

FINANCIAL MONITORING OVERVIEW – 31 DECEMBER 2025

1. INTRODUCTION

1.1 This report provides a summary of the overall financial position of the council for 2025-26 as at 31 December 2025. It outlines the key highlights from the detailed financial monitoring reports in respect of the following:

- Revenue Budget;
- Capital Plan (Quarter 3, 31 December 2025);
- Financial Risks; and
- Reserves and Balances.

2. DETAIL**2.1 Revenue Budget**

- 2.1.1 This report provides a summary of the actual and forecast outturn expenditure and income of the council in comparison to the approved 2025-26 revenue budget.
- 2.1.2 Since last reporting, the net expenditure budget has increased by £2.552m to reflect the additional 1% pay award above original budget (£1.713m) and amounts drawn down from earmarked reserve balances (£0.839m). The revised 2025-26 revenue net expenditure budget now totals £336.928m. There are no virements requiring approval since the last reporting period.
- 2.1.3 The budget has been updated to reflect the recently approved pay awards for SJC and Chief Officers, and Teachers with the assumption that this will be funded in full through additional Scottish Government funding, with no impact on the financial position of the council in 2025-26.
- 2.1.4 As at 31 December 2025, there is an overall forecast overspend of £0.627m on the approved revenue budget for the year. This overspend is in respect of a net overspend of £0.927m across council services, offset by a forecast over-recovery of Council Tax income, estimated at £0.300m.
- 2.1.5 It is anticipated that savings in debt interest costs will be achieved during the year, providing an opportunity to redirect resources to future council priorities, including the forecast 2026-27 budget gap. At this stage, it is deemed prudent to assume no variance in the 2025-26 forecast outturn position in this respect.
- 2.1.6 The 2025-26 approved budget savings options, to be achieved in 2025-26, total £2.762m. There are 15 savings options impacting 2025-26, of which 8 have been delivered (£1.375m), with the remaining 7 on track to be delivered (£1.387m).

Progress on the delivery of approved savings options will continue to be monitored throughout the year.

- 2.1.7 The 2025-26 HSCP forecast outturn position in respect of Social Work services as at 31 December 2025 is an overspend of £0.416m. However, the HSCP expect this to be managed from within available HSCP reserves, with no impact on the council's forecast financial position. This represents a significant financial risk to the council that will continue to be monitored on an ongoing basis throughout the year.

2.2 Capital Plan

- 2.2.1 This report provides an update on financial performance and the delivery of capital projects against the approved Capital Plan budget and timescales as at Quarter 3 (31 December 2025) 2025-26.
- 2.2.2 A number of budget changes totalling £8.930m in respect of gross expenditure are proposed, comprising previously approved investment totalling £8.358m (£8.000m Learning Estate Investment Strategy - Provision and £0.358m Mull Joint Campus – Balance of Development Costs Provision) and notified additional funding totalling £0.747m, offset by a reduction of £0.175m to correct an overstatement of Nature Restoration Fund available resources.
- 2.2.3 Approved gross expenditure on the capital plan, excluding spend incurred in prior years, totals £221.054m, while project specific income, excluding amounts accounted for in prior years, totals £12.596m. This gives approved net expenditure of £208.458m to be incurred across 2025-26 and future years.
- 2.2.4 Forecast gross expenditure and project specific income, taking account of budget changes, have been profiled across 2025-26, 2026-27 and future years. The resulting forecast gross expenditure profile as at Quarter 3 is £66.460m 2025-26, £50.569m 2026-27 and £104.191m future years, while forecast project specific income is profiled £12.431m 2025-26 and £0.165m 2026-27. The profile of forecast expenditure will be reviewed and updated throughout the year, with an explanation of future movements reported to committee.
- 2.2.5 Actual gross expenditure of £33.833m has been incurred to date in 2025-26, representing 50.9% of the £66.460m gross expenditure forecast for the year. No project specific income has been received during the quarter.
- 2.2.6 Forecast gross expenditure across 2025-26 and future years totals £221.220m, compared to an approved budget of £221.054m, giving rise to a forecast overspend of £0.166m (0.1%). Forecast income is in line with budget at £12.596m.
- 2.2.7 There are 129 projects within the approved Capital Plan. Of this total, 104 or 80% are Complete or On Track and 25 are Off Track and Experiencing Problems

2.3 Financial Risks

- 2.3.1 This report provides an update on the current known financial risks facing the council in 2025-26.

2.3.2 There are 7 quantifiable council wide risks identified for 2025-26, with a potential annual value totalling £5.1m, and with varying degrees of likelihood. In addition, there are 32 departmental/service risks, with a potential annual value totalling £4.156m, of which 5 are categorised as 'Likely' (annual value £1.210m).

2.3.3 There have been no changes to the quantifiable risks since last reporting. Financial risks will continue to be monitored and reviewed on an ongoing basis, with actions put in place to mitigate or manage these risks.

2.4 Reserves and Balances

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

2.4.2 The council has a total of £406.347m unusable reserves that are not backed with resources. These are required purely for accounting purposes.

2.4.3 As at 31 March 2025, the council held usable reserves, totalling £121.235m, comprising the following:

- £3.608m Repairs and Renewals Fund;
- £3.358m Capital Funds;
- £1.564m Capital Grants Unapplied; and
- £112.705m General Fund, with £105.161m of this balance earmarked for specific purposes.

2.4.4 The 2025-26 opening earmarked reserves balance of £105.162m includes a significant level of reserves in respect of major infrastructure or projects of strategic importance. At the budget setting meeting on 22 February 2024, as part of the revenue budget, Council agreed to transfer Strathclyde Pension Fund contribution savings of £6.875m relating to Council staff and £3.053m relating to Social Work staff for both 2024-25 and 2025-26 to reserves. As the commitments for these include expenditure within 2025-26, these have been recognised within the earmarked reserves balances to allow them to be spent accordingly. It is currently anticipated that a total of £25.493m will be drawn down during 2025-26, while £10.339m has been drawn down in the year to 31 December 2025, for previously approved specific purposes. Similar to previous years, an initial review of earmarked reserves has been undertaken for consideration by ELT, taking cognisance of strategic priorities and the longer term financial challenges currently facing the council. Recommendations in this respect will be reported to members as part of the 2025-26 year end financial reporting pack.

2.4.5 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2025-26, which amounts to £6.539m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.004m over and above the general contingency. This is currently forecast to decrease to £0.139m as at 31 March 2026.

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

Heading	Detail	£000
Unallocated General Fund as at 1 April 2025	Unallocated balance over and above the 2% general contingency (£6.539m)	1,004
Current Forecast Outturn for 2025-26 as at 31 December 2025	Per Revenue Budget Monitoring report	(627)
Standby Rate Increase – 2025-26 Cost	To fund 2025-26 cost of the Standby Rate increase, approved by Council 26 November	(13)
Royal National MOD	To fund financial support to Royal National MOD over 4 years	(225)
Forecast Unallocated General Fund as at 31 March 2026		139

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Approve the budget changes in Section 4 of the Capital Plan Monitoring report;
- b) Note the contents of the 2025-26 Revenue Budget Monitoring, Financial Risks, and Reserves and Balances reports as at 31 December 2025; and Capital Plan Monitoring report as at Quarter 3, 31 December 2025
- c) Note there are no Virements requiring approval for this reporting period.

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the 2025-26 financial position of the council as at 31 December 2025.
4.3	Legal -	None.
4.4	HR –	None.
4.5	Customer Service -	None.
4.6	Risk –	Outlines 2025-26 Financial Risks.
4.7	Climate Change -	None
4.8	Fairer Scotland Duty -	None
4.9	Equalities – protected characteristics -	None.
4.10	Consumer Duty -	None.
4.11	Island Communities -	None.
4.12	Children’s Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director /Section 95 Officer

27 January 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

For further information contact Anne Blue, Head of Financial Services
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2025-26 REVENUE BUDGET MONITORING – 31 DECEMBER 2025

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the financial performance of the council against the approved 2025-26 revenue budget as at 31 December 2025. It reports on the monitoring of forecast net expenditure across services, in comparison to the approved annual budget, and provides an explanation of significant variances. Details of actual expenditure incurred during 2025-26 to date are also provided. The report reflects proper accounting practice; and is based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.
- 1.2 Since last reporting, the net expenditure budget has increased by £2.552m to reflect the additional 1% pay award above original budget (£1.713m) and amounts drawn down from earmarked reserve balances (£0.839m). The revised 2025-26 revenue net expenditure budget now totals £336.928m. There are no virements requiring approval since the last reporting period.
- 1.3 The budget has been updated to reflect the recently approved pay awards for SJC and Chief Officers, and Teachers with the assumption that this will be funded in full through additional Scottish Government funding, with no impact on the financial position of the council in 2025-26.
- 1.4 As at 31 December 2025, there is an overall forecast overspend of £0.627m on the approved revenue budget for the year. This overspend is in respect of a net overspend of £0.927m across Council services, offset by a forecast over-recovery of Council Tax income, estimated at £0.300m.
- 1.5 The forecast net overspend across services (£0.927m) comprises a forecast overspend of £1.541m within the Executive Directorate (Kirsty Flanagan), offset by a net underspend of £0.281m within the Executive Directorate (Douglas Hendry) and an underspend of £0.333m across Central budgets. This position will be monitored and reviewed on an ongoing basis, with regular updates reported to committee throughout the year.
- 1.6 It is anticipated that savings in debt interest costs will be achieved during the year, providing an opportunity to redirect resources to future council priorities, including the forecast 2026-27 budget gap. At this stage, it is deemed prudent to assume no variance in the 2025-26 forecast outturn position in this respect.
- 1.7 The 2025-26 revenue budget includes approved savings totalling £2.762m. At this stage, all approved savings have either been delivered or are on track to be delivered. Progress on delivery will continue to be monitored throughout the year.
- 1.8 The HSCP is currently forecasting an overspend of £0.416m in respect of Social Work services. However, the HSCP expect this to be managed from within

existing HSCP reserves, with no impact on the council's forecast position for the year. This represents a significant financial risk to the council.

- 1.9 There are a number of financial risks, which may impact the financial position of the council during 2025-26. These are outlined in a separate financial risks report.

2025-26 REVENUE BUDGET MONITORING – 31 DECEMBER 2025

2. INTRODUCTION

- 2.1 The main purpose of this report is to provide a summary of the financial performance of the council against the approved 2025-26 revenue budget as at 31 December 2025. It reports on the monitoring of forecast net expenditure across services, in comparison to the approved annual budget, and provides an explanation of significant variances. Details of actual expenditure incurred during 2025-26 to date are also provided.
- 2.2 The report has been prepared in accordance with proper accounting practice. Financial forecasts are based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.

3. BUDGET CHANGES

- 3.1 The 2025-26 revenue net expenditure budget as at 31 October 2025 totalled £334.376m. Since last reporting, the net expenditure budget has increased by £2.552m to reflect the additional 1% pay award above original budget (£1.713m) and amounts drawn down from earmarked reserve balances (£0.839m). The revised 2025-26 revenue net expenditure budget now totals £336.928m.
- 3.2 Virement is the process of transferring budget between cost centres, services or departments. The Council's constitution requires member approval of budget virements over £200k. There are no virements requiring approval since the last reporting period.
- 3.3 The 2025-26 budget included a 3% pay award assumption across all workforce categories, at all grades, based on the Public Sector Pay Policy of 9% over the 3 years 2025-26 to 2027-28. The pay award for SJC and Chief Officers has now been agreed at 4% for 2025-26 and 3.5% for 2026-27. Negotiations in respect of the pay award for teachers have also now concluded, with 7.5% agreed over the 2 years 2025-26 and 2026-27 (4% from 1 August 2025, rising to 4.25% from 1 April 2026, and 3.25% from 1 August 2026). At this stage, the expectation is that the increased cost of the 2025-26 pay award for all council and HSCP Social Work services employees will be fully funded from additional Scottish Government grant funding, with no impact on the financial position of the council in 2025-26. The budget has been updated to reflect these recently approved pay awards with the assumption that this will be funded in full through additional Scottish Government funding, with no impact on the financial position of the council in 2025-26.

4. SUMMARY FINANCIAL POSITION

4.1 2025-26 Overall Council Financial Position

4.1.1 There is currently an overall forecast overspend of £0.627m or 0.2% for the year on the council's approved 2025-26 revenue budget. This is due to a forecast net overspend across council services, totalling £0.927m, partially offset by a forecast over-recovery in funding in respect of Council Tax income, currently estimated at £0.300m. A summary of the forecast net expenditure for the year, in comparison to the approved budget, both on a departmental and subjective basis, is outlined within Appendix 1. This also provides information in respect of council-wide operational challenges and proposed mitigating actions.

4.2 Council Services Net Expenditure

4.2.1 At this stage, there is a forecast net overspend on approved service net expenditure budgets, totalling £0.927m. This comprises a forecast net underspend of £0.281m in respect of Executive Directorate (Douglas Hendry), a forecast overspend of £1.541m in respect of Executive Directorate (Kirsty Flanagan) and a forecast underspend of £0.333m across Central budgets. This position will be monitored and reviewed on an ongoing basis, with regular updates reported to committee throughout the year.

4.2.2 A more detailed analysis of the financial position at service level for each Executive Directorate is given within Appendix 2. The forecast net underspend in respect of Executive Directorate (Douglas Hendry) is largely due to delayed spend in 100 Day Promise funding and Catering efficiency savings, offset by demand for Schools Residential placements. Within Executive Directorate (Kirsty Flanagan), the most significant adverse variance is in respect of a forecast under-recovery in ferry berthing income within Roads and Infrastructure Services, aligned to the publication of the Cal Mac winter timetable. Appendix 2 also provides information in respect of service specific operational challenges and proposed mitigating actions.

4.2.3 The forecast underspend across Central budgets includes an underspend of £0.200m in respect of Utilities, however, this is challenging to forecast and will be subject to actual usage over the winter months. There is also a forecast underspend in Payments to Joint Boards (£0.133m), with the council's contribution to the Valuation Joint Board now confirmed at below the budgeted level.

4.3 Loans Fund

4.3.1 The council's treasury position is actively managed in line with the approved 2025-26 Treasury Management Strategy and Annual Investment Strategy, in order to minimise debt interest costs. In addition, as at 31 March 2025, the council's external borrowing was below the level required to finance capital investment. It had been possible to defer new external borrowing due to the significant level of internal reserve balances held by the council. This position will be impacted by the planned use of earmarked reserves in 2025-26, however, it is expected to continue to some extent throughout 2025-26. Furthermore, there has been slippage experienced in the delivery of the approved capital programme. These factors will impact the net financing costs incurred during the year.

- 4.3.2 A review of the current Loans Fund and projected debt position of the council is currently being undertaken, to highlight potential opportunities within the existing budget for recurring or one-off savings, or the capacity to meet future capital investment priorities, such as the LEIP school. This is being progressed under the wider review of capital arrangements, approved as part of the 2025-26 revenue budget, to be undertaken during 2025-26. A report on this review will be submitted to members later in the year. At this stage, it is deemed prudent to assume that any potential budget underspend will be redirected to future council priorities, which may include a contribution to the 2026-27 forecast budget gap, with no impact on the revenue budget position in 2025-26.

4.4 Council Funding

Council Tax

- 4.4.1 A more sophisticated financial modelling tool has been developed to assist with Council Tax income projections for 2025-26 and future years. The forecast level of Council Tax income is based on current and forecast Band D equivalents, and reflects actual collection levels to date; and projected levels for the remainder of the year, based on historical payment profile and collection rate data.
- 4.4.2 There is a forecast over-recovery of Council Tax income for the year, in comparison to the approved annual budget of £70.204m. This is currently estimated at £0.300m or 0.4% but will be subject to ongoing review and refinement, as the year progresses.
- 4.4.3 The 2024-25 final outturn included additional Council Tax income of £1.234m in respect of 2024-25 and prior years, an element of which was expected to be recurring in 2025-26 and future years. A significant element of this additional income (some £0.5m) related to the reclassification of self-catering units as domestic dwellings by the Assessor, following completion of both the 2022-23 and 2023-24 canvasses during the year, which saw the transfer of properties from the Non-domestic Rates to Council Tax registers. There is a significant level of uncertainty in respect of the regulatory environment in this respect, with a risk of appeals being granted and properties returning to Non-domestic Rates. This uncertainty in respect of both timing and financial value, presents an added element of complexity in respect of Council Tax income projections. The financial risk in this respect will be subject to ongoing review throughout the year with regular updates provided as part of the separate financial risks report.

4.5 HSCP Financial Position

- 4.5.1 In respect of the Health and Social Care Partnership (HSCP), it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared and submitted to the IJB, Argyll and Bute Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and the HSCP has insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. The council's contribution would reflect the element of the overspend related to Social Work. Whilst any additional payments by the council and NHS Highland will be deducted

from future years funding, there is a risk that the council may require to make an additional unbudgeted contribution to the HSCP during the year.

- 4.5.2 As at 31 December 2025, the HSCP is forecasting an overspend of £0.416m for the year in respect of Social Work services, due to demand for residential placements within both Children and Families and Older People Services. However, the HSCP expect this to be managed from within available HSCP reserves, with no impact on the council's forecast financial position. This represents a significant financial risk to the council. The financial position of the HSCP in respect of Social Work services will continue to be monitored on an ongoing basis throughout the year.

4.6 2025-26 Year to Date Financial Position

- 4.6.1 Actual services net expenditure incurred during the year to date totals £222.565m. This indicates an underspend of £4.903m in comparison to the current profiled budget to 31 December 2025. However, the year to date variances within services largely relate to the timing of income and expenditure, and outstanding recharges to capital projects. Further detailed information in respect of the year to date position is included at summary level within Appendix 1 and at service level within Appendix 2.

4.7 Approved Revenue Budget Savings

- 4.7.1 The 2025-26 revenue budget included approved Operational/Management and Policy savings options to be delivered in 2025-26, totalling £2.762m. The delivery of these savings will be monitored throughout the year, with progress updates regularly reported to committee. A summary of the position as at 31 December 2025 is provided within Appendix 3. There are 15 savings options impacting 2025-26, of which 8 have been delivered (£1.375m) and 7 are on track to be delivered (£1.387m).

5. FINANCIAL RISKS

- 5.1 Financial risks are monitored and reviewed on an ongoing basis, with actions put in place to continue to mitigate or manage these risks. There are a number of both council-wide and service specific financial risks, which may impact the financial position of the council during 2025-26. These are outlined in a separate financial risks report.

6. CONCLUSION

- 6.1 This report summarises the financial performance of the council in respect of the approved 2025-26 revenue budget as at 31 December 2025.

