,691	9,760	1,273	0	91,192
Area Committees								
	Area Committee	25	44	0	0	0	0	69
Area Committees Total		25	44	0	0	0	0	69
Overall Total		89,945	44,183	44,497	9,798	1,273	0	189,696

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Adult Care	Asset Sustainability	Aids and Adaptations	26	24	25	0	0	75
		Asbestos Removal/Control Works	0	10	10	0	0	20
		Dunclutha Children's Home	31	-6	0	0	0	25
		Eadar Glinn	19	226	0	0	0	245
		Ellis Lodge	47	32	0	0	0	79
		Health and Safety	864	53	50	0	0	967
		Legionella Control Works	0	20	20	0	0	40
		Lochjiphead Resource Centre	49	11	145	0	0	205
		Lorn Resource Centre	0	105	10	0	0	115
		Social Work Office Rothesay	41	34	0	0	0	75
		Sitruan Lodge Boiler	12	28	0	0	0	40
		Thomson Home Rothesay	111	36	0	0	0	147
		Upgrading Older Peoples Homes	0	25	0	0	0	25
		Whitegates	188	-76	0	0	0	112
		Woodlands/Greenwood	86	17	0	0	0	103
		Asset Sustainability Total	1,474	539	260	0	0	2,273
	Service Development	Mull & Iona Progressive Care Centre	765	7	0	0	0	772
		Service Development Total	765	7	0	0	0	772
Adult Care Total			2,239	546	260	0	0	3,045
Overall Total			2,239	546	260	0	0	3,045

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s	
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	0	10	10	0	0	20	
		Dunoon Hostel	128	87	0	0	0	215	
		Glencruitten Hostel	94	26	0	0	0	120	
		Health and Safety	5	45	50	0	0	100	
		Legionella Control Works	0	20	20	0	0	40	
		Shellach View	9	1	0	0	0	10	
		East King St Children's Home	0	2	0	0	0	2	
		Asset Sustainability Total	236	191	80	0	0	0	507
		Service Development	Dunclutha Childrens Home	1	109	640	0	0	750
			Dunoon Family Mediation Centre	59	-4	0	0	0	55
Residential Respite Care Facility	496		2	0	0	0	498		
Service Development Total	556	107	640	0	0	0	1,303		
Children and Families Total	792	298	720	0	0	0	1,810		
Overall Total	792	298	720	0	0	0	1,810		

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Community and Culture	Asset Sustainability	Aqualibrium	23	40	0	0	0	63
		Asbestos Removal/Control Works	0	30	20	0	0	50
		Block Allocation to address building fabric upgrades	0	0	588	0	0	588
		Bute Community Education Centre	6	4	0	0	0	10
		Campbeltown Museum - Burnet Bldg	79	2	0	0	0	81
		Campbeltown Town Hall	0	0	30	0	0	30
		Community Centres General - Options Appraisal	0	15	0	0	0	15
		Corran Halls, Oban	220	132	73	0	0	425
		Dunoon Community Education Centre	152	25	0	0	0	177
		Fire Risk Assessment Works	13	1	0	0	0	14
		Gaelic Centre - Corran Halls (FG)	173	-3	0	0	0	170
		Health & Safety	55	138	57	0	0	250
		Helensburgh Library	0	25	0	0	0	25
		Kintyre Community Ed Centre	117	-3	0	0	0	114
		Legionella Control Works	0	20	20	0	0	40
		Lochgilthead Community Ed Centre	5	2	245	0	0	252
		Oban Library (Leased Property)	0	0	20	0	0	20
		Ramsay Memorial Hall	79	15	80	0	0	174
		Replacement of Gym Equipment	0	0	100	0	0	100
		Rhu Community Ed Centre	5	119	5	0	0	129
		Rothesay Library	262	-60	0	0	0	202
		Rothesay Swimming Pool	0	131	3	0	0	134
		Sandbank Library HQ	0	22	3	0	0	25
		Tarbert Library	3	45	2	0	0	50
		Victoria Halls, Campbeltown	126	284	75	0	0	485
		Victoria Halls, Helensburgh	41	141	100	0	0	282
		Asset Sustainability Total	1,359	1,125	1,421	0	0	3,905
	Service Development	Archives - Wee Manse Brae	41	87	0	0	0	128
		Campbeltown All Weather Pitch	964	-47	0	0	0	917
		Riverside Leisure Centre Refurbishment	11	64	575	0	0	650
		Service Development Total	1,016	104	575	0	0	1,695
	Strategic Change	Aqualibrium	9,769	10	0	0	0	9,779
		Strategic Change Total	9,769	10	0	0	0	9,779
Community and Culture Total			12,144	1,239	1,996	0	0	15,379
Overall Total			12,144	1,239	1,996	0	0	15,379