7. IMPLICATIONS

- | | | |
|-----|-------------|---|
| 7.1 | Policy - | None. |
| 7.2 | Financial - | Outlines the financial position of the council in respect of the approved 2025-26 revenue budget. |
| 7.3 | Legal - | None. |

7.4	HR -	None.
7.5	Customer Service -	None.
7.6	Risk -	Details of Financial Risks are separately reported.
7.7	Climate Change -	None.
7.8	Fairer Scotland Duty -	None.
7.9	Equalities – Protected Characteristics -	None.
7.10	Consumer Duty-	None.
7.11	Island Communities -	None.
7.12	Children’s Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
27 January 2025

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES

Appendix 1 – Summary Financial Position as at 31 December 2025

Appendix 2 – Departmental Financial Position as at 31 December 2025

Appendix 3 – Approved 2025-26 Revenue Budget Savings

For further information contact Anne Blue, Head of Financial Services
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OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 DECEMBER 2025

	YEAR TO DATE (YTD) POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	826	840	14	1.7%	1,250	1,250	0	0.0%
Executive Director (Douglas Hendry)	115,235	115,773	538	0.5%	162,299	162,018	281	0.2%
Executive Director (Kirsty Flanagan)	49,752	47,729	(2,023)	(4.2%)	67,143	68,684	(1,541)	(2.3%)
Social Work	53,385	53,154	(231)	(0.4%)	82,303	82,303	0	0.0%
<u>Total Departmental Budgets</u>	219,198	217,496	(1,702)	(0.8%)	312,995	314,255	(1,260)	(0.4%)
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(3,599)	1,541	5,140	333.6%	3,571	3,371	200	5.6%
Joint Boards	1,061	1,144	83	7.3%	1,525	1,392	133	8.7%
Non-Controllable Costs	5,905	7,287	1,382	19.0%	18,836	18,836	0	0.0%
Total Central Budgets	3,367	9,972	6,605	66.2%	23,932	23,599	333	1.4%
<u>TOTAL NET EXPENDITURE</u>	222,565	227,468	4,903	2.2%	336,927	337,854	(927)	(0.3%)
Financed By								
Scottish Government Grant Funding	(164,492)	(164,492)	0	0.0%	(267,750)	(267,750)	0	0.0%

Local Tax Requirement	(62,653)	(62,653)	0	0.0%	(70,204)	(70,504)	300	(0.4%)
Net Contributions to General Fund	0	0	0	0.0%	11,366	11,366	0	0.0%
Earmarked Reserves	0	0	0	0.0%	(10,339)	(10,339)	0	0.0%
Total Funding	(227,145)	(227,145)	0	0.0%	(336,927)	(337,227)	300	(0.1%)
(Deficit)/Surplus for Period	(4,580)	323	4,903		0	627	(627)	(0.2%)

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 31 DECEMBER 2025

	YEAR TO DATE (YTD) POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Subjective Category								
Employee Expenses	147,843	148,629	786	0.5%	209,764	209,180	584	0.3%
Premises Related Expenditure	15,206	14,676	(530)	(3.6%)	24,198	24,017	181	0.8%
Supplies and Services	23,508	21,656	(1,852)	(8.6%)	29,919	29,826	93	0.3%
Transport Related Expenditure	11,618	10,082	(1,536)	(15.2%)	20,054	20,314	(260)	(1.3%)
Third Party Payments	134,545	136,707	2,162	1.6%	195,491	196,224	(733)	(0.4%)
Capital Financing	3,607	0	(3,607)		11,189	11,189	0	0.0%
TOTAL EXPENDITURE	336,327	331,750	(4,577)	(1.4%)	490,615	490,750	(135)	(0.0%)
Income	(340,907)	(331,427)	9,480	(2.9%)	(490,615)	(490,123)	(492)	0.1%
(Deficit)/Surplus for Period	(4,580)	323	4,903		0	627	(627)	

Notes

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

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

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

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

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

Key Financial Challenges	Proposed Actions to address Financial Challenges
Addressing service demand/expectation and the increasing challenges facing departments across the council in relation to the recruitment and retention of suitably qualified and experienced staff.	Engagement and monitoring of both issues with departments to assess how these challenges are affecting service capacity and capability, staff attendance, utilisation of agency staff and costs. Collaboration with services and other back-office teams to consider and develop mitigating actions.
Achieving a favourable year-end position and achieving savings targets in light of council wide risks to expenditure.	Robust monitoring of the financial position and delivery of savings to ensure budget issues inform the budget monitoring process.
Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2025-26 budget was agreed in February 2025 there are still significant budget gaps in future years.	The council will continue to progress savings options identified, refine options that require further development and seek to identify further savings through themed reviews and business process reviews. A longer-term approach is being explored with the intention to develop a pipeline of savings that can be delivered over a number of years.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure council fees and charges policies are regularly reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use a risk-based approach to budget monitoring to focus additional attention on these areas.
Ongoing requirement to fund unavoidable inflationary increases in areas like utility costs, fuel, food etc.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be evaluated and reported through the budget monitoring and preparation processes.
Future ongoing impact on revenue budgets as a result of the delivery of substantial capital projects such as Rothesay Pavilion and a new school on Mull.	Ensure costs are identified and reported on early in the process so Members are aware of the ongoing financial impact to budgets. Monitor and report on these regularly as part of the routine budget monitoring once the projects are complete.
Delivery of climate change measures which can be costly and result in overspends.	The council will look at financially sustainable options and closely monitor the impact of these on the budget position.

CHIEF EXECUTIVE'S UNIT – AS AT 31 DECEMBER 2025

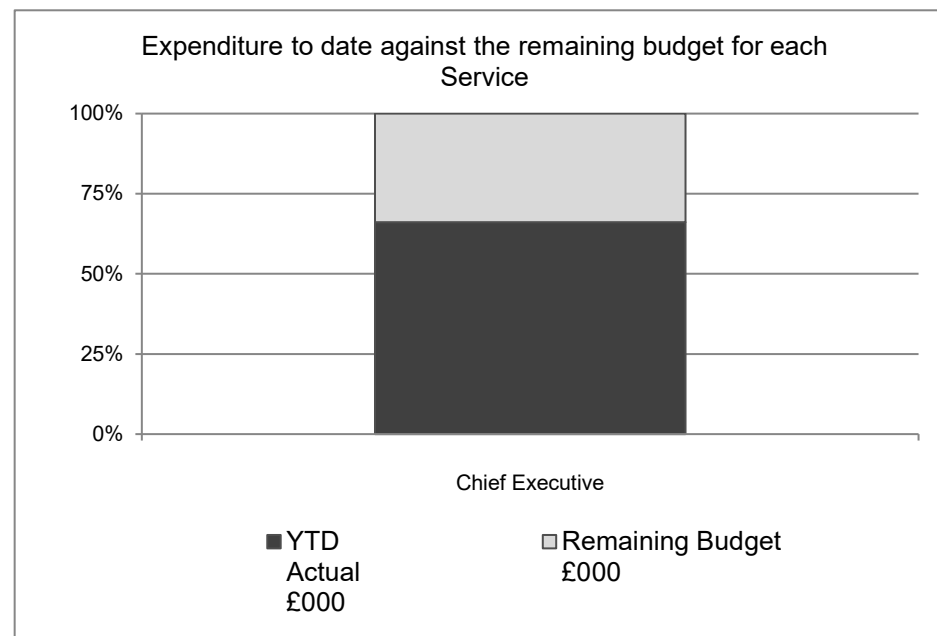
The department is currently forecasting spend in line with budget.

The department has a year to date underspend of £0.014m (1.7%) which can be attributed to budget profiling issues.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Dec) £000	Previous Forecast Variance Reported to P&R (Oct) £000	Change £000
Chief Executive	1,250	1,250	0	0	0
Totals	1,250	1,250	0	0	0

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2024-25 outturn position was an underspend of £0.020m. This resulted from an overall underspend of £0.055m offset by earmarking of £0.035m due to an auto-carry forward for unspent grants.

CHIEF EXECUTIVE'S UNIT – AS AT 31 DECEMBER 2025

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
To continue to deliver a high-quality service to support community engagement and participation.	Regular monitoring, reflection and improvement cycle on service provision to ensure most efficient use of staffing and financial resources to meet national and local policy requirements for quality engagement.
To continue to deliver a high quality support service function to community organisations and community planning partners during a time of challenge arising from continuing reductions in funding.	Within the partnership working of the CPP we seek to establish working groups and collate resources within this to deliver high quality solutions to identified needs.
Demands for funding from community applications to the Supporting Communities Fund higher than available annual funds by about 40%.	Continue to monitor fund criteria adapting this to align with priority outcomes for Argyll & Bute and continue to support groups to seek alternative sources of funding from our database of funding providers.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Executive	374	366	(8)	(2.2%)	520	520	0	0.0%	Outwith reporting criteria.
Community Planning & Development	452	474	22	4.6%	730	730	0	0.0%	Outwith reporting criteria.
	826	840	14	1.7%	1,250	1,250	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	799	803	4	0.5%	1,116	1,116	0	0.0%	Outwith reporting criteria.
Supplies and Services	20	19	(1)	(5.3%)	22	22	0	0.0%	Outwith reporting criteria.
Transport	7	11	4	36.4%	15	15	0	0.0%	The variance is profile related and will be refined later in the year.
Third Party	120	128	8	6.3%	218	218	0	0.0%	Outwith reporting criteria.
Income	(121)	(121)	0	0.0%	(121)	(121)	0	0.0%	Outwith reporting criteria.
Totals	826	840	14	1.7%	1,250	1,250	0	0.0%	

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

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

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

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

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

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

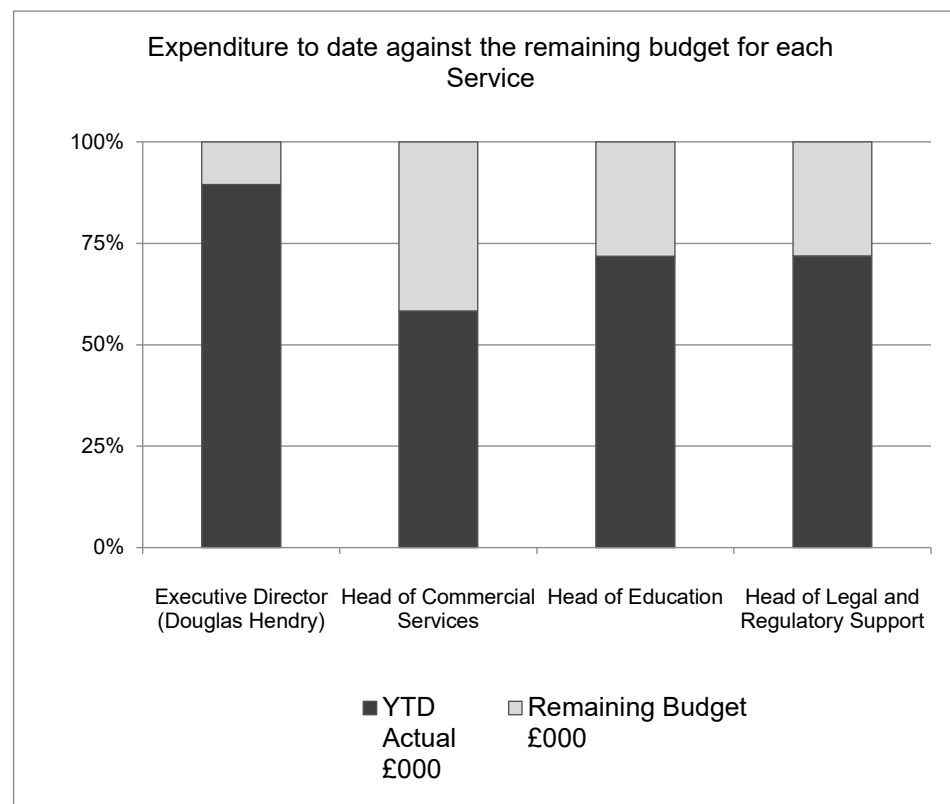
EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 31 DECEMBER 2025

The department is currently forecasting an underspend position of £0.281m (0.2%). Within Education the underspend of £0.111m is a result of slippage in 100 day promise budget, maintaining teacher numbers budget and Universal Free School Meals budget, due to delays in recruitment, this is partially offset by the Schools Residential Budget having a higher demand for placements than budget allows. In Commercial Services the forecast variance of £0.120m is due to lower use of bank staff and delays in recruitment. There is an over recovery of £0.050m in vacancy savings which is reported within the Directorate. The department has a year to date (YTD) underspend of £0.538m (0.5%). This is mainly due to delays in recruitment, over recovery of vacancy savings and the current budget profile, partially offset by the overspend in Schools Residential Budget.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Dec) £000	Previous Forecast Variance Reported to P&R (Oct) £000	Change £000
Executive Director (Douglas Hendry)	664	614	50	0	50
Head of Commercial Services	10,562	10,442	120	70	50
Head of Education	129,445	129,334	111	(4)	115
Head of Legal and Regulatory Support	21,628	21,628	0	0	0
Totals	162,299	162,018	281	66	215

Year to Date Position



EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 31 DECEMBER 2025

Key Financial Successes:

The 2024-25 year-end consolidated outturn position was an under spend of £0.767m after adjusting for automatic earmarking. Contributing factors included:

- Continuation of NDEEF and expansion of CEEF projects resulting in recurring annual saving in utilities and a significant contribution to meeting net zero targets.
- Received funding from DRAX for energy saving lighting in 7 schools, located in the area surrounding Cruachan Power Station, to the value of £148.8k, with potential for further funding.
- Further rationalisation of office space through Our Modern Workspace Programme has reduced utility costs, printer costs and cleaning costs as well as receiving Non-Domestic Rates relief for closed buildings.
- Income generation within Early Years, including expansion at Rothesay Joint Campus to accommodate care for children under the age of 2.
- Successful grant applications to Bord na Gaidlig and Armed Forces Covenant Grant for Early Years.
- Effective contract management of NPDO and Hub School contracts, including a lower-than-expected insurance premium due to the annual renegotiation of insurance costs.
- Successful funding awards have enabled the Welfare Rights Team to expand its service. In 2024-25 the whole team have helped residents of Argyll and Bute claim £4.45m in additional benefits that they were entitled to. The support is targeted at some of the most vulnerable in our communities and makes a significant difference to families and individuals both financially and to their overall health and wellbeing.

Key Financial Challenges:

The legacy impact of COVID-19 on our young learners has led to an increased demand on the additional support need functions of the Education Service in response to the growing health and wellbeing needs of our young people and their families. This annual increase in assessed need is consistent across Scotland.

Impact of the current cost of living crisis on the cost of the school day for learners and their families.

Proposed Actions to address Financial Challenges:

Continuous analysis and review of delivery models, robust costings of agreed changes to the current delivery model being implemented in August 2025 and continual monitoring of associated budgets. Maximise use of Additional Support for Learning Funding and Mental Health and Wellbeing Funding whilst working collaboratively across Children's Services.

Collaborate with schools to ensure effective use of Strategic Equity Funding, Pupil Equity Funding and SG Core Curriculum funding to close the poverty related attainment gap and identify other multi agency funding sources to ensure equity of experience for all children.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 31 DECEMBER 2025

<p>Impact of the current cost of living crisis on uptake in demand led service areas like catering, design services and licensing.</p>	<p>Continually refine/develop systems to accurately forecast service usage, budget outturn and future budget requirements. Strategies in place to redesign services in line with demand.</p>
<p>Reductions to Capital Funding and rising cost of statutory and regulatory work along with rising material and labour costs across departments may result in a reduction in activity or overspends within the Central Repairs Budgets.</p>	<p>Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as soon as known, regular meetings with Property Services.</p>
<p>Ensure that the School Catering Service remains efficient and effective as the requirement to comply with the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020, has increased the cost of producing a school meal.</p>	<p>Continue working with finance to review the efficiency of the service, through good procurement of supplies and the use of a school meal pre order app that reduces food waste. Produce meals that pupils want to eat through regular consultation and a range of menu choices.</p>
<p>The Council has a requirement to deliver 1140 hours of Early Learning and Childcare (ELC) to eligible 2-year-olds and all 3–5-year-old children. Following several years of reduced funding and a requirement to set a sustainable hourly rate for our valued partner providers, the service must continually redesign to fit the resources available.</p>	<p>Robust service costings, financial monitoring and timely reporting to ensure the service can be delivered within the available budget. Medium to longer term forecasting on population to shape ongoing service redesign. Analysis of potential to extend income generation using “spare” capacity to expand paid care for under 2’s</p>
<p>Impact of high inflationary uplifts within the NPDO/HUB School contracts.</p>	<p>Ensuring continued effective contract management of NPDO/HUB Schools to minimise the impact of high inflationary uplifts.</p>
<p>The Scottish Government has increased the amount of ringfenced Education funding. This funding is dependent on maintaining teacher numbers to a set level. Additionally, Councils have been asked to make progress towards reduced teacher class contact time.</p>	<p>Monitor teacher numbers and associated costs, highlighting any budget pressures or potential penalties should staffing levels fall below target. Collaboration with the Education Service to prepare robust costings for the impact of any reduction in teacher class contact time.</p>
<p>The demand for residential school placements for our children is growing and the costs for this service have had higher than budgeted inflation due to a reduction in Government financial assistance for Grant Aided Special Schools (GASS), impact of changes to National Insurance and commitment for providers to pay real living wage. These placements are jointly funded by Education and Social Work.</p>	<p>Monitoring of placements and costs, collaborative working with other services to ensure that decisions are taken jointly by all services and all options have been considered and costed.</p>

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Douglas Hendry)	Central/Management Costs	594	361	(233)	(64.5%)	664	614	50	7.5%	The YTD overspend variance is due to £227k of Storm Eowyn Costs for repairs to Council Properties being coded here.
		594	361	(233)	(64.5%)	664	614	50	7.5%	
Head of Commercial Services	Catering	73	278	205	73.7%	532	462	70	13.2%	The YTD underspend is mainly profile related which will be refined through January. The remainder is due to lower than budgeted staff and catering purchase costs. A favourable forecast variance of £70k has been processed to reflect the full year projected outturn.
Head of Commercial Services	Central/Management Costs	1,009	976	(33)	(3.4%)	1,607	1,607	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	CHORD	77	81	4	4.9%	40	40	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Cleaning	(90)	(25)	65	(260.0%)	118	118	0	0.0%	The YTD underspend is due to lower than anticipated use of bank staff combined with general staffing underspends.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	4,095	4,145	50	1.2%	5,765	5,765	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Events & Commercial Catering	80	(6)	(86)	1433.3%	9	9	0	0.0%	This YTD overspend is due to lower than budgeted income in Commercial Cafés which is partially due to the temporary closure of Pier Point Café.
Head of Commercial Services	Property Portfolio	(223)	(180)	43	(23.9%)	(187)	(187)	0	0.0%	The YTD underspend is profile related and will be refined through January.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Head of Commercial Services	Property Services	412	442	30	6.8%	1,019	969	50	4.9%	Outwith Reporting Criteria. However, a favourable forecast variance has been processed due to long delays in recruitment.
Head of Commercial Services	Shared Offices	724	803	79	9.8%	1,659	1,659	0	0.0%	The YTD underspend is due to reduction in building costs as a result of office rationalisation.
		6,157	6,514	357	5.5%	10,562	10,442	120	1.1%	
Head of Education	Additional Support for Learning	9,312	9,547	235	2.5%	13,678	13,678	0	0.0%	the YTD variance is due to delays in recruitment of ASN assistant posts and Pupil Support teachers.
Head of Education	Central/Management Costs	2,169	1,981	(188)	(9.5%)	2,737	2,737	0	0.0%	The YTD overspend is due to payment of subscriptions, PVG's, SRCO, Licensing, IT software; a cost pressure has been added to the budget outlook for this. A recharge is required to be processed for staff on secondment.
Head of Education	Community Learning & Development	2	2	0	0.0%	15	15	0	0.0%	Outwith Reporting Criteria
Head of Education	COVID	0	0	0	0.0%	0	0	0	0.0%	Outwith Reporting Criteria
Head of Education	Early Learning & Childcare	13,548	13,916	368	2.6%	19,282	19,282	0	0.0%	The YTD underspend is due to staff vacancies and delays in recruitment.
Head of Education	Primary Education	31,334	31,404	70	0.2%	44,012	43,862	150	0.3%	The YTD underspend is mainly due to delays in recruitment. Under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance will be processed. However, a forecast variance has been processed for slippage in the Universal Free School Meals budget.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Head of Education	Pupil Support	3,662	3,370	(292)	(8.7%)	4,678	5,262	(584)	(12.5%)	The YTD overspend is due to the higher demand for Residential School placements than budget allows as well as some offsetting profile related variances. An adverse forecast variance has been processed for the current pressure in Residential Placements.
Head of Education	Schools - Central Services	1,597	1,726	129	7.5%	2,458	2,058	400	16.3%	The YTD underspend is slippage in 100 day promise due to delays in recruitment, a favourable forecast variance has been processed to reflect this position. There are a number of over and underspends that are profile related and will be refined through January.
Head of Education	Secondary Education	31,310	31,404	94	0.3%	42,585	42,440	145	0.3%	The YTD underspend is mainly due to delays in recruitment within Secondary Schools. Under the Scheme of Devolved School Management schools are permitted flexibility at year end, therefore no forecast variance will be processed for £584k of underspend. This underspend is offset by an under recovery of income for school meals in larger Secondary Schools. The remainder of underspend is slippage in Secondary School Headquarter budgets due to delays in recruitment and a favourable forecast variance has been processed to reflect this.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

		92,934	93,350	416	0.5%	129,445	129,334	111	0.1%	
Head of Legal & Regulatory Support	Central/Management Costs	202	201	(1)	(0.5%)	289	289	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	208	179	(29)	(16.2%)	200	200	0	0.0%	The YTD overspend is due to removal of cost pressure funding for annual system costs, budget will need to be identified for this.
Head of Legal & Regulatory Support	Elections	17	12	(5)	(41.7%)	16	16	0	0.0%	This is a charge for IDOX, eros licence software, support and Maintenance, additional budget will need to be identified for this.
Head of Legal & Regulatory Support	Governance	480	458	(22)	(4.8%)	753	753	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	422	390	(32)	(8.2%)	573	573	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Legal Services	422	431	9	2.1%	754	754	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	NPDO and Hub Schools	12,482	12,516	34	0.3%	17,120	17,120	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Procurement, Commercial and Contract Management	852	895	43	4.8%	1,272	1,272	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Trading Standards & Advice Services	465	466	1	0.2%	651	651	0	0.0%	Outwith Reporting Criteria
		15,550	15,548	(2)	(0.0%)	21,628	21,628	0	0.0%	
		115,235	115,773	538	0.5%	162,299	162,018	281	0.2%	

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	84,188	85,183	995	1.2%	119,290	118,645	645	0.5%	The YTD underspend is due to delays in recruitment and vacancies across the whole service - in particular 100 day Promise, property services, early learning & childcare and cleaning.
Premises	6,573	6,272	(301)	(4.8%)	10,516	10,516	0	0.0%	The YTD overspend is mainly profile related within Central Repairs and Minor Repairs. £216k being Storm Eowyn property repair costs coded under Exec Director DH, some of which may be covered by Insurance.
Supplies and Services	11,025	11,185	160	1.4%	15,641	15,571	70	0.5%	The YTD underspend within supplies and services is mainly profile related which will be refined through January and lower than anticipated catering purchases. The forecast variance of £70k is due to lower than anticipated catering purchases within the School Meal Service.
Transport	340	270	(70)	(25.9%)	384	384	0	0.0%	The YTD overspend position is due to a high level of essential staff travel within Education.
Third Party	36,620	36,159	(461)	(1.3%)	47,226	47,660	(434)	(0.9%)	The YTD overspend is due to the budget pressure within School Residential Budget and a forecast variance has been processed to reflect the higher than budget demand for this service.
Income	(23,511)	(23,296)	215	(0.9%)	(30,758)	(30,758)	0	0.0%	The YTD over recovery of income is due to the current budget profile which will be refined through January, partially offset by an under recovery of School Meal Income in Hermitage Academy, Dunoon Grammar and Oban High School.
Totals	115,235	115,773	538	0.5%	162,299	162,018	281	0.2%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES SUMMARY AS AT 31 DECEMBER 2025

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
EXDH - Directorate Management	664	614	50	7.5%	Over recovery of Vacancy Savings
Education - Pupil Support	4,678	5,262	(584)	(12.5%)	Higher than budgeted demand for placements within Residential Schools Budget.
Education - School Support	2,458	2,058	400	16.3%	Recruitment delays within 100 day Promise Budget.
Commercial Services - Catering	532	462	70	13.2%	Recruitment delays and lower than anticipated catering purchases.
Education - Primary Education	44,012	43,862	150	0.3%	Recruitment delays within Universal Free School Meal Budget.
Education - Secondary Education	42,585	42,440	145	0.3%	Recruitment delays within Secondary Education HQ
Commercial Services - Property	1,019	969	50	4.9%	Long delays in recruitment.