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Education	Asset Sustainability	Achaleven Primary School	0	0	100	0	0	100
		Archtattan Primary School	0	10	25	0	0	35
		Ardrishtag Primary School	164	-10	0	0	0	154
		Ainagour Primary School	83	-2	50	0	0	131
		Arrochar Primary School	1,152	2	0	0	0	1,154
		Asbestos Control/Removal Works	0	35	50	0	0	85
		Ashfield Primary School	87	-8	0	0	0	79
		Barcaldine Primary School	73	-4	0	0	0	69
		Bowmore Primary School	341	-13	0	0	0	328
		Bunessan Primary School	156	95	4	0	0	255
		Campbeltown Grammar	3,641	28	25	0	0	3,694
		Capital Property Works	542	122	170	0	0	834
		Cardross Primary School	352	268	225	0	0	845
		Carradale Primary School	19	12	150	0	0	181
		Castlehill Primary School	146	45	50	0	0	241
		Cleachan Primary	2	0	220	0	0	222
		Colgrain Primary School	617	86	100	0	0	803
		Dalintober Primary School	266	-6	0	0	0	260
		Dalmally Primary School	68	-8	0	0	0	60
		Dervalg Primary School	0	5	0	0	0	5
		Drumtemple Primary School	128	86	0	0	0	214
		Dunbeg Primary School	403	31	0	0	0	434
		Dunoon Primary School	95	-10	25	0	0	110
		Ferry Houses - Housing Quality Standard	0	38	38	0	0	76
		Furnace Primary School	104	-37	0	0	0	67
		Garelochhead Primary School	311	-49	100	0	0	362
		Glassary Primary School	38	32	65	0	0	135
		Glenbar Primary School	60	-5	0	0	0	55
		Hermitage Primary School	145	1	0	0	0	146
		Homeless Houses - Housing Quality Standard	0	25	25	0	0	50
		Innellan Primary School	79	6	25	0	0	110
		Inveraray Primary School	287	155	0	0	0	442
		Islay High School	3,877	105	100	0	0	4,082
		John Logie Baird Primary School	364	-42	0	0	0	322
		Keills Primary School	306	-6	0	0	0	300
		Kilchattan Primary School	165	3	0	0	0	168
		Kilchrenan Primary School	0	10	15	0	0	25
		Kilcreggan Primary School	221	90	0	0	0	311
		Kilmartin Primary School	0	20	0	0	0	20
		Kilmodan Primary School	24	121	90	0	0	235
		Kilninver Primary School	81	12	0	0	0	93
		Kirn Primary School	44	22	20	0	0	86
		Legionella Control Works	0	65	75	0	0	140
		Lismore Primary School	41	0	20	0	0	61
		Lochdonhead Primary School	152	-17	0	0	0	135
		Lochgillhead Primary School	55	-33	60	0	0	82
		Luing Primary School	74	16	0	0	0	90
		Luss Primary School	34	30	1	0	0	65
		Minard Primary	3	48	0	0	0	51
		North Bute Primary School	130	241	0	0	0	371
		Oban High Gaelic Media Studio (FG)	93	-2	0	0	0	91