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 31 DECEMBER 2025

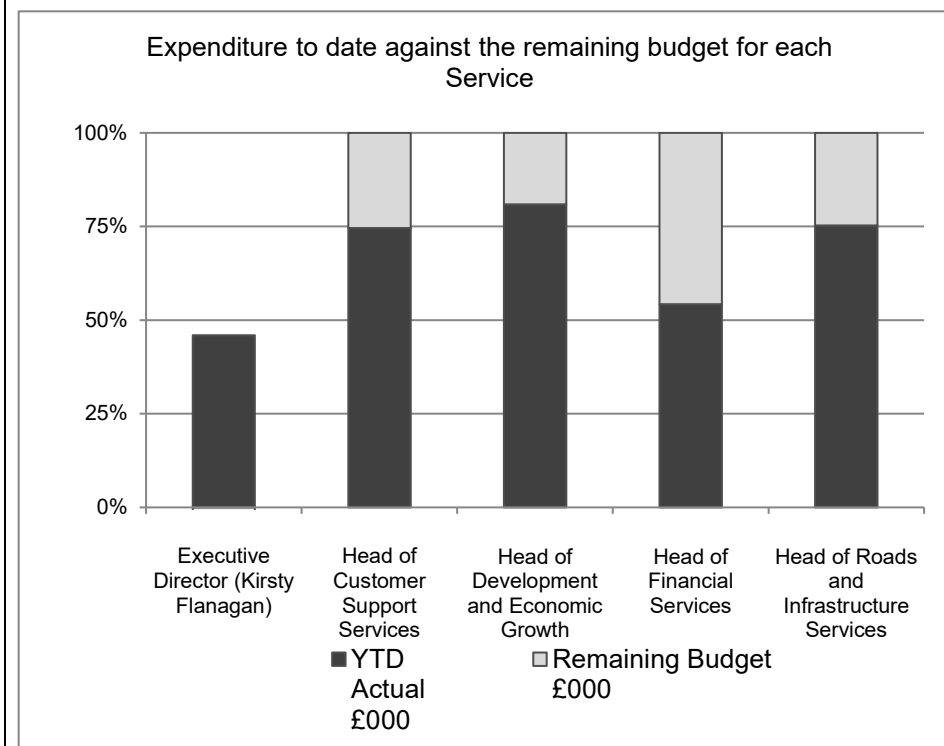
Currently there is a forecast overspend of £1.541m in the department reported, mainly driven by anticipated under-recovery of ferry berthing income, under-recovery of commercial waste and costs for repairs and maintenance relating to harbours exceeding budgets – finance officers will continue to work with their respective services through the final quarter to provide updates.

The department has a year to date overspend of £2.203m (5.0%). This is currently being driven by profiling of budget for 2025-26 not aligning to actual spend/income (especially around Waste), lag in capital works progressing through final measures, accruals/prepayments from the 2024-25 year end that are still to come through, delays in payments being processed into the relevant ledger and drawdowns from ear-markings which have not taken place yet.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Dec) £000	Previous Forecast Variance Reported to P&R (Oct) £000	Change £000
Executive Director (Kirsty Flanagan)	(52)	(52)	0	0	0
Head of Customer Support Services	10,443	10,500	(57)	(23)	(34)
Head of Development and Economic Growth	9,287	9,331	(44)	(44)	0
Head of Financial Services	7,545	7,545	0	0	0
Head of Roads and Infrastructure Services	39,920	41,360	(1,440)	(352)	(1,088)
Totals	67,143	68,684	(1,541)	(419)	(1,122)

Year to Date Position



EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 31 DECEMBER 2025

<p>Key Financial Successes: The department had a challenging 2024-25 financial year with a net overspend of £2.124 million reported after automatic earmarkings were applied. This was primarily driven by increased costs in school and public transport contracts, heightened maintenance requirements across piers, harbours and the Belnahua Ferry, escalated winter maintenance expenses, unachieved savings from the RIS review due to contractor delays, offset partially by over-recovered vacancy savings and higher-than-anticipated Planning and Building Warrant income.</p>	
<p>Key Financial Challenges:</p>	<p>Proposed Actions to address Financial Challenges:</p>
<p>Ensuring that services spend to budget and do not overspend.</p>	<p>Detailed monitoring in the key areas overspent in 2024-25 to flag up concerns early and mitigate before becoming an overspend.</p>
<p>Department / Service ongoing ability to meet future savings / efficiency requirements.</p>	<p>Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.</p>
<p>Rising cost of materials, software and consultancy services across the service will result in a reduction in activity or overspends.</p>	<p>Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as early as possible.</p>
<p>Financial Services to continue to deliver a high-quality support service function during a time of substantial uncertainty and challenge arising from continuing reductions in funding whilst costs are increasing due to forecasted timelines for reductions in inflation having now been revised.</p>	<p>Ensure the team is operating as efficiently and effectively as possible by building resilience across the team and working collaboratively with other services of the Council to support evidence-based decision making.</p>
<p>Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.</p>	<p>Close monitoring of Winter Maintenance activity and reporting of the financial implications through the budget monitoring process. The Council agreed the winter policy, setting out the intervention level and locations to be treated. The number of treatments is determined by weather conditions. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and meteorological service which is collaboratively procured by West of Scotland local authorities.</p>
<p>Climate Change Mitigation impacting on the department's key infrastructure will result in overspends as a result of increased inspection and maintenance activity.</p>	<p>The Council will continue to tackle climate change, looking at financially sustainable options and will closely monitor the financial consequences.</p>

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) –AS AT 31 DECEMBER 2025

<p>Dangerous buildings costs as there is no budget for this expenditure and the council has no control over the demand for the service.</p>	<p>Building Standards, Legal Services and Financial Services are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.</p>
<p>Due to the nature of the various components of Waste Management there are ongoing challenges with:</p> <ul style="list-style-type: none"> • The delay of the Deposit Return Scheme. • Uncertainty with recycling income/gate fee costs due to the volatility of the market. • Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste. • The Circular Economy Bill that has recently been passed and the implications that may bring. 	<p>To closely monitor all service components of Waste Management and review the Waste Strategy in conjunction with our contractual partner Biffa.</p>
<p>Berthing income from CalMac Ferries</p>	<p>Larger CalMac ferries that normally berth at Craignure have been removed due to ongoing issues in the wider fleet, replaced with much smaller vessels (MV Isle of Mull having the biggest impact). The recent release of the winter timetable and vessel deployment means there is expected to be a significant drop in income. Finance Contact will be working with the service through the month to understand the full impact of this.</p>
<p>Overspends showing in Roads & Lighting due to a lag in completed capital works progressing through final measures.</p>	<p>Roads Operatives to be prompted to complete measures as soon as schemes are complete so that income will be recorded more timeously.</p>
<p>Repairs and maintenance in relation to harbours over-spent due to age of assets</p>	<p>Include as part of RIS review if assets should be within scope for replacement (funded via capital) through spend to save or risk and cost pressure will remain</p>

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Kirsty Flanagan)	Central/Management Costs	294	294	0	0.0%	(52)	(52)	0	0.0%	Outwith Reporting Criteria
		294	294	0	0.0%	(52)	(52)	0	0.0%	
Head of Customer Support Services	Central/Management Costs	114	115	1	0.9%	177	190	(13)	(7.3%)	Outwith Reporting Criteria
Head of Customer Support Services	Communications	270	276	6	2.2%	373	377	(4)	(1.1%)	Outwith Reporting Criteria
Head of Customer Support Services	Customer Service Centres	1,373	1,364	(9)	(0.7%)	1,821	1,821	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	HR	2,394	2,435	41	1.7%	3,176	3,186	(10)	(0.3%)	Outwith Reporting Criteria
Head of Customer Support Services	ICT	3,627	3,686	59	1.6%	4,939	4,939	0	0.0%	Variance mainly due to profiling of budget within Cyber Security (£88k) and Communications - PFN (-£26k) which will resolve by year end.
Head of Customer Support Services	Registrars	12	(47)	(59)	125.5%	(43)	(13)	(30)	69.8%	Use of registrars is down compared to anticipated budget YTD, this will be monitored over the upcoming months. Registration income has been overestimated since the post-pandemic single year surge. Registration income has been under recovered the past few

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

										years, this resulting in a cost pressure.
		7,790	7,829	39	0.5%	10,443	10,500	(57)	(0.5%)	
Head of Development & Economic Growth	Airports	960	907	(53)	(5.8%)	1,278	1,278	0	0.0%	Variance due to payments for Air Services not aligning to budget profile
Head of Development & Economic Growth	Building Control	(237)	(63)	174	(276.2%)	(50)	(50)	0	0.0%	YTD income higher than budget due to fee restructure and less than budgeted employee costs
Head of Development & Economic Growth	Central/Management Costs	438	426	(12)	(2.8%)	624	624	0	0.0%	Outwith Reporting Criteria
Head of Development & Economic Growth	Culture & Heritage	82	103	21	20.4%	236	236	0	0.0%	Variance due to profiling of Events & Festivals budget.
Head of Development & Economic Growth	Development Management	117	114	(3)	(2.6%)	318	318	0	0.0%	Outwith Reporting Criteria
Head of Development & Economic Growth	Development Policy	494	286	(208)	(72.7%)	374	374	0	0.0%	YTD variance due to Strategic Development Framework funds to be drawn down (£184K).
Head of Development & Economic Growth	Economic Development	(572)	1,825	2,397	131.3%	1,857	1,857	0	0.0%	YTD variance due to UK Shared Prosperity Fund Grant fully received and spend ongoing - earmarking ref 090 available
Head of Development & Economic Growth	Environmental Health	988	1,071	83	7.8%	1,456	1,481	(25)	(1.7%)	YTD variance due to over-recovery of Water Supply appraisals (YTD actual higher than annual budget) and staff vacancies.
Head of Development	Environmental Initiatives	84	84	0	0.0%	119	119	0	0.0%	Outwith Reporting Criteria

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

& Economic Growth										
Head of Development & Economic Growth	Housing	5,003	3,087	(1,916)	(62.1%)	2,759	2,778	(19)	(0.7%)	YTD variance due to Strategic Housing Fund funded from earmarkings still to be drawn down (£2m set aside in earmarking 152)
Head of Development & Economic Growth	Private Landlords	(168)	(14)	154	(1100.0%)	0	0	0	0.0%	Short Term Lets should be self-funding, income has exceeded all expectations. Department looking at ways this income can be absorbed against valid costs currently not allocated to the scheme.
Head of Development & Economic Growth	Transportation Policy	330	179	(151)	(84.4%)	316	316	0	0.0%	YTD variance due to Sustrans grants still to be received and higher than budgeted payments to other bodies
		7,519	8,005	486	6.1%	9,287	9,331	(44)	(0.5%)	
Head of Financial Services	Accounting & Budgeting	2,126	2,038	(88)	(4.3%)	2,804	2,804	0	0.0%	Additional employee costs driving the overall variance, including agency costs linked to Itrent
Head of Financial Services	Internal Audit & Fraud	247	272	25	9.2%	358	358	0	0.0%	Outwith Reporting Criteria
Head of Financial Services	Revenues & Benefits	1,017	1,169	152	13.0%	3,302	3,302	0	0.0%	YTD underspend due to the timing of cash flows in comparison to the profiling of budget and will be rectified over the financial year.
Head of Financial Services	Scottish Welfare Fund	705	777	72	9.3%	1,081	1,081	0	0.0%	£80k of income as Contribution for the UK SPF with no budget leading to overall underspend
		4,095	4,256	161	3.8%	7,545	7,545	0	0.0%	

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Head of Roads & Infrastructure Services	Amenity	3,314	2,567	(747)	(29.1%)	3,491	3,702	(211)	(6.0%)	Largest variance across amenities continues to relate to under-recovery of interment income. Projected under recovering of £40k is now being reported in relation to this and sale of lairs. Also during July aged debt was written off relating to the Pavilion café which went into liquidation during 2024 - awaiting decision from Service to fund partially from earmarked reserve or report as an overspend. Regarding fleet costs, street sweeper external hire costs high given 2 Council sweeper vehicles written off and external hire charges are high. As a consequence a projected overspend has been reported of £150K. Lastly there will be a hire of facilities under-recovery estimated at £20K, this has been reported.
Head of Roads & Infrastructure Services	Car Parking	(709)	(722)	(13)	1.8%	(579)	(579)	0	0.0%	Outwith Reporting Criteria
Head of Roads & Infrastructure Services	Central/Management Costs	2,712	1,924	(788)	(41.0%)	1,447	1,420	27	1.9%	The Q1 and Q2 instalments of the Extended Producer Responsibility (EPR for packaging payment) was paid in mid-December but has not been coded to the service code yet. This will be rectified in January.
Head of Roads & Infrastructure Services	Depots	299	311	12	3.9%	(292)	(292)	0	0.0%	Outwith Reporting Criteria
Head of Roads & Infrastructure Services	Fleet & Transport	8,952	8,315	(637)	(7.7%)	11,721	11,569	152	1.3%	Continuing overspend in cost of internal fleet repairs. Lease costs paid in advance to be processed

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

										as prepayments at year end currently £203,864.
Head of Roads & Infrastructure Services	Infrastructure	140	593	453	76.4%	774	774	0	0.0%	Design fees over recovered versus level of fee income required, fee rate has been adjusted to reduce future income levels to correct this over recovery.
Head of Roads & Infrastructure Services	Marine	(2,128)	(3,083)	(955)	31.0%	(671)	349	(1,020)	152.0%	Continuing under recovery of Calmac ferries berthing income. Overspend on repairs and maintenance of Piers & Harbours which isn't within scope of capitalisation
Head of Roads & Infrastructure Services	Network & Traffic Management	182	139	(43)	(30.9%)	218	218	0	0.0%	TRO income behind the forecast - TRO income subject to demand for TROs. Service have updated that due to staff shortages, raising of debtors for rechargeable TROs have been delayed and this under recovery will not be the realised once these are processed.
Head of Roads & Infrastructure Services	Road Safety	90	112	22	19.6%	161	161	0	0.0%	Vacancy Savings is turned off to allow for £60k saving to be met. Variance is additional savings which can be taken as Vacancy Savings at year end.
Head of Roads & Infrastructure Services	Roads & Lighting	7,635	8,188	553	6.8%	8,110	8,268	(158)	(1.9%)	Profile variations across the Roads Trading Account and Winter Profile. Timing difference only and all areas of Roads and Lighting will continue to be monitored closely as year end approaches.

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Head of Roads & Infrastructure Services	Waste	9,567	9,001	(566)	(6.3%)	15,540	15,770	(230)	(1.5%)	YTD actual variance - The adverse variance continues to relate mainly to commercial refuse and external hires cost. Work undertaken in December has resulted in a forecast under-recovery of £430k relating to Commercial Refuse Collection and Gap sites, this is due to expected levels of income not coming to fruition. Assumptions of larger 'grey' bins being utilised by many customers who required them did not happen, instead using the cheaper green bins, green bags or going out to other service providers. Forecast Variance - includes over-recovery anticipated by year end in relation to recyclates sale of glass, waste disposal underspend in Helensburgh and Lomond based on estimated tonnages. These underspends are covering current external hire and staff cover overspends.
		30,054	27,345	(2,709)	(9.9%)	39,920	41,360	(1,440)	(3.6%)	
		49,752	47,729	(2,023)	(4.2%)	67,143	68,684	(1,541)	(2.3%)	

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	33,446	34,508	1,062	3.1%	47,797	47,858	(61)	(0.1%)	YTD variance mainly due to vacancies within the Roads and Lighting Holding Account which are being covered by external contractors
Premises	2,168	1,959	(209)	(10.7%)	4,260	4,279	(19)	(0.5%)	YTD variance mainly due to the profile of the Depot internal recharges.
Supplies and Services	9,831	8,327	(1,504)	(18.1%)	11,189	11,165	24	0.2%	YTD variance mainly due to purchase of materials within Roads, which will be offset against additional income over the coming months, alongside payments made against UK Shared Prosperity Fund which will be offset with grant income once received
Transport	10,645	9,233	(1,412)	(15.3%)	18,508	18,768	(260)	(1.4%)	Outstanding preprofiling against the Ferries budget to reflect additional Scottish Government Funding, part of the overall block grant this year. Increase in income not reflected by budgetary increase in expenditure, work being carried out in January to rectify this.
Third Party	50,334	50,537	203	0.4%	74,035	74,468	(433)	(0.6%)	YTD variance mainly due to underspends on private contractors for Waste Disposal (PPP) and school transport operator payments. Some of this will be profiling, while others require tonnage information at year-end and therefore harder to project outcomes
Capital Financing	0	0	0	0.0%	2,949	2,949	0	0.0%	Outwith Reporting Criteria
Income	(56,672)	(56,835)	(163)	0.3%	(91,595)	(90,803)	(792)	0.9%	Variances largely driven by DEG where grant doesn't have budget (creating a variance on income) as is offset by costs within the department. An expected £1.4m received in December in relation to the Extended Producer Responsibility payment had not been processed to ledger in December, this will be included in January's figures.
Totals	49,752	47,729	(2,023)	(4.2%)	67,143	68,684	(1,541)	(2.3%)	

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

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

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EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 31 DECEMBER 2025

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Amenity	3,491	3,702	(211)	6.0%	Most of variance is the result of two street sweepers not being available and lease vehicles having to be brought in to allow service to run. Also an increase in forecast due to expected under-recovery of income in respect to sale of lairs and internment fees.
Fleet & Transport	11,721	11,569	152	1.3%	Forecast updated to reflect year-end recharge to match as other side of this workings had a different budgeted amount, but recharge will always match
Marine	(671)	349	(1,020)	152.0%	The forecast is due to expected under-recovery in ferry berthing incoming due to the announcements for the Cal Mac Ferry Timetable alongside the overhaul programme. This value has now been increased as further issues arise. There is an additional £405k forecast added due to repairs and maintenance of harbours which is outwith the scope of capitalisation.
Roads & Lighting	8,110	8,268	(158)	(1.9%)	An overspend of £158k is forecast mainly due to the reliance on external contractors and related vehicle costs (£138k) in street lighting as a result of internal staffing capacity being focused on delivering other capital works and higher than expected public liability claims and rising external software costs (£20k).
Waste	15,540	15,770	(230)	(1.5%)	The forecast underspend reflects an expected over-recovery of income from the sale of glass for recycling and an under-recovery from commercial waste income relating to GAP sites.

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

SOCIAL WORK – AS AT 31 DECEMBER 2025

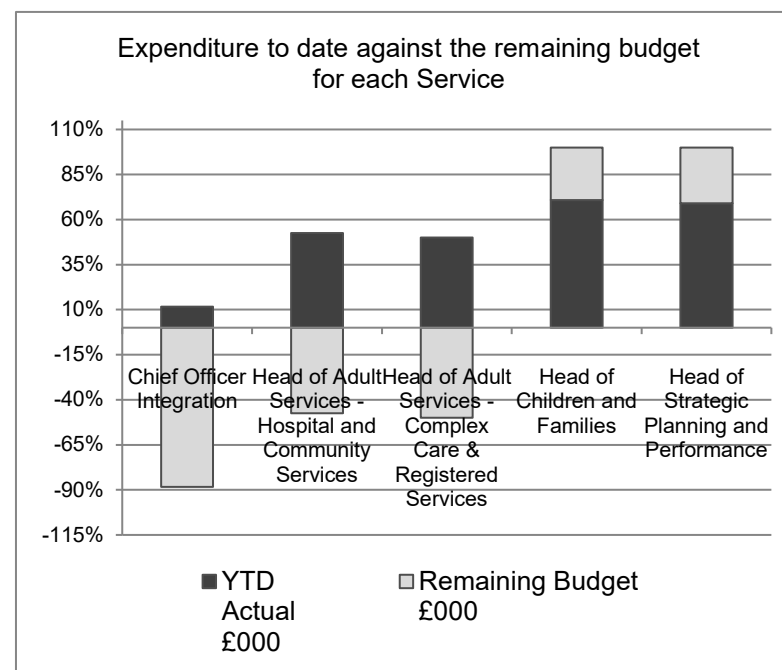
The department is currently forecasting an overspend of £0.416m (0.4%). This is due to demand for residential placements within Children and Families and Older People Services. The Integration Joint Board will be expected to recover this position by the end of the financial year or offset the overspend from its budget reserves. Consequently, there is a reported forecast variance of zero within the overview position at Appendix 1 but the detail explaining the variances are noted below for information.

The department has a year-to-date overspend of £0.231m (0.4%) which again is due to demand driven services within Children and Families and Older People along with timing differences for reserves drawdowns and grant income.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance (Dec) £000	Previous Forecast Variance Reported (Oct) £000	Change £000
Chief Officer Integration	(1,549)	(2,352)	803	840	(37)
Head of Strategic Planning and Performance	501	500	1	5	(5)
Head of Adult Services - Hospital and Community Services	7,760	7,547	213	224	(12)
Head of Adult Services - Complex Care & Registered Services	58,724	59,471	(747)	(913)	169
Head of Children and Families	16,867	17,553	(686)	(889)	202
Totals	82,303	82,719	(416)	(733)	317

Year to Date Position



Key Financial Successes:

Delivered a balanced budget at the end of 2024/25 after utilising £2.553m of pension reserves held in the council and £0.156m of IJB reserves.

SOCIAL WORK – AS AT 31 DECEMBER 2025

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the savings total for 2025/26 of £2.047m.	Maintain a close working relationship with the HSCP Service Improvement Team to quickly and efficiently identify and assess options for delivering the outstanding savings.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource, noting that in year savings still need to be identified for 2025/26 to address the 2025/26 budget gap, as well as budget gaps in future years.	Support from finance to assist strategic managers to develop and identify further savings options and to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenges over the current, and future, years.
Cost of the use of agency staff to support service delivery across Social Work, but particularly in Older People services, due to recruitment and retention challenges within the service. Year to date spend at August 2025 of £1.707m.	Close working relationship with the HSCP to support the costing of a plan to stabilise the service and ensure it is operationally and financially sustainable. This includes an exit plan from the reliance on agency staff.
Cost of living crisis affecting pay inflation negotiations and financial sustainability of service providers, which could affect affordability and sustainability of service delivery.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be evaluated and reported through the budget monitoring and preparation processes.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	Integration Headquarters	327	1,076	749	69.6%	1,722	721	1,001	58.1%	Forecast underspend reflects unallocated budgets held for offset against overspends in care at home and care home placements.
Chief Officer Integration	Social Work Central Support	(93)	(245)	(152)	62.0%	(3,271)	(3,073)	(198)	6.1%	The YTD and forecast variance are due to timing difference on vacancy savings targets offset by other timing differences in supplies and services.
		234	831	597	131.7%	(1,549)	(2,352)	803	64.2%	
Head of Strategic Planning & Performance	Management & Central Costs	324	325	1	0.3%	467	466	1	0.2%	The YTD and forecast variances are outwith reporting criteria
Head of Strategic Planning & Performance	Service Development	22	23	1	4.4%	34	35	(1)	(2.9%)	The YTD and forecast variances are outwith reporting criteria
		346	348	2	4.7%	501	501	0	(2.7%)	
Head of Adult Services - Hospital and Community Services	Management & Central Costs	289	300	11	3.7%	604	578	26	4.3%	The YTD and forecast variances are outwith reporting criteria
Head of Adult Services - Hospital and Community Services	Older People	4,440	4,611	171	3.7%	7,156	6,970	186	2.6%	The YTD variance is due to staff vacancies in assessment and care management teams. The forecast variance is mainly due to over recovery of DP and telecare income, partially offset by projected overspend in Third Party Payments.
		4,729	4,911	182	3.7%	7,760	7,548	212	2.7%	
Head of Adult Services - Complex Care &	Learning Disabilities	7,609	7,339	(270)	(3.7%)	14,814	15,168	(354)	(2.4%)	The YTD variance is due to timing differences in third party payments. The forecast overspend reflects demands for new services, service extensions and additional staffing costs at Greenwood to cover sickness absence within supported living and

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Registered Services										demand for respite care partially offset by an underspend in residential placements budget.
Head of Adult Services - Complex Care & Registered Services	Management & Central Costs	71	73	2	2.7%	117	113	4	3.4%	The YTD and forecast variances are outwith reporting criteria
Head of Adult Services - Complex Care & Registered Services	Mental Health	2,190	2,060	(130)	(6.3%)	3,387	3,562	(175)	(5.2%)	The YTD variance is due to timing differences in third party payments. The forecast overspend reflects the demand for residential care packages combined with the use of agency staff in the assessment and care management teams partially offset by underspends in addictions/substance misuse, assessment & care management and supported living.
Head of Adult Services - Complex Care & Registered Services	Older People	24,235	24,050	(185)	(0.8%)	37,170	37,462	(292)	(0.8%)	The YTD and forecast outturn variance reflects the demand for care home placements, home care packages and the use of agency staff partially offset by increased income from self funders in the HSCP's care homes.
Head of Adult Services - Complex Care & Registered Services	Physical Disability	2,031	2,084	53	2.5%	3,236	3,163	73	2.3%	The YTD and forecast underspend reflects current known demands for residential placements.
		36,136	35,606	(530)	(5.5%)	58,724	59,468	(744)	(2.7%)	
Head of Children & Families	Child Protection	2,461	2,594	133	5.1%	3,843	3,664	179	4.7%	The YTD variance due to multiple small variances in supplies and service and staff vacancies partially offset by agency costs. The forecast underspend reflects known demand for contact and welfare services and a reduction in payments due to Health Boards.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Head of Children & Families	Children with a Disability	636	636	0	0.0%	917	917	0	0.0%	The YTD and forecast variances are outwith reporting criteria
Head of Children & Families	Criminal Justice	67	66	(1)	(1.5%)	273	274	(1)	(0.4%)	The YTD and forecast variances are outwith reporting criteria
Head of Children & Families	Looked After Children	6,183	5,521	(662)	(12.0%)	7,760	8,694	(934)	(12.0%)	The YTD variance and forecast overspend reflects current known demand for residential placements.
Head of Children & Families	Management & Central Costs	2,593	2,641	48	1.8%	4,074	4,005	69	1.7%	The YTD variance is outwith reporting criteria. The forecast underspend is due to increased income recovery from NHS.
		11,940	11,458	(482)	(4.2%)	16,867	17,554	(687)	(4.1%)	

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SOCIAL WORK - SUBJECTIVE SUMMARY AS AT 31 DECEMBER 2025

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	26,973	25,812	(1,161)	(4.5%)	36,841	37,929	(1,088)	(3.0%)	Both the YTD and forecast overspends are due the continued use of agency staff to cover sickness absence, vacancies or any other staffing variable.
Premises	1,059	894	(165)	(18.5%)	1,649	1,795	(146)	(8.9%)	The YTD and forecast overspend are due to unbudgeted property maintenance and refuse collection costs within in our Care Homes.
Supplies & Services	1,492	717	(775)	(108.1%)	1,128	2,158	(1,030)	(91.3%)	The YTD and forecast overspend are largely due to a re-profiling of savings options that will no longer be achieved this financial year.
Transport	597	517	(80)	(15.5%)	681	776	(95)	(14.0%)	The YTD variance is due to increased costs of pool cars within the care at home service area. The forecast variance is outwith reporting criteria.
Third Party	45,961	46,565	604	1.3%	69,607	69,233	374	0.5%	The YTD and forecast variance are due to demand for purchased care services across both Childrens and Adult Services.
Income	(22,697)	(21,351)	1,346	(6.3%)	(27,603)	(29,172)	1,569	(5.7%)	The YTD variance is due to timing difference in re-charges to healths boards and forecast variance is due to profiling of reserves drawdowns.
Totals	53,385	53,154	(231)	(0.4%)	82,303	82,719	(416)	(0.5%)	

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SOCIAL WORK - RED VARIANCES SUMMARY AS AT 31 DECEMBER 2025

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Integration Headquarters	1,726	837	889	51.5%	The forecast variance is due to unallocated budgets held to offset likely overspends in other service areas including care at home and care home placements.
Social Work Central Support	(3,674)	(3,624)	(50)	1.4%	The forecast variance is due to timing difference on vacancy savings targets offset by other timing differences in supplies and services.
Older People	44,243	44,735	(492)	(1.1%)	The forecast outturn variance reflects the demand for care home placements, home care packages and the use of agency staff partially offset by increased income from self funders in the HSCP's care homes.
Mental Health	3,392	3,650	(258)	(7.6%)	The forecast overspend is due to current commitments for residential placements and the use of agency staff in assessment and care management.
Physical Disability	3,240	3,183	57	1.8%	The forecast variance is due to demand for residential placements.
Looked After Children	7,605	8,617	(1,012)	(13.3%)	The forecast variance is due to demand for residential placements partially offset by forecast underspends in adoption and fostering.
Management & Central Costs	4,084	3,981	103	2.5%	The forecast variance is due to vacant posts in the integrated care area teams and forecast underspends in third party payments.

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

MONITORING OF BUDGET SAVINGS OPTIONS APPROVED FEBRUARY 2025

POSITION AS AT 31 DECEMBER 2025

Template Ref	Department	Service	Service Delivery Area	Savings Option	2025-26	2025-26	2026-27	2026-27	Future Years	Future Years	Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
EDU 001 25/26	Executive Director Douglas Hendry	Education Services	Education Services	Education Service are about to commence a review of the service, in a similar way to Roads and Infrastructure. The savings figure represents a target level of savings for Year 1 only at this stage, as the review progresses, further savings will be identified.	200	0.0	200	0.0	200	0.0	On Track to be Delivered
LRS 003 25/26	Executive Director Douglas Hendry	Governance	Governance	Following a review of the Governance Team it is proposed to take advantage of a retirement within the team to re-structure. The revised team structure will allow for better use of available resource and ensure that key priority areas service levels are maintained.	33	2.0	44	2.0	44	2.0	Delivered
LA 001 25/26	Executive Director Douglas Hendry	Live Argyll	Live Argyll	10% cut to Live Argyll Management Fee - savings options to deliver this level of saving will be determined by the Live Argyll Board.	0	0.0	311	tbc	311	tbc	On Track to be Delivered
CS 001 25/26	Executive Director Douglas Hendry	Community Sport	Community Sport	Removal of payments to Camanachd Association and Scottish Rugby at £10,000 each.	0	0.0	20	0.0	20	0.0	On Track to be Delivered
CS 002 25/26	Executive Director Douglas Hendry	Council Catering Service	Council Catering Service	Over the last year the department has been revising delivery models to increase efficiency and effectiveness of the service and are able to reduce the budget as a result of this.	50	0.0	50	0.0	50	0.0	Delivered
CS 003 25/26	Executive Director Douglas Hendry	Property Services	Property Services	Condition Surveys - due to favourable market conditions and the frequency to undertake the condition surveys a one-off saving of £50k can be made in 2025/26.	50	0.0	0	0.0	0	0.0	Delivered
LRS 001 25/26	Executive Director Douglas Hendry	Schools Contracts - NPDO/DBFM	Schools Contracts - NPDO/DBFM	As part of contract management measures there has been a contractual review of the ongoing base budget requirements and the base can be reduced on a recurring basis going forward.	108	0.0	108	0.0	108	0.0	Delivered
LRS 002 25/26	Executive Director Douglas Hendry	Elections	Elections	The annual budget for elections of £36,751 covers the running costs of the election office £4,848 with the balance of £31,903 being available to fund by-elections for the Council and Community Councils. Given that these are unpredictable and as such outwith our control it is proposed that this is treated as a centrally funded cost pressure going forward with the budget of £31,903 being removed from the core budget.	32	0.0	32	0.0	32	0.0	Delivered
FS 001 25/26	Executive Director Kirsty Flanagan	Financial Services	Financial Services	Increase in Agency Income from Scottish Water and a reduction in supplies and services budgets following a review.	51	0.0	51	0.0	51	0.0	On Track to be Delivered

Template Ref	Department	Service	Service Delivery Area	Savings Option	2025-26	2025-26	2026-27	2026-27	Future Years	Future Years	Status of Implementation
					£000	FTE	£000	FTE	£000	FTE	
DEG 001 25/26	Executive Director Kirsty Flanagan	Development Policy	Development Policy	Re-organisation of the service and the posts therein that carry out specific functions creating a better structure for the future.	44	1.0	44	1.0	44	1.0	On Track to be Delivered
DEG 002 25/26	Executive Director Kirsty Flanagan	Development Projects (Planning)	Development Projects (Planning)	Introduction of new charges for returned applications, retrospective planning applications and discharge of planning conditions/confirmation of compliance. For future years assumed increase income as a result of SG review of statutory planning fees.	45	0.0	45	0.0	145	0.0	On Track to be Delivered
RIS 001 25/26	Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads and Infrastructure Services	A review of Roads and Infrastructure is currently being carried out. Stage 1 was reported to EDI in June 2024 and Stage 3-4 are progressing. Savings are expected to be identified and Members will be asked to agree each saving option when it is identified. The savings figure represents a target level of savings.	300	tbc	800	tbc	800	tbc	On Track to be Delivered
RIS 002 25/26	Executive Director Kirsty Flanagan	Commercial Waste	Commercial Waste	A high level review of self-catering units has highlighted that some do not have commercial waste contracts. A further more detailed review will be carried out but it is anticipated that there is additional income that can be budgeted for. This saving will be monitored and reported during the year.	700	0.0	700	0.0	700	0.0	On Track to be Delivered
CW 001 25/26	Non Departmental	Council Wide	Council Wide	Following a review of some supplies and services budgets, there are a number of small efficiencies that can be made within various cost centres will limited impact.	47	0.0	49	0.0	88	0.0	On Track to be Delivered
CPD 001 25/26	Chief Executive's Unit	Community Planning and Development	Community Planning and Development	Staffing efficiencies through workforce planning and service re-shaping to better meet needs from communities on assets and funding.	38	1.0	63	1.0	63	1.0	Delivered
Loans Fund	Funding	Loans Fund	Loans Fund	A detailed review of the loans fund will be undertaken, however, it is anticipated that a one-off saving of at least £0.500m will be achievable within 2024-25 that could be earmarked and used to balance the 2025-26 budget. The saving is a result of slippage in the capital programme and a better return on interest rate estimates.	500	0.0	0	0.0	0	0.0	Delivered
Funding	Funding	Funding	Funding	After the Council set its 2024/25 budget, the SG allocated the Island Cost Crisis Funding that was to be used to support increasing service costs in islands. As our budget was already set, this funding was set aside and can be carried forward and used to help balance the 2025/26 budget on a one-off basis.	564	0.0	0	0.0	0	0.0	Delivered
TOTAL					2,762	4.0	2,517	4.0	2,656	4.0	

CAPITAL PLAN MONITORING REPORT - 2025-26 QUARTER 3

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on financial performance and the delivery of capital projects against the approved Capital Plan budget and timescales as at Quarter 3 (31 December 2025) 2025-26.
- 1.2 A number of budget changes totalling £9.551m in respect of gross expenditure are proposed, comprising previously approved investment totalling £8.358m (£8.000m Learning Estate Investment Strategy - Provision and £0.358m Mull Joint Campus – Balance of Development Costs Provision) and notified available funding totalling £1.193m.
- 1.3 The overall financial position as at Quarter 3 2025-26 may be summarised as follows:
- **Capital Plan Budget** – Approved gross expenditure totals £221.675m, while income totals £12.596m, resulting in approved net expenditure of £209.079m, to be incurred across 2025-26 and future years.
 - **Capital Plan Forecast** – Forecast gross expenditure totals £221.841m, compared to an approved budget of £221.675m, giving rise to a forecast overspend of £0.166m (0.1%) across 2025-26 and future years. Forecast income is in line with budget at £12.596m.
 - **2025-26 Actual To Date** – Actual gross expenditure of £33.833m has been incurred in the year to date, representing 50.7% of the £66.714m gross expenditure forecast for the year. Actual income of £0.144m has been received in the year to date.
- 1.4 In respect of project delivery, of the 129 projects within the Capital Plan, 104 have either been delivered or are on track to be delivered within approved resources and expected timescales, while 25 have been categorised as 'off track'. This reflects the number of projects currently experiencing either significant forecast overspends (2 projects) or where project slippage into future years has been identified (23 projects).
- 1.5 There are a number of known risks, specifically related to the Capital Plan, which may impact delivery within available resources and target timescales. The monitoring and review of risks will be undertaken on an ongoing basis throughout the year.

CAPITAL PLAN MONITORING REPORT – 2025-26 QUARTER 3

2.0 INTRODUCTION

- 2.1 This monitoring report provides an update on financial performance and the delivery of capital projects against the approved Capital Plan budget and timescales as at Quarter 3 (31 December 2025) 2025-26. The report reflects proper accounting practice; and is based on information contained within the council's financial systems, estimation techniques and the professional judgement of council officers.
- 2.2 A key function of the council's treasury management service is the funding of the authority's capital investment plans. The Capital Plan provides a guide to the borrowing need of the authority, essentially informing longer-term cash flow planning. The CIPFA Code of Practice on Treasury Management (the Code) and regulatory environment requires governance reporting on treasury management to be undertaken on a quarterly basis. In line with this guidance, the responsibility for the monitoring and scrutiny of treasury management activities, strategy and policies is delegated to the Audit and Scrutiny Committee. The Code also requires full Council to receive a Treasury Management Strategy, Mid-year Review and Annual Report. The Capital Plan Monitoring report is also prepared on a quarterly basis, in order to support treasury governance reporting requirements.
- 2.3 The report compares the forecast expenditure with the approved budget for each project within the plan and provides a profile of forecast expenditure over 2025-26 and future years. Details of actual expenditure incurred and project specific income received during 2025-26 to date are also provided.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee note the contents of this report and approve the proposed budget changes to the Capital Plan, as detailed within section 4.

4.0 BUDGET CHANGES**Previously Approved Budget Changes**

- 4.1 There is a requirement to increase project gross expenditure by £8.358m to reflect previously approved capital investment, funded from within the current funding framework, including existing earmarked reserves, as outlined in the table below.