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Education	Asset Sustainability	Oban High School	629	-28	25	0	0	626
		Park Primary School	229	260	10	0	0	499
		Parklands School	116	-8	0	0	0	108
		Port Charlotte Primary School	146	-4	200	0	0	342
		Port Eillen Primary School	431	-4	40	0	0	467
		Rhu Primary School	32	-2	0	0	0	30
		Rhunahorine Primary	14	73	0	0	0	87
		Rosneath Primary School	258	15	377	0	0	650
		Sandbank Primary School	478	5	0	0	0	483
		School Houses - Housing Quality Standard	1	222	223	0	0	446
		Skipness Primary School	0	15	0	0	0	15
		Small Isles Primary School	231	22	0	0	0	253
		St Andrew's Primary School	136	190	50	0	0	376
		St Joseph's Primary School	161	299	50	0	0	510
		St Mun's Primary School	72	-21	10	0	0	61
		Strachur Primary School	154	-1	0	0	0	153
		Strath of Appin Primary School	355	-40	0	0	0	315
		Strome Primary School	291	33	0	0	0	324
		Taynuilt Primary School	110	14	0	0	0	124
		Tayvallich Primary School	107	-4	0	0	0	103
		Tighnabraich Primary School	107	3	0	0	0	110
		Tiree High School	954	-55	0	0	0	899
		Tiree Primary School	170	50	0	0	0	220
		Tobermory High School	553	128	0	0	0	681
		Toward Primary School	71	19	0	0	0	90
		Asset Sustainability Total	20,829	2,794	2,813	0	0	26,436
	Service Development	Ardrishtig Primary School - Pre Five Unit	10	387	14	0	0	411
		Early Learning and Childcare	0	503	53	0	0	556
		Hermitage Primary Annexe Replacement	684	81	0	0	0	765
		Lochnell Primary School - Pre Five Unit	219	-9	0	0	0	210
		Park Primary Extension and Pre Fives Unit	331	24	0	0	0	355
		Salen Primary School - Gaelic Pre School Extension (FG)	0	147	3	0	0	150
		St Joseph's Pre 5 Parenting Facilities	118	-43	0	0	0	75
		Strachur Primary School - Pre Five Unit	278	37	0	0	0	315
		Taynuilt PS Admnl Classroom	141	-10	0	0	0	131
		Tayvallich Primary School - Pre Five Unit	96	334	0	0	0	430
		Video Conferencing Upgrade	55	5	0	0	0	60
		Service Development Total	1,932	1,456	70	0	0	3,458
	Strategic Change	Campbeltown Schools Redevelopment	177	39	6,000	22	0	6,238
		Dunoon Primary School	233	36	6,550	15	0	6,834
		Hermitage Infrastructure	0	879	0	0	0	879
		Replacement of Oban High School	72	53	0	0	0	125
		Total NPDO Capital Requirement	0	100	0	0	0	100
		Strategic Change Total	482	1,107	12,550	37	0	14,176
		Education Total	23,243	5,357	15,433	37	0	44,070
		Overall Total	23,243	5,357	15,433	37	0	44,070

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s		
Customer and Support Services	Asset Sustainability	Computer Network Security	494	70	72	0	0	636		
		Corporate GIS Portal Rollout	104	49	83	0	0	236		
		Internet / Online Access	90	125	123	0	0	338		
		IT Education	42	389	390	0	0	821		
		MS Exchange & Doc Sharing	228	69	25	0	0	322		
		PC Replacement	17	866	854	0	0	1,737		
		Server Capacity Growth	0	80	80	0	0	160		
		Telecomms Network	645	48	54	0	0	747		
		Unified Communications and Video Conferencing	466	228	44	0	0	738		
		Asset Sustainability Total		2,086	1,924	1,725	0	0	5,735	
		Customer and Support Services Total	Service Development	Applications Projects	254	450	233	0	0	937
				Consolidated Server Replacement	1,009	43	0	0	0	1,052
				Council Chamber Video Conferencing	112	-1	0	0	0	111
				Education Domain Extension	442	-9	0	0	0	433
				Flexi System HRS Integration	0	37	0	0	0	37
GWITC - Prudential Borrowing	496			3	0	0	0	499		
IT Enablement Process for Change	714			156	184	0	0	1,054		
Property Management System	76			14	0	0	0	90		
Service Development Total				3,103	693	417	0	0	4,213	
Customer and Support Services Total				5,189	2,617	2,142	0	0	9,948	
Overall Total		5,189	2,617	2,142	0	0	9,948			