Project	Service	Category	2025-26 £000
Learning Estate Investment Strategy - Provision	EDU	Strategic Change	8,000

Mull Joint Campus – Balance of Development Costs Provision	EDU	Strategic Change	358
Total			8,358

Proposed Budget Changes

- 4.2 There is a requirement to increase both gross expenditure and project specific income by £0.333m to reflect additional funding available for specific projects (Piers and Harbours – Coastal Community Fund, Play Park Renewal – Strategic Housing Fund, School LED Scheme – DRAX, and Oban Airport Business Park (Buildings) – Bridge finance in lieu of Community Regeneration Partnership Funding). Further, General Capital Grant funding of £0.860m has been confirmed in respect of Bus Infrastructure (£0.414m) & Active Travel (£0.446m). The overall increase to gross expenditure of proposed budget changes totalling £1.193m is detailed in the table below.

Project	Service	Category	2025-26 £000
Piers and Harbours – Coastal Community Fund	RIS	Strategic Change	90
Play Park Renewal – Strategic Housing Fund	RIS	Asset Sustainability	24
School LED Scheme – DRAX	EDU	Asset Sustainability	144
Oban Airport Business Park (Buildings) – Bridge finance in lieu of Community Regeneration Partnership Funding	DEG	Strategic Change	75
Bus Infrastructure Fund – General Capital Grant	RIS	Service Development	414
Active Travel – General Capital Grant	DEG	Service Development	446
Total			1,193

Summary

- 4.3 The revised approved Capital Plan gross expenditure budget, excluding spend incurred in prior years and reflecting the proposed changes outlined above, totals £221.675m, while project specific income on this basis totals £12.596m. This gives revised approved net expenditure on capital plan projects under completion, excluding net expenditure incurred in prior years, of £209.079m.
- 4.4 The revised approved gross expenditure budget for individual capital projects within the plan is outlined within Appendix 1, whilst project specific income is outlined within Appendix 2. This also includes details of the forecast spend, profiled across 2025-26 and future years, in comparison to the approved project budgets; together with actual spend to date.

5.0 CAPITAL FINANCING

- 5.1 There is an overall funding framework in place to finance the Capital Plan net expenditure, comprising the following:
- General Capital Grant;
 - General Capital Receipts from Asset Sales;
 - Capital Financed from Current Revenue; and
 - Borrowing.
- 5.2 There is a rolling 3-year target for capital receipts from asset sales, forming part of the overall funding framework for the 2025-28 Capital Plan. As at February 2025, the level of receipts that could reasonably be achieved over the 3 years 2025-28 was estimated at £1.750m, profiled £0.750m 2025-26 and £0.500m across each of the years 2026-27 and 2027-28. Actual receipts from asset sales in 2024-25 totalled £0.337m per the audited accounts, compared to a target of £0.612m, with a shortfall of £0.275m now to be rolled forward. This gives rise to an updated target of £2.025m for the 3 years 2025-28. Receipts of £1.280m have been accounted for during 2025-26 to date. This leaves a target balance of £0.745m to be achieved over the remaining period to 31 March 2028. It is worth noting that the target for 2026-28 will be reviewed as part of the 2026-27 budget process.
- 5.3 The ongoing monitoring of the Capital Plan and the impact on borrowing is reported as part of the Treasury Management reporting requirements to the Audit and Scrutiny Committee and Council throughout the year. For example, any slippage in planned capital expenditure from 2025-26 into future years will have an impact on the council's forecast borrowing requirements.
- 5.4 The annual debt charges arising from borrowing require to be managed within available revenue resources. This includes reserve balances earmarked for capital projects and additional revenue income related to prudential borrowing projects, such as the Harbour Investment Programme, and Tax Increment Financing (TIF).
- 5.5 The Section 95 Officer will take a strategic approach to manage the impact of capital investment on the council's revenue budget, including the use of earmarked reserves, to ensure that capital investment is affordable, prudent and sustainable.

6.0 SPEND PROFILE

- 6.1 The profile of forecast expenditure across 2025-26, 2026-27 and future years continues to be reviewed and updated throughout the year, with an explanation of movements reported to committee. This is expected to include project slippage from 2025-26 and 2026-27 into 2026-27 and future years, and potentially acceleration from 2026-27 and future years into 2025-26 and 2026-27.
- 6.2 Forecast gross expenditure and project specific income have been re-profiled across 2025-26, 2026-27 and future years. This takes account of the budget changes outlined within Section 4. The resulting forecast gross expenditure profile as at Quarter 3 is £66.714m 2025-26, £50.936m 2026-27 and £104.191m future years, while forecast project specific income is profiled £12.431m 2025-26 and £0.165m 2026-27.

- 6.3 The table below provides a summary of the movements from the previously reported Quarter 2 2025-26 position. More detailed explanations of re-profiling in respect of project slippage are provided within Appendix 3.

	Forecast Gross Expenditure			
	2025-26 £000	2026-27 £000	Future Years £000	Total £000
Qu.2 Profile	76,308	64,467	71,522	212,297
Qu.3 Budget Changes	322	1,229	8,000	9,551
Variance Movement	(7)	0	0	(7)
Re-profiling	(9,909)	(14,760)	24,669	0
Qu.3 Profile	66,714	50,936	104,191	221,841

7.0 SUMMARY FINANCIAL POSITION

- 7.1 Actual gross expenditure of £33.833m has been incurred during the year to Quarter 3 2025-26, representing 50.7% of the £66.714m gross expenditure forecast for the year, with £32.881m currently forecast to be incurred during the final quarter of the year. There has been £0.144m actual project specific income received in the year to date in respect of the £12.431m forecast for 2025-26. It should be noted that project specific income tends to be subject to the submission of grant claims and year end accruals.
- 7.2 The forecast gross expenditure on the Capital Plan across 2025-26 and future years totals £221.841m, compared to an approved budget, excluding prior year spend, of £221.675m, giving rise to a forecast overspend on the overall capital plan of £0.166m (0.1%). Forecast income is in line with budget at £12.596m. This gives forecast net expenditure of £209.245m, against a comparable approved budget of £209.079m, and a forecast overspend of £0.166m (0.1%).
- 7.3 The following table provides a comparison of the forecast gross expenditure across 2025-26 and future years with the approved Capital Plan budget, by project type and across services. The forecast variance comprises overspends in respect of Depot Rationalisation projects (£0.146m) and the Arinagour Site Investigation project (£0.020m). There are currently no variances in respect of project specific income to be reported.

	Capital Plan Budget £000	Forecast Outturn £000	Variance (Over)/ Under £000
Project Type:			
Asset Sustainability	51,509	51,509	0
Service Development	10,877	11,043	(166)
Strategic Change	159,289	159,289	0
Total	221,675	221,841	(166)
Service:			
Central - Storm Provision	900	900	0
CHORD	22,016	22,016	0
Development & Economic Growth	6,898	6,918	(20)
Education	19,615	19,615	0
Health & Social Care Partnership	2,935	2,935	0

ICT	2,537	2,537	0
Live Argyll	1,470	1,470	0
Roads & Infrastructure	159,456	159,602	(146)
Shared Offices	5,848	5,848	0
Total	221,675	221,841	(166)

8.0 STRATEGIC CHANGE PROJECTS

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

9.0 CAPITAL PLAN DELIVERY

9.1 There are a total of 129 projects within the overall Capital Plan. Of this total, 104 or 81% are complete or 'On Track', and 25 are 'Off Track' or experiencing problems.

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

Project Type:	Complete/ On Track	Off Track/ Recoverable	Off Track/ Problem	Total
Asset Sustainability	75	0	10	85
Service Development	23	0	4	27
Strategic Change	6	0	11	17
Total	104	0	25	129
Service:				
ICT	3	0	0	3
Education	8	0	6	14
Live Argyll	11	0	0	11
HSCP	16	0	3	19
Shared Offices	10	0	8	18
Roads & Infrastructure	35	0	5	40
Dev & Economic Growth	18	0	2	20
CHORD	3	0	1	4
Total	104	0	25	129

9.3 The aim is for projects to be delivered on time and within budget. Projects are categorised as 'Off Track' where either significant overspends are currently forecast or where project slippage into future years has been identified. There are currently 2 projects forecasting overspends, as outlined at paragraph 7.3 and 23 projects experiencing slippage, as outlined within Appendix 3.

10.0 CAPITAL PLAN RISKS

10.1 The council's funding bid to the Scottish Government's Learning Estate Investment Programme (LEIP) for a new school campus on Mull was successful. While this is good news and will provide welcome investment in the school estate, it will not meet the full cost of the project. The funding gap

requires to be met by the council and presents a financial pressure. The Scottish Government will fund up to 50% of eligible costs, with the balance of circa. £20m to be funded by the council.

- 10.2 At the budget meeting in February 2024, £1.1m of funding was set aside as an initial high level estimate of works anticipated to be required at the A816 Bealach Mor to convert the temporary road, put in place following the October 2023 landslip, into a permanent road. An options study as now been carried out to explore a number of options for this stretch of road going forward. A report will be presented to EDI in September 2025 outlining 9 options, which have been shortlisted to 4 at this stage. The preferred option cost estimate is significantly higher than the budget set aside in February 2024, estimated to be between £7.25m and £8.5m. Further work is required to develop a business case options appraisal and we would look to get independent design and project management consultants to take this forward. Once we have firmer proposals, this will be reported to Council and consideration will need to be given as to how the shortfall will be funded.
- 10.3 The capital programme is continuing to see significant price increases, as well as supply chain disruptions, due to the impact of world events on the global economy, inflationary increases and additional costs from suppliers, due to the challenges in delivering capital projects within our geographical location. In recent years, additional funding has been allocated to capital projects to deal with these cost pressures, which has mitigated the impact to date. However, there remains a financial risk in respect of projects, where contracts have yet to be entered into.
- 10.4 The continued impact on worldwide supply chains may also impact delivery timescales. It will be challenging to manage these impacts within available resources and target completion timescales. Mitigating actions will be taken to manage financial risk, for example, re-profiling, project re-design, re-engineering or curtailment, and the re-prioritisation of uncommitted resources across the programme. However, there remains a risk that it will not be possible to manage potential increased costs within the approved capital resources.
- 10.5 The funding framework for the approved Capital Plan includes an assumed level of capital receipts from asset sales. Whilst the target of £0.750m for the current financial year has been achieved, future years remain subject to assets being made available for sale and changing market conditions. The level of receipts that may reasonably be achieved will be kept under review, to reflect changing market conditions and due diligence undertaken on asset condition.

11.0 IMPLICATIONS

- | | | |
|------|-----------|--|
| 11.1 | Policy | Monitors progress against the Capital Plan. |
| 11.2 | Financial | Monitors financial performance on delivery of the Capital Plan. |
| 11.3 | Legal | Highlights where available funding may not address all Statutory and Regulatory requirements in relation to Health and Safety. |

11.4	HR	Available funding may have an impact on the sustainability of the Property Design Team and Infrastructure Design Team.
11.5	Customer Service	None
11.6	Risk	There are risks to the delivery of the Capital Plan within available resources and delivery timescales and these continue to be monitored and reviewed, as outlined in the report.
11.7	Climate Change	The Council is committed to addressing climate change via delivery of projects within the Capital Plan.
11.8	Fairer Scotland Duty	None
11.9	Equalities – protected characteristics	None
11.10	Consumer Duty	None
11.11	Island Communities	None
11.12	Children’s Rights and Wellbeing	None

Kirsty Flanagan
Executive Director / Section 95 Officer

Policy Lead for Finance and Commercial Services – Councillor Ross Moreland

20 January 2026

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APPENDICES:

- Appendix 1 – Capital Plan Monitoring – Gross Expenditure
- Appendix 2 – Capital Plan Monitoring – Project Income
- Appendix 3 – Re-profiling of Forecast Spend
- Appendix 4 – Strategic Change Projects

Service	Category	Project Title	Approved Plan Budget v Forecast Gross Expenditure					Forecast Outturn Profile					Actual Gross Expenditure		
			Original Budget	Budget Changes	Revised Budget	Forecast Outturn	Variance (Over)/Under Budget	Prior Years Actual	2025-26	2026-27	Future Years	Total Capital Plan	Prior Years Actual	2025-26 to Quarter 3	Total
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Central	Asset Sustainability	Central Storm Provision	-	900	900	900	-	-	900	-	-	900	-	-	-
	Asset Sustainability Total		-	900	900	900	-	-	900	-	-	900	-	-	-
Central Total			-	900	900	900	-	-	900	-	-	900	-	-	-
CHORD	Strategic Change	CHORD - Dunoon	19	-	19	19	-	-	19	-	-	19	-	-	-
		CHORD - Helensburgh -Public Realm Imprv	25	-	25	25	-	3	22	-	-	25	3	3	6
		CHORD - Oban	629	-	629	629	-	-	629	-	-	629	-	53	53
		CHORD - Rothesay	45,414	-	45,414	45,414	-	25,337	8,554	11,523	-	45,414	25,337	3,822	29,159
		Helensburgh Waterfront Development	443	-	443	443	-	-	443	-	-	443	-	792	792
		HWD - FFE	350	-	350	350	-	316	34	-	-	350	316	-	768
		Kilmory Business Park Phase 2AA	1,121	26	1,147	1,147	-	355	774	18	-	1,147	355	413	768
	Strategic Change Total		48,001	26	48,027	48,027	-	26,011	10,475	11,541	-	48,027	26,011	5,083	31,094
CHORD Total			48,001	26	48,027	48,027	-	26,011	10,475	11,541	-	48,027	26,011	5,083	31,094
DEG	Service Development	Albert Pier Demolition - Crown Estate Funding	-	40	40	40	-	2	38	-	-	40	2	28	30
		Ardrishaig North Active Travel	880	-	880	880	-	917	917	-	-	880	917	63	854
		Arinagour, Coll - Site Investigation	90	-	90	110	20	110	-	-	-	110	110	-	110
		Cycleways - H&L (FSPT)	3,402	-	3,402	3,402	-	3,113	289	-	-	3,402	3,113	-	3,113
		Dunoon Cycle Bothy	662	-	662	662	-	592	70	-	-	662	592	10	602
		Dunoon STEM Hub	2,513	-	2,513	2,513	-	150	613	1,750	-	2,513	150	41	191
		Gibraltar Street Public Realm Improvements	250	-	250	250	-	248	2	-	-	250	248	-	248
		Glenmorag Car Park PC	4	-	4	4	-	-	-	-	-	4	-	-	4
		Helensburgh Public Realm - Arts Strategy Fund	53	-	53	53	-	4	49	-	-	53	4	-	4
		Hermitage Park	26	-	26	26	-	-	26	-	-	26	-	2	2
		Nature Restoration Fund	1,244	-	1,244	1,244	-	26	1,218	-	-	1,244	26	182	208
		Rural Growth Deal	1,319	-	1,319	1,319	-	698	621	-	-	1,319	698	615	1,313
		Safe Streets, Walking and Cycling (CWSS)	4,161	-	4,161	4,161	-	3,411	750	-	-	4,161	3,411	-	3,411
		SPT - bus infrastructure	1,430	-	1,430	1,430	-	1,405	25	-	-	1,430	1,405	-	1,405
		Active Travel Route Design and Planning	93	446	539	539	-	103	69	367	-	539	103	69	172
		Town Centre Funds	4,190	-	4,190	4,190	-	4,134	56	-	-	4,190	4,134	108	4,026
	Service Development Total		20,317	486	20,803	20,823	20	14,917	3,789	2,117	-	20,823	14,917	776	15,693
	Strategic Change	01 TIF - Lorn/Kirk Road	1	-	1	1	-	-	1	-	-	1	-	-	-
		09 TIF - Oban Airport Business Park	987	384	1,371	1,371	-	996	375	-	-	1,371	996	451	1,447
		Oban Business Park - Building Costs (Not TIF Funded)	-	75	75	75	-	13	62	-	-	75	13	62	75
		TIF - Halfway House Roundabout	640	-	640	640	-	66	50	524	-	640	66	-	66
	Strategic Change Total		1,628	459	2,087	2,087	-	1,075	488	524	-	2,087	1,075	513	1,588
DEG Total			21,945	945	22,890	22,910	20	15,992	4,277	2,641	-	22,910	15,992	1,289	17,281
Education	Asset Sustainability	Block Allocation - Education	2,266	1,756	4,022	4,022	-	-	46	1,988	1,988	4,022	-	-	-
		Digital Inclusion 20-21	9	-	9	9	-	-	9	-	-	9	-	-	-
		Free School Meals	454	-	454	454	-	-	157	297	-	454	-	157	157
		Preliminary RAAC Investigation	1,175	226	1,401	1,401	-	-	1,401	-	-	1,401	-	1,401	1,401
		Primary Schools	2,237	634	2,871	2,871	-	-	2,871	-	-	2,871	-	2,871	2,871
		Secondary Schools	260	627	887	887	-	-	887	-	-	887	-	672	672
		School LED Scheme - DRAX	-	144	144	144	-	-	144	-	-	144	-	144	144
	Asset Sustainability Total		6,401	3,387	9,788	9,788	-	-	5,515	2,285	1,988	9,788	-	5,245	5,245
	Service Development	Bowmore Primary School - Gaelic Medium Grant	47	-	47	47	-	16	31	-	-	47	16	-	16
		CO2 Monitoring - Covid Mitigation in Schools	192	-	192	192	-	113	79	-	-	192	79	-	79
		Early Learning and Childcare - 1140 Hours	8,017	-	8,017	8,017	-	7,836	7	174	-	8,017	7,836	7	7,843
	Service Development Total		8,256	-	8,256	8,256	-	7,931	151	174	-	8,256	7,931	7	7,938
	Strategic Change	Campbeltown Schools Redevelopment	38	-	38	38	-	-	-	38	-	38	-	-	-
		Dunoon Primary School	232	-	232	232	-	-	12	220	-	232	-	12	12
		Kim Primary School	34	-	34	34	-	-	-	34	-	34	-	-	-
		Mull Joint Campus	208	792	1,000	1,000	-	208	434	358	-	1,000	208	411	619
		Replacement of Oban High School	406	-	406	406	-	-	-	406	-	406	-	-	-
		Learning Estate Investment Fund	-	8,000	8,000	8,000	-	-	-	-	8,000	8,000	-	-	-
	Strategic Change Total		918	8,792	9,710	9,710	-	208	446	1,056	8,000	9,710	208	423	631
Education Total			15,575	12,179	27,754	27,754	-	8,139	6,112	3,515	9,988	27,754	8,139	5,675	13,814
HSCP	Asset Sustainability	Ardfenaig	-	35	35	35	-	-	35	-	-	35	-	35	35
		Block Allocation - HSCP	-	382	382	382	-	-	-	-	382	382	-	-	-
		Capital Property Works	9	7	2	2	-	-	2	-	-	2	-	-	-
		Eadar Glinn	28	-	28	28	-	-	28	-	-	28	-	13	13
		Glencruttan Hostel	30	30	-	-	-	-	-	-	-	-	-	-	-
		Greenwood/Woodlands	15	1	16	16	-	-	16	-	-	16	-	16	16
		East King Street	1	1	2	2	-	-	2	-	-	2	-	2	2
		Kintyre Care Home	617	-	617	617	-	-	98	519	-	617	-	98	98
		Lochgilphead Resource Centre	-	-	-	-	-	-	-	-	-	-	-	-	-
		Shellach View	23	-	23	23	-	-	23	-	-	23	-	23	23

Argyll and Bute Council Appendix 1
 Capital Plan Monitoring Report
 as at Quarter 3 2025-26
 Gross Expenditure