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s		
Facility Services	Asset Sustainability	Argyll House, Dunoon	13	10	1	0	0	24		
		Asbestos Capital Property Works	36	14	0	0	0	50		
		Bowmore Area Office	4	14	2	0	0	20		
		Burnett Building	0	39	1	0	0	40		
		Capital Property Works	239	58	0	0	0	297		
		Castle House, Dunoon	26	23	1	0	0	50		
		Dalriada House	7	1	0	0	0	8		
		Eaglesham House, Rothesay	26	9	0	0	0	35		
		Finance Office, Witchburn Rd	10	86	3	0	0	99		
		Hill Street Dunoon Rewire	2	32	1	0	0	35		
		Jura Service Point	0	10	0	0	0	10		
		Kilarrow House	1	87	35	1	0	124		
		Kilmory Castle	80	69	25	0	0	174		
		Kilmory Castle 2012-13	137	6	0	0	0	143		
		Lorn House, Oban	0	76	2	0	0	78		
		Manse Brae Roads Office	0	15	0	0	0	15		
		Municipal Buildings, Oban	0	0	41	0	0	41		
		Oban Municipal Buildings	226	18	0	0	0	244		
		Oban Office Rationalisation	0	3	0	0	0	3		
		Rothesay Pavilion	20	1	0	0	0	21		
		Tobermory Area Office	0	29	1	0	0	30		
		Union Street, Rothesay	74	1	0	0	0	75		
		Whitegates Office, Lochgilphead	0	19	0	0	0	19		
		Dunoon Office Rationalisation	1	222	7	0	0	230		
		Asset Sustainability Total		902	842	120	1	0	1,865	
		Strategic Change		Campbeltown & Rothesay Rationalisation	27	8	0	0	0	35
				Carbon Management Business Cases (FPB)	128	563	58	0	0	749
Carbon Management Fuel Conversions (FPB)	107			38	0	0	0	145		
Helensburgh Office Rationalisation (FPB,REC)	4,179			6,521	789	0	0	11,489		
Islay HS/Bowmore PS (FPB)	697			29	0	0	0	726		
Kilmory Biomass Project OBC (FPB,REV)	243			760	30	0	0	1,033		
Mid Argyll Offices Reorganisation	164			98	8	0	0	270		
New Helensburgh Swimming Pool	162			3,240	4,250	0	0	7,652		
Oil to Gas Heating Conversions (FPB)	181			28	0	0	0	209		
Tiree Shared Offices	0			10	0	0	0	10		
Strategic Change Total	5,888			11,295	5,135	0	0	22,318		
Facility Services Total	6,790			12,137	5,255	1	0	24,183		
Overall Total	6,790			12,137	5,255	1	0	24,183		

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Economic Development	Service Development							
		CWSS - Connel Station Path	132	-28	0	0	0	104
		CWSS - Cycle Parking 2013-14	20	1	0	0	0	21
		CWSS - Kilmichael Glassary - Bridgend Link	9	1	0	0	0	10
		CWSS - South Islay Distilleries Path	118	-4	0	0	0	114
		Safe Streets, Walking and Cycling (CWSS)	0	149	140	0	0	289
		SPT	219	88	0	0	0	307
		Service Development Total	498	207	140	0	0	845
	Strategic Change							
		CHORD - Campbeltown	1,836	1,263	1,687	0	0	4,786
		CHORD - Dunoon	8	741	3,397	4,006	473	8,625
		CHORD - Helensburgh -Public Realm Imprv	2,949	3,450	931	0	0	7,330
		CHORD - Oban	251	700	3,160	2,449	0	6,560
		CHORD - Rothesay	0	0	0	1,600	800	2,400
		Helensburgh Pier Flood Defences	10	20	500	1,645	0	2,175
		OBC for Dunoon Pier	16	1,903	911	0	0	2,830
		Pier Upgrades	0	30	260	10	0	300
		Strategic Change Total	5,070	8,107	10,846	9,710	1,273	35,006
Economic Development Total			5,568	8,314	10,986	9,710	1,273	35,851
Overall Total			5,568	8,314	10,986	9,710	1,273	35,851