Service	Category	Project Title	Approved Plan Budget v Forecast Gross Expenditure					Forecast Outturn Profile					Actual Gross Expenditure			
			Original Budget £000	Budget Changes £000	Revised Budget £000	Forecast Outturn £000	Variance (Over)/Under Budget £000	Prior Years Actual £000	2025-26 £000	2026-27 £000	Future Years £000	Total Capital Plan £000	Prior Years Actual £000	2025-26 to Quarter 3 £000	Total £000	
		Struan Lodge	651	-	651	651	-	-	10	641	-	651	-	10	41	
		Thomson Home Rothesay	761	-	761	761	-	-	41	720	-	761	-	41	41	
		Tigh An Rudha HFE	389	-	389	389	-	-	389	-	-	389	-	296	296	
		Asset Sustainability Total	2,524	382	2,906	2,906	-	-	644	1,880	382	2,906	-	534	534	
		Service Development	29	-	29	29	-	-	29	-	-	29	-	-	-	
		Service Development Total	29	-	29	29	-	-	29	-	-	29	-	-	-	
HSCP Total			2,553	382	2,935	2,935	-	-	673	1,880	382	2,935	-	534	534	
ICT	Asset Sustainability	Block Allocation - ICT	820	688	1,508	1,508	-	-	-	820	688	1,508	-	-	-	
		PC Replacement	664	-	664	664	-	-	664	-	-	664	-	613	613	
		Server Sustainability	193	15	178	178	-	-	178	-	-	178	-	178	178	
		Telecomms Network	101	86	187	187	-	-	187	-	-	187	-	91	91	
ICT Total		1,778	759	2,537	2,537	-	-	1,029	820	688	2,537	-	882	882		
Live Argyll	Asset Sustainability	Aqualbrium	54	11	65	65	-	-	65	-	-	65	-	65	65	
		Block Allocation - Live Argyll	394	371	765	765	-	-	1	382	382	765	-	-	-	
		Corran Halls Gaelic Centre	105	-	105	105	-	-	19	86	-	105	-	4	4	
		Lochgilthead Community Ed Centre	34	-	34	34	-	-	34	-	-	34	-	13	13	
		Queen's Hall - Legionella Works	4	-	4	4	-	-	4	-	-	4	-	4	4	
		Riverside Leisure Centre	13	305	318	318	-	-	318	-	-	318	-	136	136	
		Rothesay Swimming Pool	91	-	91	91	-	-	91	-	-	91	-	25	25	
		The Moat Centre	21	-	21	21	-	-	21	-	-	21	-	17	17	
		Victoria Halls, Helensburgh	3	-	3	3	-	-	3	-	-	3	-	3	3	
		Asset Sustainability Total	719	687	1,406	1,406	-	-	556	468	382	1,406	-	267	267	
		Service Development	43	-	43	43	-	-	43	-	-	43	-	43	43	
		Service Development Total	43	-	43	43	-	-	43	-	-	43	-	43	43	
		Strategic Change	50	-	50	50	-	-	29	21	-	50	29	-	29	29
		Strategic Change Total	50	-	50	50	-	-	29	21	-	50	29	-	29	29
Live Argyll Total			812	687	1,499	1,499	-	29	620	468	382	1,499	29	310	339	
RIS	Asset Sustainability	Block Allocation - RIS	3,601	3,823	7,424	7,424	-	-	222	3,823	3,823	7,424	-	-	-	
		Bridge Strengthening	1,516	-	1,516	1,516	-	-	-	743	773	-	1,516	-	743	743
		Bute Sea Wall Repairs	522	100	622	622	-	-	622	-	-	622	-	144	144	
		Claonaig Landslip	12	12	-	-	-	-	-	-	-	-	-	-	35	35
		Coastal Change Adaptation	246	250	496	496	-	-	246	250	-	496	-	49	49	
		Coastal Change Adaptation - Case Study - Inverlussa, Jura	-	50	50	50	-	-	50	-	-	50	-	6	6	
		Coastal Change Adaptation - Case Study - Laggan Bay, Islay	-	50	50	50	-	-	50	-	-	50	-	5	5	
		Coastal Change Adaptation - Case Study - Tiree	-	60	60	60	-	-	60	-	-	60	-	8	8	
		Coastal Protection	694	100	594	594	-	-	594	-	-	594	-	9	9	
		Environmental Projects	688	-	688	688	-	-	91	597	-	688	-	1	1	
		EV Quick Chargers	31	-	31	31	-	-	31	-	-	31	-	39	39	
		Flood Prevention	437	156	593	593	-	-	437	-	156	593	-	75	75	
		Footway Improvements	97	-	97	97	-	-	97	-	-	97	-	20	20	
		Gartbreck - Capping	42	42	-	-	-	-	-	-	-	-	-	-	-	
		Glengorm - Cell and Transfer Station (PB)	249	-	249	249	-	-	249	-	-	249	-	30	30	
		Helensburgh CHORD - Signage etc	10	-	10	10	-	-	10	-	-	10	-	-	-	
		Helensburgh Flood Mitigation	427	-	427	427	-	-	427	-	-	427	-	-	-	
		Investment in Active Travel	200	-	200	200	-	-	200	-	-	200	-	-	-	
		Lighting	320	-	320	320	-	-	320	-	-	320	-	9	9	
		Local Bridge Maintenance Fund	4,733	-	4,733	4,733	-	-	389	4,344	-	4,733	-	131	131	
		Play Park Renewal	917	24	941	941	-	-	562	379	-	941	-	230	230	
		POPs Waste	86	-	86	86	-	-	86	-	-	86	-	-	-	
		Public Convenience Upgrades	149	-	149	149	-	-	149	-	-	149	-	1	1	
		Roads Reconstruction	2,527	8,000	10,527	10,527	-	-	10,527	-	-	10,527	-	6,489	6,489	
		Roads Reconstruction - Helensburgh CHORD	37	-	37	37	-	-	37	-	-	37	-	-	-	
		Roads Reconstruction - Oban CHORD	3	-	3	3	-	-	3	-	-	3	-	-	-	
		Roads Safety and Improvement Fund	60	-	60	60	-	-	60	-	-	60	-	1	1	
		Tobermory Car Park	96	-	96	96	-	-	96	-	96	-	96	-	-	
		Asset Sustainability Total	17,592	12,467	30,059	30,059	-	-	15,818	10,262	3,979	30,059	-	7,955	7,955	
		Service Development	-	414	414	414	-	-	-	414	-	414	-	-	-	
		Depot Rationalisation	10	-	10	10	-	-	10	-	-	10	-	-	-	
		EV Infrastructure Fund	56	-	56	56	-	-	19	37	-	56	19	11	30	
		Fleet Management	258	-	258	258	-	-	258	-	-	258	-	-	-	
Fleet Management - Prudential Borrowing	773	-	773	773	-	-	773	-	-	773	-	205	205			
Jackson's Quarry Refurbishment	285	-	285	285	-	-	285	-	-	285	285	-	285			
Lismore Ferry Replacement	35	-	35	35	-	-	35	-	-	35	-	-	-			
Lochgilthead Depot Rationalisation	269	-	269	412	143	-	394	18	-	412	394	18	412			

Argyll and Bute Council Appendix 1
Capital Plan Monitoring Report
as at Quarter 3 2025-26
Gross Expenditure

Service	Category	Project Title	Approved Plan Budget v Forecast Gross Expenditure					Forecast Outturn Profile					Actual Gross Expenditure		
			Original Budget	Budget Changes	Revised Budget	Forecast Outturn	Variance (Over)/Under Budget	Prior Years Actual	2025-26	2026-27	Future Years	Total Capital Plan	Prior Years Actual	2025-26 to Quarter 3	Total
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
		Oban Depot Development	37	37	-	3	3	-	3	-	3	-	3	-	3
		Preliminary design for Regional Transport projects (tif)	16	-	16	16	-	-	16	-	16	-	16	-	-
		Weather Incident	4,634	-	4,634	4,634	-	2,287	1,347	1,000	-	4,634	2,287	948	3,235
		Zero Waste Scotland - Recycling Improvement Fund	63	829	892	892	-	63	829	-	-	892	63	95	158
		Service Development Total	6,362	1,280	7,642	7,788	-	3,048	3,326	1,414	-	7,788	3,048	1,280	4,328
		Strategic Change	15,939	-	15,939	15,939	-	14,986	242	711	-	15,939	14,986	16	15,002
		Campbeltown Flood Scheme	53	90	143	143	-	-	53	90	-	143	-	-	-
		Harbour Investment Programme Non PB	143,046	-	143,046	143,046	-	19,896	21,985	12,775	88,390	143,046	19,896	10,248	30,144
		Harbour Investment Programme PB	3,900	-	3,900	3,900	-	3,343	557	-	-	3,900	3,343	15	3,358
		Street Lighting LED Replacement	162,938	90	163,028	163,028	-	38,225	22,937	13,576	88,390	163,028	38,225	10,279	48,504
		Strategic Change Total	162,938	90	163,028	163,028	-	38,225	22,937	13,576	88,390	163,028	38,225	10,279	48,504
RIS Total			186,892	13,837	200,729	200,875	-	41,273	41,981	25,252	92,369	200,875	41,273	19,514	60,787
Shared Offices	Asset Sustainability	5-7 East Clyde Street - Coastal Communities Fund	389	-	389	389	-	-	5	384	-	389	-	5	5
		Argyll House, Dunoon	3	-	3	3	-	-	3	-	-	3	-	3	3
		Block Allocation - Shared Offices	887	341	1,228	1,228	-	-	100	746	382	1,228	-	-	-
		Burnett Building	243	14	257	257	-	-	257	-	-	257	-	257	257
		Graham Williamson IT Building	1	4	5	5	-	-	5	-	-	5	-	5	5
		Helensburgh and Lomond Civic Centre	11	23	34	34	-	-	34	-	-	34	-	34	34
		Kilmory Castle	1,545	-	1,545	1,545	-	-	8	1,537	-	1,545	-	8	8
		Our Modern Workspace	452	-	452	452	-	-	234	218	-	452	-	234	234
		Asset Sustainability Total	3,531	382	3,913	3,913	-	-	646	2,885	382	3,913	-	546	546
		Strategic Change	596	-	596	596	-	595	1	-	-	596	595	-	595
		Campbeltown Office Rationalisation	1,441	-	1,441	1,441	-	1,203	-	238	-	1,441	1,203	-	1,203
		Clean Energy - NDEEF1	1,140	-	1,140	1,140	-	-	-	1,140	-	1,140	-	-	-
		Clean Energy - NDEEF2	300	-	300	300	-	-	-	300	-	300	-	-	-
		Helensburgh Office Rationalisation (FPB,REC)	256	-	256	256	-	-	-	256	-	256	-	-	-
		Net Zero	3,733	-	3,733	3,733	-	1,798	1	1,934	-	3,733	1,798	-	1,798
		Strategic Change Total	7,264	382	7,646	7,646	-	1,798	647	4,819	382	7,646	1,798	546	2,344
Shared Offices Total			7,264	382	7,646	7,646	-	1,798	647	4,819	382	7,646	1,798	546	2,344
Overall Total			284,820	30,097	314,917	315,083	-	93,242	66,714	50,936	104,191	315,083	93,242	33,833	127,075

Category	Approved Plan Budget v Forecast Gross Expenditure					Forecast Outturn Profile					Actual Gross Expenditure		
	Original Budget	Budget Changes	Revised Budget	Forecast Outturn	Variance (Over)/Under Budget	Prior Years Actual	2025-26	2026-27	Future Years	Total Capital Plan	Prior Years Actual	2025-26 to Quarter 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Asset Sustainability	32,545	18,964	51,509	51,509	-	-	25,108	18,600	7,801	51,509	-	15,429	15,429
Service Development	35,007	1,766	36,773	36,939	166	25,896	7,338	3,705	-	36,939	25,896	2,106	28,002
Strategic Change	217,268	9,367	226,635	226,635	-	67,346	34,268	28,631	96,390	226,635	67,346	16,298	83,644
Overall Total	284,820	30,097	314,917	315,083	-	93,242	66,714	50,936	104,191	315,083	93,242	33,833	127,075

Service	Category	Project Title	Approved Income Budget v Forecast Income					Forecast Income Profile					Actual Income		
			Original Budget	Budget Changes	Revised Budget	Forecast Income	Variance (Over)/Under Budget	Prior Years Actual	2025-26	2026-27	Future Years	Total Capital Plan	Prior Years Actual	2025-26 to Quarter 3	Total
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chord	Strategic Change	Helensburgh Waterfront Development	2,320	-	2,320	2,320	-	-	2,320	-	-	2,320	-	-	-
		Rothsay CHORD	9,697	-	9,697	9,697	-	7,688	2,009	-	-	9,697	7,688	-	7,688
		Kilmory Business Park Phase 2AA - SG RCGF	829	-	829	829	-	-	829	-	-	829	-	-	-
		Kilmory Business Park Phase 2AA - HIE	150	-	150	150	-	-	150	-	-	150	-	-	-
	Strategic Change Total		12,996	-	12,996	12,996	-	7,688	5,308	-	-	12,996	7,688	-	7,688
Chord Total			12,996	-	12,996	12,996	-	7,688	5,308	-	-	12,996	7,688	-	7,688
DEG	Service Development	Cycling, Walking and Safer Routes (CWSR)	2,988	-	2,988	2,988	-	2,612	376	-	-	2,988	2,612	-	2,612
		SPT - bus infrastructure	1,268	-	1,268	1,268	-	1,243	25	-	-	1,268	1,243	-	1,243
		Cycleways - H&L (SPT)	3,502	-	3,502	3,502	-	3,210	292	-	-	3,502	3,210	-	3,210
		Town Centre Funds	2,730	-	2,730	2,730	-	2,468	262	-	-	2,730	2,468	-	2,468
		Rural Growth Deal	835	-	835	835	-	126	709	-	-	835	126	-	126
		Dunoon STEM Hub	2,558	-	2,558	2,558	-	508	2,050	-	-	2,558	508	-	508
		Ardriahaj North Active Travel	50	-	50	50	-	50	-	-	-	50	50	-	50
		Dunoon Cycle Bothy	566	-	566	566	-	566	-	-	-	566	566	-	566
		Gibraltar Street Public Realm Improvements	250	-	250	250	-	250	-	-	-	250	250	-	250
		Glenmorag Car Park PC	4	-	4	4	-	-	4	-	-	4	-	-	-
		Albert Pier - Toilet Demolition (Crown Estates)	40	-	40	40	-	-	40	-	-	40	-	-	-
	Service Development Total		14,791	-	14,791	14,791	-	11,033	3,758	-	-	14,791	11,033	-	11,033
	Strategic Change	Oban Airport Business Park - Buildings (NOT TIF FUNDED)	-	75	-	75	-	-	-	75	-	-	75	-	-
	Strategic Change Total		-	75	-	75	-	-	-	75	-	-	75	-	-
DEG Total			14,791	75	14,866	14,866	-	11,033	3,758	75	-	14,866	11,033	-	11,033
Education	Asset Sustainability	Tobermory Top Flat	125	-	125	125	-	-	125	-	-	125	-	-	-
		School LED Scheme - DRAX	-	144	-	144	-	-	144	-	-	144	-	144	-
	Asset Sustainability Total		125	144	269	269	-	-	269	-	-	269	-	144	-
	Service Development	Early Years 1140 Hours	6,300	-	6,300	6,300	-	6,300	-	-	-	6,300	6,300	-	6,300
		Bowmore Primary School - Gaelic Medium Grant	47	-	47	47	-	47	-	-	-	47	47	-	47
	Service Development Total		6,347	-	6,347	6,347	-	6,347	-	-	-	6,347	6,347	-	6,347
Education Total			6,472	144	6,616	6,616	-	6,347	269	-	-	6,616	6,347	144	6,491
HSCP	Asset Sustainability	Kintyre Care Home	753	-	753	753	-	-	753	-	-	753	-	-	-
		Thomson Home Rothsay	157	-	157	157	-	-	157	-	-	157	-	-	-
		Capital Property Works	260	-	260	260	-	-	260	-	-	260	-	-	-
	Asset Sustainability Total		1,170	-	1,170	1,170	-	-	1,170	-	-	1,170	-	-	-
HSCP Total			1,170	-	1,170	1,170	-	-	1,170	-	-	1,170	-	-	-
RIS	Asset Sustainability	EV Quick Chargers	6	-	6	6	-	-	6	-	-	6	-	-	-
		Environmental Projects	400	-	400	400	-	-	400	-	-	400	-	-	-
		Public Convenience Upgrades	200	-	200	200	-	-	200	-	-	200	-	-	-
		Play Park Renewal - SHF	-	24	-	24	-	-	24	-	-	24	-	-	-
	Asset Sustainability Total		606	24	630	630	-	-	630	-	-	630	-	-	-
	Service Development	Transport Scotland - Bus Infrastructure Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
	Service Development Total		-	-	-	-	-	-	-	-	-	-	-	-	-
	Strategic Change	Fleet Management	49	-	49	49	-	49	-	-	-	49	49	-	49
		Oban Depot - Revenue and EVC funding	67	-	67	67	-	-	67	-	-	67	-	-	-
		EV Infrastructure Fund	56	-	56	56	-	56	-	-	-	56	56	-	56
		Zero Waste Scotland - Recycling Improvement Fund	892	-	892	892	-	63	829	-	-	892	63	-	63
		Weather Incident	500	-	500	500	-	500	-	-	-	500	500	-	500
		Campbeltown Flood Scheme	270	-	270	270	-	270	-	-	-	270	270	-	270
		Harbour Investment Programme - Crown Estates	10	-	10	10	-	10	-	-	-	10	10	-	10
		Harbour Investment Programme - Coastal Community Fund	-	90	-	90	-	-	90	-	-	90	-	-	-
	Strategic Change Total		1,844	90	1,934	1,934	-	948	896	90	-	1,934	948	-	948
RIS Total			2,450	114	2,564	2,564	-	948	1,526	90	-	2,564	948	-	948
Shared Offices	Asset Sustainability	5-7 East Clyde Street - Coastal Communities Fund	400	-	400	400	-	-	400	-	-	400	-	-	-
	Asset Sustainability Total		400	-	400	400	-	-	400	-	-	400	-	-	-
Shared Offices Total			400	-	400	400	-	-	400	-	-	400	-	-	-
Totals			-38,279	333	-38,612	-38,612	-	-26,016	-12,431	165	-	-38,612	-26,016	144	-26,160

Category	Approved Income Budget v Forecast Income					Forecast Income Profile					Actual Income		
	Original Budget	Budget Changes	Revised Budget	Forecast Income	Variance (Over)/Under Budget	Prior Years Actual	2025-26	2026-27	Future Years	Total Capital Plan	Prior Years Actual	2025-26 to Quarter 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Asset Sustainability	2,301	168	2,469	2,469	-	-	2,469	-	-	2,469	-	144	144
Service Development	21,138	-	21,138	21,138	-	17,380	3,758	-	-	21,138	17,380	-	17,380
Strategic Change	14,840	165	15,005	15,005	-	8,636	6,204	165	-	15,005	8,636	-	8,636
Overall Total	-38,279	333	-38,612	-38,612	-	-26,016	-12,431	165	-	-38,612	-26,016	144	-26,160

APPENDIX 3 – Changes to Capital Plan and Financial Impact

SLIPPAGES AND ACCELERATIONS						
Project	2025-26 £'000	2026-27 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Campbeltown Schools Redevelopment	(38)	38	0	0	Slip budget from 2025-26 to 2026-27	Slippage of final retention payment as there are ongoing discussions with regards to contractual and Council obligations in these schools in relation to leaks, drainage and grounds issues.
Dunoon Primary School	(220)	220	0	0	Slip budget from 2025-26 to 2026-27	Slippage of final retention payment as there are ongoing discussions with regards to contractual and Council obligations in these schools in relation to leaks, drainage and grounds issues.
Replacement of Oban High School	(406)	406	0	0	Slip budget from 2025-26 to 2026-27	Slippage of final retention payment as there are ongoing discussions with regards to contractual and Council obligations in these schools in relation to leaks, drainage and grounds issues.
Kirn Primary School	(34)	34	0	0	Slip budget from 2025-26 to 2026-27	Slippage of final retention payment as there are ongoing discussions with regards to contractual and Council obligations in these schools in relation to leaks, drainage and grounds issues.
Play Park Renewal	(379)	379	0	0	Slip budget from 2025-26 to 2026-27	A number of Play Park schemes have fallen outwith 2025-26, tenders are being progressed now with works and expenditure now forecast for 2026-27.
Tobermory Car Park	(96)	96	0	0	Slip budget from 2025-26 to 2026-27	Tobermory Car Park works has been held in abeyance until a decision is made on the project following issues relating to crofting rights.
Weather Incident	(1,000)	1,000	0	0	Slip budget from 2025-26 to 2026-27	Slippage of the £1m of budget allocated for the permanent road solution at A816 Bealach Mor Landslip. Schemes are being investigated with no expenditure forecast for 2025-26.
Free School Meals	(297)	297	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27.
Early Learning and Childcare - 1140 Hours	(174)	174	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Projects planned for Summer 2026.

Struan Lodge	(641)	641	0	0	Slip budget from 2025-26 to 2026-27	Slip to 2026-27. Project was on hold with HSCP while being reviewed, tender is planned for February 2026 with costs falling into 2026-27 following successful tender.
Thomson Home Rothesay	(720)	720	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Scope of works under review by HSCP.
Kintyre Care Home	(519)	519	0	0	Slip budget from 2025-26 to 2026-27	Slip to 2026-27. Project was on hold with HSCP while being reviewed, tender is planned for Spring 2026 with costs falling into 2026-27 following successful tender.
Kilmory Castle	(1,537)	1,537	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Business Case being progressed, no spend to occur in 2025-26.
Our Modern Workspace	(218)	218	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Post which covered this project has been vacant which has delayed the delivery of this project.
Block Allocation - Shared Offices	(364)	364	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Post which covered this project has been vacant which has delayed the delivery of this project.
Helensburgh Office Rationalisation (FPB,REC)	(300)	300	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Budget remaining from the Helensburgh Office Rationalisation project. Planned use is to fund Our Modern Workspace related works in Helensburgh. As per the Our Modern Workspace slippage, post responsible for delivery of this has been vacant and delayed delivery.
Clean Energy - NDEEF1	(238)	238	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27.
Clean Energy - NDEEF2	(855)	855	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Framework was delayed from Scottish Government which has caused slippage in budget.
Net Zero	(256)	256	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Incorrect Profile.
5-7 East Clyde Street - Coastal Communities Fund	(384)	384	0	0	Slip budget from 2025-26 to 2026-27	Slip into 2026-27. Incorrect profile.
Harbour Investment Programme PB	(744)	(23,925)	24,669	0	Slip budget from 2025-26 and 2026-27 into future years of the Capital Plan	Slippages from 2025-26 & 2026-27 into future years. Reflects changes to Marine Asset Management Plan for December. Main changes are: Fionnphort – updating of forecast profile to reduce the amount of spend forecast in 2026-27 and slip this into future years. Easdale Pier – Future Provision for works was forecast for 2026-27 and has now been moved into future years to better reflect when spend will occur.

						Ellenabeich Pier - Future Provision for works was forecast for 2026-27 and has now been moved into future years to better reflect when spend will occur.
Bridge Strengthening	35	(35)	0	0	Accelerate Budget from 2026-27 into 2025-26	Accelerate Budget to correct profiling error
03 TIF - Halfway House Roundabout	(524)	524	0	0	Slip budget from 2025-26 into 2026-27.	Slippage into 2026-27. The project is on hold whilst planning applications for the developments are being assessed.
Total Slippages and Accelerations	(9,909)	(14,760)	24,669	0		

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

APPENDIX 4

	Gross Capital Expenditure				Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation
Strategic Change Projects - Greater than £1m Budget								
Campbeltown Flood Scheme	14,986	242	15,939	15,939	01/08/2016	31/03/2027	Green	
CHORD Rothesay	25,337	8,554	45,414	45,414	01/05/2024	31/03/2027	Green	
Harbour Investment Programme	19,896	22,038	143,189	143,189	01/04/2017	31/03/2028	Red	Project in progress - Whilst resources haven't been committed there are concerns over the potential costs of Craignure exceeding the previously allocated budget. The programme has also been subject to significant slippage from 2025-26 and 2026-27 into future years.
Clean Energy - NDEEF1	1,203	0	1,441	1,441	01/04/2021	31/03/2026	Green	Slipped from 2025-26 into 2026-27. Project Complete during 25-26 however final financial settlements expected in 2026-27.
Clean Energy - NDEEF2	0	0	1,140	1,140	01/04/2024	31/03/2027	Red	Slipped from 2025-26 into 2026-27.
Street Lighting LED Replacement	3,343	557	3,900	3,900	01/08/2016	31/03/2027	Green	
Kilmory Business Park Phase 2AA	355	774	1,147	1,147	01/02/2022	31/03/2026	Green	Slipped from 2025-26 into 2026-27. Project forecast to be completed during 25-26 however final financial settlements expected in 2026-27.
TIF - Oban Airport Business Park	996	375	1,371	1,371	22/01/2015	31/03/2028	Green	
Learning Estate Investment Fund	0	0	8,000	8,000	TBC	TBC	Green	
All remaining Strategic Change Projects falling under £1m	1,230	1,728	5,094	5,094				
Strategic Change Total Gross Expenditure	67,346	34,268	226,635	226,635				

FINANCIAL RISKS ANALYSIS 2025-26

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the known key financial risks facing the council in 2025-26, as at 31 December 2025.
- 1.2 A number of council wide financial risks, both revenue and capital, have been identified, in addition to specific departmental or service risks. For each quantifiable risk, the potential annual financial impact has been estimated; and the likelihood of the risk materialising assessed, based on a standard risk matrix.
- 1.3 There are currently 7 council wide quantifiable risks identified for 2025-26, with a potential annual value totalling £5.1m, and with varying degrees of likelihood.
- 1.4 There are currently 32 departmental/service risks, with a potential annual value totalling £4.156m, of which 5 are categorised as 'Likely' (annual value £1.210m).
- 1.5 There have been no changes to the quantifiable risks since last reporting. Financial risks will continue to be monitored and reviewed on an ongoing basis, with actions put in place to mitigate or manage these risks.

FINANCIAL RISKS ANALYSIS 2025-26

2. INTRODUCTION

- 2.1 This report outlines the process and approach to financial risk assessment, and provides details of the known key financial risks facing the council in 2025-26, as at 31 December 2025.

3 DETAIL

3.1 Process and Approach

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

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

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

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

- 3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB is responsible for financial management and strategic oversight of these services. It is the responsibility of the IJB to consider the individual financial risks associated with Integration Services and these risks are therefore not contained within this report. A council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

3.2 Council Wide Risks

General

- 3.2.1 There is a risk of further severe weather incidents, requiring both revenue and capital expenditure to be incurred. Whilst there may be additional funding available through the Bellwin Scheme, this is limited to eligible revenue expenditure and there is an assumption that local authorities will meet a proportion of the costs of emergency incidents from within existing resources. The threshold, over which councils can claim for eligible expenditure is 0.2% of a local authority's budgeted net revenue expenditure. For Argyll and Bute Council, this equates to £0.654m for 2025-26. As part of the 2025-26 budget process, £2.9m was provided for severe weather related costs (£2m from the Priorities Investment Fund and £0.9m within the Capital Plan). However, by their very nature, it is difficult to estimate potential additional costs and there remains a risk of costs being incurred above the level currently provided for within financial plans. It is therefore deemed prudent to recognise a financial risk in this respect. A risk value of £1m is deemed to be reasonable.
- 3.2.2 The council is generally able to recover all input VAT incurred on its expenditure, subject to certain conditions being met. Some activities are VAT exempt, such as, the lease of land or property, where the land or property has not been opted to tax. VAT incurred on expenditure attributable to exempt activities, such as, capital investment in property development or refurbishment must be less than 5% of the total VAT incurred in the year. A breach of this 5% limit would result in VAT paid on all expenditure attributable to exempt activities being irrecoverable. As opportunities to support economic development are explored, it is increasingly likely that the council will enter into commercial arrangements, such as in respect of Rothesay Pavilion. The tax position in respect of these arrangements requires to be given due consideration, with mitigations put in place, as appropriate, for example, opting to tax land and property. This position will be subject to ongoing monitoring and review, to ensure that the council continues to remain within the 5% threshold and recover all VAT incurred.

Revenue

- 3.2.3 The estimated level of Council Tax income is based on current and forecast Band D equivalents, and reflects our expected collection rates, based on historical data. A potential annual risk value equivalent to 1% of the annual Council Tax income budget is deemed reasonable in this respect. Furthermore, there is currently a significant level of uncertainty in respect of the classification of self-catering units as either non-domestic or domestic dwellings, which may impact Council Tax income, presenting an additional risk to financial planning assumptions. These factors equate to a combined estimated risk value of £1m.
- 3.2.4 Whilst the 2025-26 approved budget provides for inflationary increases, there is a risk of continued volatility in utilities pricing and demand can also be subject to unpredictable weather extremes. At this stage, a potential annual risk value equivalent to 10% of the annual utilities budget provision is deemed reasonable.

This equates to £0.9m. It is anticipated that this risk value may reduce as the year progresses.

- 3.2.5 In respect of the Health and Social Care Partnership (HSCP), it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared and submitted to the IJB, Argyll and Bute Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and the HSCP has insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. The council's contribution would reflect the element of the overspend related to Social Work. Whilst any additional payments by the council and NHS Highland will be deducted from future years funding, there is a risk that the council may require to make an additional unbudgeted contribution to the HSCP during the year.
- 3.2.6 As at 31 December 2025, the forecast outturn for 2025-26 on Social Work services is an overspend of £0.416m. This includes an assessment on the delivery of approved savings, including the £0.500m of unidentified savings built into the budget, as part of the recovery plan. At this stage, the HSCP expect the forecast overspend to be managed within available HSCP reserves. However, the financial situation facing Social Work is extremely challenging due to increases in service demand; complexity of cases; increasing costs; and difficulty recruiting permanent staff and, therefore, having to rely on agency staff, at an additional cost. There is a risk that the level of overspend will increase beyond the level that can be managed through available reserves as the year progresses. A potential annual risk value equivalent to 1% of the approved budgeted contribution is deemed reasonable. This equates to £0.9m. It is also recognised that any potential unbudgeted use of reserves or additional funding, required for 2025-26, will have implications for the HSCP 2026-27 and future years' budget outlook
- 3.2.7 The 2025-26 budget included a 3% pay award assumption across all workforce categories, at all grades, based on the Public Sector Pay Policy of 9% over the 3 years 2025-26 to 2027-28. The pay award for SJC and Chief Officers has now been agreed at 4% for 2025-26 and 3.5% for 2026-27. In addition, the Teachers pay award has been agreed at 7.5% over the 2 years 2025-26 and 2026-27 (4% from 1 August 2025, rising to 4.25% from 1 April 2026, and 3.25% from 1 August 2026). At this stage, the expectation is that the increased cost of the 2025-26 pay award will be fully funded from additional Scottish Government grant funding, however, a potential annual risk value of £0.7m has been retained pending confirmation of additional Scottish Government funding.
- 3.2.8 The 2025-26 budget includes both Operational/Management and Policy savings options, totalling £2.762m. Whilst the council has a good track record in delivering savings, there is a risk that this target will not be fully delivered. A potential annual risk value equivalent to a 10% shortfall in the annual savings target is deemed reasonable. This equates to £0.3m.
- 3.2.9 There is an ongoing requirement to fund unavoidable inflationary cost increases across a number of areas such as food and fuel. Inflation is currently exceeding

the latest Bank of England forecasts but is expected will fall back towards the 2% government target later in the year. This position will continue to be closely monitored, with financial forecasts updated to reflect information available, on an ongoing basis. The annual budget is underpinned by inflationary assumptions, however, there is a risk that inflationary impacts have been under-estimated. A potential annual risk value equivalent to 10% of the inflationary assumptions in respect of relevant non-pay budgets is deemed reasonable. This equates to £0.3m.

Capital

- 3.2.10 The funding framework for the approved Capital Plan includes capital receipts from asset sales, estimated at £0.750m in 2025-26 and £1.750m over the 3 years 2025-28. This is based on an assessment provided by the Estates Team in January 2025, however, is subject to changing market conditions. The level of receipts that may reasonably be achieved will be kept under review, to reflect changing market conditions and due diligence undertaken on asset condition. Any variation from this assumption will require to be managed within the overall Capital Plan resources. It is generally the case that the capital programme experiences slippage throughout the year and as such, this risk is expected to be manageable.
- 3.2.11 At the budget meeting in February 2024, £1.1m of funding was set aside as an initial high level estimate of works anticipated to be required at the A816 Bealach Mor to convert the temporary road into a permanent road. An options study has been carried out to explore a number of options for this stretch of road going forward. A report will be presented to EDI in September 2025 outlining 9 options, which have been shortlisted to 4 at this stage. The preferred option cost estimate is significantly higher than the budget set aside in February 2024, estimated to be between £7.25m and £8.5m. Further work is required to develop a business case options appraisal and we would look to get independent design and project management consultants to take this forward. Once we have firmer proposals, this will be reported to Council and consideration will need to be given as to how the shortfall will be funded.
- 3.2.12 The capital programme is continuing to see significant price increases caused by rising inflation and additional costs from suppliers, due to the challenges in delivering capital projects within our geographical location. Previous inflationary contingencies set aside for the capital programme have now been fully allocated but there could be other cost pressures in respect of projects within the current capital programme, where contracts have yet to be entered into. It will be challenging to manage these impacts within available resources and target completion timescales. Mitigating actions will be taken to manage financial risk, for example, re-profiling, project re-design, re-engineering or curtailment, and the re-prioritisation of uncommitted resources across the programme. However, there remains a risk that costs could increase for the projects that are included within the capital plan.

Council Wide Summary

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

Description	Likelihood	Assessed Financial Impact £m
Unbudgeted Severe Weather costs	3	1.0
Council Tax Income reduction	3	1.0
Utilities cost increases	3	0.9
IJB refer to Council for additional funding to deliver social work services	3	0.9
Unfunded Pay Award	3	0.7
Shortfall in Savings delivery	2	0.3
Variation in non-pay inflation	3	0.3
Total		5.1

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	0	0	0	0	0	0	0	0	0	0
Executive Director Douglas Hendry	0	0	6	510	9	780	2	360	0	0	17	1,650
Executive Director Kirsty Flanagan	4	375	1	100	7	1,181	3	850	0	0	15	2,506
Total	4	375	7	610	16	1,961	5	1,210	0	0	32	4,156

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

Service	Risk Title	Risk Description	Likelihood	Financial Impact £000
Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income.	4	600

Financial Services	NDR ALEO Baseline	Scottish Government are going to undertake a review of the current Arms Length External Organisations (ALEO) baseline for 2024-25 which could increase the pressure on the balance of costs vs relief.	3	316
Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) due to a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier /contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	4	300

3.3.3 The risks, which are considered likely total £1.210m and are detailed in the following table:

Service	Risk Title	Description of Risk	Likelihood	Financial Impact
				£000
Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income.	4	600
Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) due to a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	4	300
Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increased costs of property maintenance and tenancy change over.	4	150
Roads and Infrastructure Services	Fleet Maintenance	Increased costs to maintain internal fleet due to inflationary increases on vehicle parts.	4	100
Legal and Regulatory Support	Elections	Should a by-election be required this would be an immediate cost pressure as budget has been removed.	4	60

3.3.4 In addition to the specified service risks, there is a risk in respect of waste (Compost Like Output, CLO), which at this point, is unquantifiable. Financial provision of £500k has been reflected within the annual accounts for the year ending 31 March 2025 in respect of CLO. This estimated liability was calculated on a basis agreed with Biffa, however, remains subject to approval by the Scottish Environment Protection Agency, SEPA. There is a risk that SEPA may require the disposal of CLO as landfill of contaminated waste, which would result in significantly higher costs. At this stage, it is not clear to what extent the existing waste earmarked reserve may mitigate this risk and any additional cost would result in the unplanned depletion of the earmarked reserve.

3.4 Changes to Financial Risks

3.4.1 There have been no changes to the quantifiable risks since last reporting, although a level of certainty has been achieved in relation to anticipated 2025-26

funding from the Department for Environment, Food & Rural Affairs, DEFRA in respect of Extended Producer Responsibility. However, uncertainty remains in respect of funding and expenditure commitments for future years.

3.5 Monitoring of Financial Risks

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

3.6 Future Years' Risks

3.6.1 Financial risks impacting 2026-27 and future years will be reported as part of the 2026-27 Budget Pack.

4 CONCLUSION

4.1 This report summarises the known key financial risks facing the council in 2025-26. There are 7 council wide and 32 service specific quantifiable risks identified, with 5 categorised as 'Likely'. These risks are monitored and reviewed on an ongoing basis, with actions put in place to continue to manage or mitigate the risks.

5 IMPLICATIONS

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

Kirsty Flanagan
Executive Director/Section 95 Officer
20 January 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES

Appendix 1 – Departmental/Service Financial Risks

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

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 31 DECEMBER 2025

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at 31 December 2025	
					LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act placed duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of grant funding is reducing and may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls.	2	100
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate, there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	60
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, in addition, as Our Modern Workspace Project gains traction more properties will become surplus to operational requirements. There are residual running costs associated with all surplus properties.	One Council property team in place who will monitor market conditions and work with prospective tenants/ purchasers to let/sell surplus properties.	3	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI and/or other running costs (eg utilities, payroll etc) resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate, communication with service providers and mitigation through financial forecasting and review of existing budget.	3	100
Executive Director Douglas Hendry	Commercial Services	LiveArgyll Service Fee	Inability to deliver required services within available budget resources (e.g. pay award and ENICs budget pressures), resulting in increased service fee request.	Communication with service providers and mitigation through monitoring and review of budget monitoring information and forecasts.	3	100
Executive Director Douglas Hendry	Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) due to a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only statutory tests/inspections and essential repairs.	4	300
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase. Scottish Government statistics suggest a 3% year on year increase, resulting in an additional resource requirement particularly where gaps in our enhanced provision exist. The medium-term detriments on the development of young children which occurred as a consequence of service closures during the COVID pandemic have increased demands on the service as children require additional support to catch up. The Additional Support for Learning National Implementation plan continues to inform our strategic direction in line with the Angela Morgan Review.	Service is currently looking at alternative options for service delivery to mitigate the inescapable pressures. Continuing to ensure robust assessment of needs, monthly monitoring of budget, any delays in recruitment factored into projections to enable informed decision making on allocation of funding for new/amended /additional support packages. Following a full ASN review, the service are currently investing in the development of four new learning centres in order to provide greater equity in meeting the more complex needs of some learners as well as considering plans to develop enhanced wellbeing resources across our learning estate in future. This aims to reduce the frequency of children having to be educated in high cost out of area placements.	2	50
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal, uplift of sustainable rate to providers; Support network; Short-term cash injections.	2	100

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	Children and Young People (Scotland) Act - ELC 1140 hours	The Council has been required to deliver 1140 hours of Early Learning and Childcare since August 2021. The Scottish Government has committed to funding this and the Council has revised its service model to align it to the Scottish Government's reduced funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been included in the staffing model funded by Scottish Government.	Continuous monitoring and review of the service model, usage and resources.	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	The Education (Scotland) Act 2000 requires Councils to undertake assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. This may lead to additional staffing requirements depending upon the demand for Gaelic from parents.	Continuous monitoring and review of the service model and resources available within budget.	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate due to latent defects in a number of schools	Ongoing reporting of issues and monitoring of actions taken to repair.	2	150
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	3	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Increase in insurance costs within NPDO Schools	Increase in insurance costs as a result of the long-term effects of Covid-19 on the insurance market and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	3	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	Should a bi-election be required this would be an immediate cost pressure as budget has been removed.	Outwith direct management control.	4	60
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services - Litigation	Increased number of litigation cases.	Ensure Legal Services are gateway to access all legal advice and that advice is sought at earliest opportunity.	3	150
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO/Hub DBFM contract management efficiencies	Reduction in ability to generate contract management efficiencies.	Monitoring annual efficiencies generated and mitigation through robust contract management and application of contract specifications / requirements.	2	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends and reporting the financial impact in the budget monitoring.	3	55
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	4	150
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings Interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning Fee Penalties	Potential that the Scottish Government may apply sanction penalties due to poor performance by the Planning Authority. The Scottish Government has recently appointed a national Planning Performance Champion however the detail of how this role intends to incentivise improvement/penalise poor performance at a local authority level remains unclear at this time.	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Current income levels are looking more positive, however, we are dependent on some high value applications coming in which, if they don't materialise, will impact the overall position. Will continue to monitor Development Management income and expenditure tightly and investigate further income generation streams.	1	100

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	1	50
Executive Director Kirsty Flanagan	Financial Services	NDR ALEO Baseline	Scottish Government are going to undertake a review of the current Arms Length External Organisations (ALEO) baseline for 2024-25 which could increase the pressure on the balance of costs vs relief.	Outwith direct management control.	3	316
Executive Director Kirsty Flanagan	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	1	125
Executive Director Kirsty Flanagan	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Additional staff are being put in place in the Sundry Debt Team who will work jointly with Legal Services to enhance the robustness of the Council's debt recovery processes.	3	85
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Car Parking Income	Reduced number of visitors to the area and use of council owned car parks resulting in a reduction in income.	Closely monitor income levels throughout the year, especially in high visitor seasons.	3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income. As Cal Mac work to provide services across their network, an ageing fleet and delays to new ferries coming into service is meaning larger ferries are being removed from routes where we have the berthing infrastructure (mostly Craignure). Smaller ferries are allowing for services to operate but the drop in income can be up to 75% per berthing.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers.	4	600
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	150
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	100
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Fleet Maintenance	Increased costs to maintain internal fleet due to inflationary increases on vehicle parts.	Review of Fleet underway to determine where reductions could possibly be made.	4	100
					32	4,156

RESERVES AND BALANCES – UPDATE AS AT 31 DECEMBER 2025

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the nature and level of reserves and balances currently held by the council. It also provides details of the earmarked reserve balances held within the General Fund and the unallocated General Fund balance.
- 1.2 The council had a total of £406.347m unusable reserves as at 31 March 2025 that are not backed with resources. These are required purely for accounting purposes.
- 1.3 As at 31 March 2025, the council had a total of £121.235m usable reserves, comprising the following:
- £3.608m Repairs and Renewals Fund;
 - £3.358m Capital Funds;
 - £1.564m Capital Grants Unapplied; and
 - £112.705m General Fund, with £105.162m of this balance earmarked for specific purposes.
- 1.4 The 2025-26 opening earmarked reserves balance of £105.162m includes a significant level of reserves in respect of major infrastructure or projects of strategic importance. At the budget setting meeting on 22 February 2024, as part of the revenue budget, Council agreed to transfer Strathclyde Pension Fund contribution savings of £6.875m relating to Council staff and £3.053m relating to Social Work staff for both 2024-25 and 2025-26 to reserves. As the commitments for these include expenditure within 2025-26, these have been recognised within the earmarked reserves balances to allow them to be spent accordingly. It is currently anticipated that a total of £25.493m will be drawn down during 2025-26, while £10.339m has been drawn down in the year to 31 December 2025, for previously approved specific purposes. Similar to previous years, an initial review of earmarked reserves has been undertaken for consideration by ELT, taking cognisance of strategic priorities and the longer term financial challenges currently facing the council. Recommendations in this respect will be reported to members as part of the 2025-26 year end financial reporting pack.
- 1.5 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2025-26, which amounts to £6.539m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.004m over and above the general contingency. After taking into consideration the current revenue budget forecast outturn and commitments for 2025-26, this surplus is forecast to decrease to £0.139m as at 31 March 2026.