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	2017-18 £000's	Total £000s
Roads and Amenity Services	Asset Sustainability	Barone Cemetery Internal Road Environmental - Construction	0	23	0	0	0	23
		Bridge Strengthening	-69	400	947	50	0	1,328
		Cemetery Houses	7	43	0	0	0	50
		Environmental - Cll Andreas Pitch Improvements	48	7	0	0	0	55
		Environmental - Rose Garden	34	16	0	0	0	50
		Environmental - Unallocated	0	200	100	0	0	300
		Fleet Management	2,641	150	596	0	0	3,387
		Flood Prevention	-33	99	368	0	0	434
		HITRANS	966	285	0	0	0	1,251
		Lighting	39	507	650	0	0	1,196
		Public Convenience Upgrades	0	65	1	0	0	66
		Roads Reconstruction	912	6,697	4,366	0	0	11,975
		Traffic Management	-111	180	119	0	0	188
		Waste Management Sites	36	64	0	0	0	100
		Zero Waste Fund	269	34	0	0	0	303
		Asset Sustainability Total	4,739	8,770	7,147	50	0	20,706
	Service Development	A83 South of Muasdale	72	518	0	0	0	590
		A849 Pennyghael Bridge Mull	126	4	1	0	0	131
		Campbeltown Old Quay	161	1,190	73	0	0	1,424
		Cycleways - H&L (FSPT)	1,992	219	325	0	0	2,536
		Milton Burrn	2,526	1	0	0	0	2,527
		Preliminary design for Regional Transport projects (tiff)	248	-21	0	0	0	227
		Vehicle Tracking System (FPB)	176	41	0	0	0	217
	Service Development Total		5,301	1,952	399	0	0	7,652
	Strategic Change	Helensburgh Depot Rationalisation (F)	1,145	-95	0	0	0	1,050
		Kintyre Renewables Hub (FGPB)	8,946	3,010	159	0	0	12,115
		Port Askaig Pier	13,817	1	0	0	0	13,818
		Rothesay Harbour Ferry Improvements	7	-7	0	0	0	0
	Strategic Change Total		23,915	2,909	159	0	0	26,983
Roads and Amenity Services Total			33,955	13,631	7,705	50	0	55,341
Overall Total			33,955	13,631	7,705	50	0	55,341

TREASURY MANAGEMENT MONITORING REPORT 31 AUGUST 2014

1. EXECUTIVE SUMMARY

- 1.1 This report is for noting its sets out the Council's treasury management position for the period 1 July 2014 to 31 August 2014 and includes information on :
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - 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 and a reduction of £10m in the forecast capital expenditure the estimated CFR for 31 March 2015 has reduced from £275m to £262m from that predicted in the budget at February 2014.
- 1.3 In respect of investment activity the level of investments have increased by £2.4m from £59.2m at 1 July 2014 to £61.6m at 31 August 2014. The rate of return achieved was 0.668% which compares favourably with the target of 7 day LIBID which was 0.345%.
- 1.4 On 5th August the Council placed £5m with Goldman Sacs for a period of 6 months at a rate of 0.745%. Goldman Sacs has a short term rating of A-2 and long term rating of A.

TREASURY MANAGEMENT MONITORING REPORT 31 AUGUST 2014

2. INTRODUCTION

- 2.1 This report summarises the monitoring as at 31 August 2014 of the Council's:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - 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.

	Forecast 2014/15 £000's	Budget 2014/15 £000's	Forecast 2015/16 £000's	Forecast 2016/17 £000's
CFR at 1 April	256,463	258,871	262,499	278,154
Net Capital Expenditure	24,477	34,809	27,439	(8,035)
Less Loans Fund Principal Repayments	(18,441)	(18,441)	(11,784)	(10,784)
Estimated CFR 31 March	262,499	275,239	278,154	259,335
Less Funded by NPDO	(79,603)	(79,603)	(78,055)	(76,507)
Estimated Net CFR 31 March	182,896	195,636	200,099	182,828
Estimated External Borrowing at 31 March	161,235	161,315	169,315	177,315
Gap	21,661	34,321	30,784	5,513

- 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 August 2014 is £182.896m. 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 £62m is currently invested.

	Position at 30/06/2014 £000's	Position at 31/08/2014 £000's
Loans	161,221	161,235
Internal Balances	91,236	83,276
Less Investments & Deposits	(59,229)	(61,615)
Total	193,228	182,896

Borrowing Activity

- 4.4 The table below summarises the borrowing and repayment transactions in the period 1 July 2014 to 31 August 2014.

	Actual £000's
External Loans Repaid 1st July 2014 to 31st August 2014	0
Borrowing undertaken 1st July 2014 to 31st August 2014	14
Net Movement in External Borrowing	14

- 4.5 No local bonds were repaid in the period 1 July 2014 to 31 August 2014.
- 4.6 No new local bonds were taken out in the period 1 July 2014 to 31 August 2014.
- 4.7 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period. Owing to the levels of internal balances and surplus cash temporary borrowing has been minimal.

	£000s	% Rate
Temp borrowing at 30th June 2014	1,351	0.30%
Temp borrowing at 31st August 2014	1,363	0.30%

Investment Activity

- 4.8 The average rate of return achieved on the Council's investments to 31st August 2014 was 0.668% compared to the average LIBID rate for the same period of 0.345% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At the 31 August 2014 the Council had £62m 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	3,000	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	4,565	0.50%	Short Term A-2, Long Term BBB+
Goldman Sachs	05/02/2015	5,000	0.75%	Short Term A-2, Long Term A
Handelsbanken	35 Day Notice	20,000	0.65%	Short Term A-1+, Long Term AA-
Santander	Instant Access	9,000	0.40%	Short Term A-1, Long Term A
Total		61,615		

- 4.09 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 4.11 On 5th August the Council placed £5m with Goldman Sacs for a period of 6 months at a rate of 0.745%. Goldman Sacs has a short term rating of A-2 and long term rating of A.
- 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.

Prudential Indicators

- 4.18 The prudential indicators for 2013-14 are attached in appendix 1.

5. CONCLUSION

- 5.1 The Council has taken no new long term borrowing or made any repayments during the three months to 31 August 2014. The investment returns were 0.668% which is above the target of 0.345%. 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 – Prudential Indicators

APPENDIX 1 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2014/15	2014/15	2015/16	2016/17
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT				
	Original Estimate	Forecast Outturn	Forecast Outturn	Forecast Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	50,185	44,183	44,497	9,798
TOTAL	50,185	44,183	44,497	9,798
Ratio of financing costs to net revenue stream				
Non - HRA	10.98%	10.98%	8.24%	7.96%
Net borrowing requirement				
brought forward 1 April *	258,871	258,871	262,499	278,154
carried forward 31 March *	275,239	262,499	278,154	259,335
in year borrowing requirement	16,368	3,628	15,655	(18,819)
In year Capital Financing Requirement				
Non - HRA	16,368	3,628	15,655	(18,819)
TOTAL	16,368	3,628	15,655	(18,819)
Capital Financing Requirement as at 31 March				
Non - HRA	275,239	262,499	278,154	259,335
TOTAL	275,239	262,499	278,154	259,335
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p
Increase in Council Tax (band D) per annum	53.55	69.61	60.04	(17.57)

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

Maturity structure of new fixed rate borrowing during 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%