RESERVES AND BALANCES – UPDATE AS AT 31 DECEMBER 2025**2 INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances as at 31 March 2025

3.2.1 The balances on each type of reserve as at 31 March 2025 are set out in the tables below, per the Pre-audit Annual Accounts for 2024-25.

Unusable Reserves	£000
Revaluation Reserve	179,662
Capital Adjustment Account	256,344
Financial Instruments Adjustment Account	(1,413)
Pensions Reserve	(16,984)
Accumulated Absences Account	(11,262)
Total Unusable Reserves	406,347

Usable Reserves	£000
Capital Grants Unapplied	1,564
Capital Fund and Usable Capital Receipts Reserve	3,358

Repairs and Renewals Fund	3,608
General Fund	112,705
Total Usable Reserves	121,235
Total Reserves	527,582

- 3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed assets. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken as at 31 March 2025.
- 3.2.3 The Capital Grants Unapplied Fund holds capital grants and contributions that have been received but not yet used to fund capital expenditure.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the council and can be used to support the capital plan or meet the principal repayments on loan charges. The council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from the sale of council houses prior to the transfer of the housing stock. The reserve forms part of the council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing, agreed by Council in August 2012.
- 3.2.6 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.

3.3 General Fund

- 3.3.1 The General Fund balance as at 31 March 2025 can be analysed as follows:

	Balance £000
Balance on General Fund as at 31 March 2024	115,741
Movement in General Fund balance during 2024-25	(3,036)
Earmarked Balances	(105,162)
Contingency allowance at 2% of net expenditure	(6,539)
Unallocated balance as at 31 March 2025	1,004

- 3.3.2 The General Fund includes reserve balances that Council has agreed to earmark for specific purposes, as outlined within the 2024-25 year end report to Council.

The movement in the balance of earmarked reserves during 2024-25 is given in the table below.

	£000
Earmarked Balance as at 31 March 2024	107,443
Funds used during 2024-25	(26,457)
New automatic earmarking at the end of 2024-25 (as per policy on end of year flexibility)	8,278
Earmarking previously agreed and created during 2024-25	13,298
New earmarking proposals for approval	2,600
Earmarked Balance as at 31 March 2025	105,162

- 3.3.3 The 2025-26 opening earmarked reserves balance of £105.162m includes a significant level of reserves in respect of major infrastructure or projects of strategic importance. Similar to previous years, a review of earmarked reserves is now underway and will subsequently be reported to members, taking cognisance of strategic priorities and the financial challenges currently facing the council.
- 3.3.4 An element of the earmarked reserve balances will require to be drawn down in 2025-26, to meet expenditure incurred during the current financial year. This includes £2.953m to balance the 2025-26 budget as previously approved by Council in February 2025. To assist with financial planning, a review of the projected use of reserves, aligned to service plans, has been undertaken by officers, with the projected use of resources profiled across 2025-26 and future years. The movement in the reserves balance during 2025-26 and the profile of planned spend across 2025-26 and future years will be monitored and reviewed on an ongoing basis throughout the year, with regular update reports to committee.
- 3.3.5 A summary of the earmarked reserves position by category is provided within Appendix 1, while Appendix 2 provides a summary of the position across services and departments, as at 31 December 2025. A detailed analysis is given within Appendix 3, outlining the purpose of each earmarked reserve, the opening balance, amounts drawn down to date, the new earmarkings from the SPFO contribution savings and the planned use of reserves across 2025-26 and future years. It is currently anticipated that a total of £25.493m will be drawn down during 2025-26, while £10.339m has been drawn down in the year to 31 December 2025, for previously approved specific purposes.
- 3.3.6 It should be noted that the council's earmarked reserves include a historic balance in relation to Social Work of £0.014m as at 31 December 2025. As per CIPFA LASAAC Guidance, any new earmarking relating to the HSCP since financial year 2020-21 must be held as a creditor on the Balance Sheet rather than an earmarking within the council's General Fund as this is money due to the HSCP. The balance held in this manner as at 31 March 2025 was £2.247m and does not include the £0.500m of the Strathclyde Pension Fund saving in 2025-26 that Council agreed to ring fence to support future HSCP transformation.

3.4 Unallocated General Fund Balance

- 3.4.1 The council's General Fund contingency is set at 2% of estimated net revenue expenditure for 2025-26, which amounts to £6.539m. At the beginning of the financial year, there was an unallocated General Fund Balance of £1.004m over and above the general contingency. After taking into consideration the current revenue budget forecast outturn and commitments for 2025-26, this surplus is forecast to decrease to £0.139m as at 31 March 2026.
- 3.4.2 The revenue budget monitoring position as at 31 December 2025 is a forecast overspend of £0.627m. This is due to a forecast overspend across services, totalling £0.927m, offset by an over-recovery of Council Tax income, estimated at £0.300m. There is also a forecast overspend of £0.416m in respect of Social Work services, however, the HSCP expect this to be managed from within available HSCP reserves.
- 3.4.3 At its meeting of 26 November 2025, Council approved an increase to the current Standby Rate of pay to £130 per week from December 2025, at a cost of £13k in 2025-26, to be funded from the unallocated General Fund balance. The full year recurring implications of this approval from 2026-27 (£41k) is reflected within the current Budget Outlook.
- 3.4.4 At Policy and Resources Committee on 4 December 2025, it was agreed that financial support be provided to the Royal National MOD, to be funded from the unallocated General Fund balance. This totals up to a maximum of £225k (up to £200k An Comunn + £25k LiveArgyll) over 4 years from 2025-26.
- 3.4.5 The following table summarises the current position on the unallocated General Fund balance, taking into consideration the points noted above.

	Description	£000
Unallocated General Fund as at 1 April 2025	Unallocated balance over and above the 2% general contingency (£6.539m)	1,004
Current Forecast Outturn for 2025-26 as at 31 October 2025	Per Revenue Budget Monitoring report	(627)
Standby Rate Increase – 2025-26 Cost	To fund 2025-26 cost of the Standby Rate increase, approved by Council 26 November	(13)
Royal National MOD	To fund financial support to Royal National MOD over 4 years	(225)
Forecast Unallocated General Fund as at 31 March 2026		139

4. CONCLUSION

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

4.2 After taking account of the current forecast outturn for 2025-26, the council's unallocated General Fund balance, over and above the general contingency balance of £6.539m, is forecast to be £0.139m as at 31 March 2026.

5. IMPLICATIONS

5.1	Policy -	Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support council policy.
5.2	Financial -	Outlines the balances held within the council's usable and unusable reserves.
5.3	Legal -	None.
5.4	HR -	None.
5.5	Customer Service	None.
5.6	Risk -	A contingency of £6.539m (equivalent to 2% of net expenditure) has been set aside as part of the General Fund. This has been subject to a risk assessment.
5.7	Climate Change -	None.
5.8	Fairer Scotland Duty -	None.
5.9	Equalities - protected characteristics -	None.
5.10	Consumer Duty -	None.
5.11	Island Communities -	None.
5.12	Children's Rights and Wellbeing -	None.

Kirsty Flanagan
Executive Director/Section 95 Officer
27 January 2026

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES

Appendix 1 – Earmarked Reserves Summary by Category as at 31 December 2025

Appendix 2 - Earmarked Reserves Summary by Service as at 31 December 2025

Appendix 3 – Earmarked Reserves Detailed Analysis as at 31 December 2025

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

Earmarking Category	Opening Balance 1 April 2025 - per year end published report	New Earmarkings in Year	Invested or committed for major initiatives /capital projects	Drawn-down to 2025-26 Budget as at 31 December 2025	Remaining Balance as at 31 December 2025	Released to General Fund
	£	£	£	£	£	£
Strategic Housing Fund	10,141,692		10,141,692		10,141,692	
Investment in Affordable Housing	3,024,000		3,024,000		3,024,000	
Capital Projects	37,493,675	2,000,000	39,523,332	-29,657	39,523,332	
Lochgilhead and Tarbert Regeneration	288,579		288,579		288,579	
Support for Rural Growth Deal	441,690		441,690		441,690	
Piers and Harbours Investment Fund	5,303,977		5,303,977		5,303,977	
Scottish Government Initiatives	1,156,530			556,249	600,281	
CHORD	0				0	
DMR Schools	1,205,590			1,205,590	0	
Energy Efficiency Fund	214,521				214,521	
Unspent Grant	12,184,971		155,219	1,847,719	10,337,252	
Unspent Third Party Contribution	408,975			42,582	366,393	
Previous Council Decision - Other	4,274,925		720,486	257,764	4,017,161	
Redundancy Provision	2,659,358			480,000	2,179,358	
Connect for Success Fund	899,721			105,585	794,136	
Fleet - Timing Delay	483,661		483,661		483,661	
Hermitage Park	56,383				56,383	
Priorities Investment Fund	1,426,800			138,550	1,288,250	
Unspent Budget	14,294,911	7,053,000		2,636,026	18,711,885	
SPF - Transformation/spend to save - Council	2,004,764	875,000		146,391	2,733,373	
Severe weather related cost reserve	4,244,000				4,244,000	
To balance 25/26 Budget	2,952,661			2,952,661	0	
Totals	105,161,384	9,928,000	60,082,636	10,339,460	104,749,924	0

Service	Opening Balance 1 April 2025	Drawdown 2025- 26 as at 31 December	New Earmarkings in year	Planned Spend FY 2025-26	Planned Spend 2026-27	Planned Spend 2027/28 onwards
	£	£	£	£	£	£
Community Planning	307,672	121,949		116,502	191,170	-
Chief Executive's Unit Total	307,672	121,949	-	116,502	191,170	-
Commercial Services	1,862,482	13,867		63,867	337,411	1,461,204
Education	9,775,650	2,747,977		4,274,365	4,713,859	787,426
Legal and Regulatory Support	663,875	88,594		155,407	460,624	47,844
Executive Director (Douglas Hendry) Total	12,302,007	2,850,438	-	4,493,639	5,511,894	2,296,474
Customer Support Services	1,681,376	290,241		484,917	753,459	443,000
Development and Economic Growth	6,296,428	635,650		3,470,133	2,468,032	1,208,263
Financial Services	1,406,862	277,269		734,928	607,674	64,260
Roads and Infrastructure Services	13,013,640	287,547		4,346,095	1,831,346	6,881,199
Executive Director (Kirsty Flanagan) Total	22,398,306	1,490,707	-	9,036,073	5,660,511	8,596,722
Council wide	5,252,661	2,952,661		3,852,661	900,000	500,000
Non Departmental	64,833,188	2,869,813	9,928,000	7,933,574	11,957,223	53,975,391
Other Operating Income and Expenditure	53,892	53,892		53,892	-	-
Non Departmental Total	70,139,741	5,876,366	9,928,000	11,840,127	12,857,223	54,475,391
Adult Services	13,658	-		7,000	6,658	-
Social Work Total	13,658	-	-	7,000	6,658	-
Total	105,161,384	10,339,460	9,928,000	25,493,341	24,227,456	65,368,587

Ref	Description	Plans for Use	Opening Balance 1 April 2025	Drawdown 2025- 26 as at 31 December	New Earmarkings in Year	Movement Between Categories	Remaining Balance as at 31 December	Planned Spend FY 2025-26	Planned Spend 2026-27	Planned Spend 2027/28 onwards
			£	£	£	£	£	£	£	£
Chief Executive's Unit										
Community Planning										
1	Service Concessions - Priorities Investment Fund (Area Plans)	As agreed by Policy and Resources Committee on 23 October 23 - drawdown of £200,000 from the Priorities Investment Fund to fund two temporary posts and associated costs to produce meaningful area plans	108,793	88,115	-	-	20,678	79,846	28,947	-
2	NHS Highland and other CPP Partners Contribution Towards the CPP Running and Project Costs	CPP action plan will be finalised qtr 4 and spending happening from then	83,368	-	-	-	83,368	-	83,368	-
3	Community Planning - temp post to support communities	Community engagement support spending in 25/26 & 26/27	63,855	17,850	-	-	46,005	20,000	43,855	-
5	Gaelic Development	To fund Gaelic specific work and project work of the Community Planning Partnership including the development of the new 10 year Outcome Improvement Plan	15,984	15,984	-	-	-	15,984	-	-
7	Recovered unspent third sector grant funding.	To be distributed through the Supporting Communities Fund for communities based projects across Argyll and Bute.	672	-	-	-	672	672	-	-
220	NHS Highland and other CPP Partners Contribution Towards the CPP Running and Project Costs	Spending plan as outlined in SLA	35,000	-	-	-	35,000	-	35,000	-
Community Planning Total			307,672	121,949	-	-	185,723	116,502	191,170	-
Chief Executive's Unit Total			307,672	121,949	-	-	185,723	116,502	191,170	-
Executive Director (Douglas Hendry)										
Commercial Services										
10	Rothsay Pavilion Charity	Agreed at Council meeting February 2020, Unspent Budget Earmarking 010 of £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC. This funding is to support Rothsay Pavilion Charity in the first 2 years of the building being operational. Merged September 24 per Council decision with CHORD earmarking 094 £409k which was about building up a provision towards future Council commitment to provide up to £150,000 per annum running costs for Rothsay Pavilion. Additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	1,159,204	-	-	-	1,159,204	-	-	1,159,204
11	Climate Change Programme	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments with £0.500m for Climate Change, building on previous £1.1m investments, including projects within Argyll and Bute's schools.	302,000	-	-	-	302,000	-	-	302,000
13	Energy Efficiency Fund	The Central Energy Efficiency Fund (CEEF) was launched by SG in 2004 to support the delivery of energy efficiency and renewable energy measures. The original allocation of funding was £286k and part of the stipulation of the funding was that any savings from energy efficiencies were reinvested into the fund in energy efficiency measures. The terms and conditions attached to the fund expired on 31 March 2016, however there is an expectation that local authorities will maintain a revolving energy efficiency fund to support future carbon reducing projects.	214,521	-	-	-	214,521	-	214,521	-
14	Commercial Investment Manager post and specialist consultant technical resource (previously Asset Management Fund)	The Asset Management Fund has been redirected to Capital going forward but the interest for 2023-24 is to be used towards a Commercial Investment Manager Post. This is because funding of £200k from the Asset Management Fund was agreed at ELT in June 22 for the post, along with specialist consultancy and technical resources that will be required to support early projects. The post is now vacant.	79,242	-	-	-	79,242	-	79,242	-
15	Estates - NDR Revaluation Appeals	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which were imposed from April 2017. The remaining funds were carried forward to the 2023/24 revaluation cycle however a recent change in position by the Scottish Government may restrict the appeals which can be made. This is still under discussion and Gerald Eve Surveyors have been appointed as specialist advisers on this matter, who are progressing 2023-26 appeals. In the event that appeals are limited there may be an opportunity to utilise Gerald Eve for more general valuation advice subject to Procurement approval.	59,938	-	-	-	59,938	50,000	9,938	-
18	Site Investigation Works	For Site Investigation works and pre-development works exploring and developing commercial opportunities across Argyll and Bute. Having a procured supplier to provide floor plans at short notice is required to be able to react quickly to requests. If this isn't available Estates would need to go through the procurement process again which would delay any projects by several months. There isn't a detailed plan to use this resource it is more about being able to react quickly and not delay projects.	33,710	-	-	-	33,710	-	33,710	-
19	Free Sanitary Provision Scheme	To fund the continued implementation of the scheme through increased provision of reusable products, improved provision in rural communities by working in partnership with Education and improving the storage of products in toilets so that they are more readily available. A dedicated officer was appointed in November 2022 to develop the scheme and increase provision across Argyll and Bute including a postage facility.	13,867	13,867	-	-	-	13,867	-	-
Commercial Services Total			1,862,482	13,867	-	-	1,848,615	63,867	337,411	1,461,204
Education										
9	Digital Projects (Supply Staff Booking System)	To deliver a number of Digital Service Transformation Projects with a commitment of £0.035m towards a Supply Staff Booking system. Phase 1 of the project is nearing completion.	5,300	5,300	-	-	-	5,300	-	-
20	EDU - Early Learning & Childcare - 1140 Hours Expansion	The funds will be utilised to improve and expand the Argyll and Bute Early Years Delivery Plan for 1140 hours which will increase access to affordable Early Learning and Childcare across the Council area. There is a detailed plan of spend which has been shared with S95 officer and Head of Finance. The Scottish Government were happy for us to move ahead with plan instead of losing funding. From 2024-25 the ring fencing was removed, however the wording of the letter states funds must still be used for Early Years.	3,906,651	418,291	-	-	3,488,360	811,370	3,095,281	-
21	ASN Review	Transferred from Education to fund ASN review upgrades in Islay High School, Castlehill Primary School, Tobermory High School and Hermitage Academy	967,574	-	-	-	967,574	-	967,574	-
23	Provision for Learning Estate Investment Programme	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments - £1m to help safeguard and support future learning for Argyll and Bute's Learning Estate investment programme. Update: The LEIP funding bid was approved by SG late 2023. Council approval granted at 25th April 2024 meeting to commence business case, undertake engagement exercises and site selection process. Permission was also approved for spend up to £5m.	1,000,000	-	-	-	1,000,000	434,000	566,000	-
25	DSM - Devolved School Management Scheme	To be spent in accordance with DSM regulations.	1,205,590	1,205,590	-	-	-	1,205,590	-	-
27	100 Day Promise - Increase Teacher and Pupil Support Assistant Numbers	Scottish Government initiative to increase the number of teachers and support assistants in schools. Required to fund teachers to end of academic year and beyond.	593,197	6,574	-	-	586,623	93,197	-	500,000
29	Access to Counsellors in Schools	Government initiative to support delivery of the access to school counselling service, in line with the commitment set out in Programme for Government. The delivery of the service will enable children and young people to be supported with issues affecting their mental health and wellbeing. The service is currently seeking the views of head teachers around the need for increased counselling for under 10s. Service is also engaged in multi-agency discussions around the development of a single point of access and the School Counselling monies will help support the development of this in collaboration with HSCP.	275,251	275,251	-	-	-	275,251	-	-
31	Pupil Equity Fund Carry Forward	To provide targeted support for children and young people affected by poverty to achieve their full potential. Funding is used over the academic year.	274,549	274,549	-	-	-	274,549	-	-

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			£	£	£	£	£	£	£	£
32	Additional Support Needs - Additional Support for Learning Project	Government initiative to support the provision of support staff in schools as part of 'Support for Additional Support for Learning Implementation'. The funding will be used to supplement the ASN Assistants budget 25-26 by funding additional support need hours required due to a lack of local specialist provision in some areas, as well as for vital training for visual and hearing impairment specialists which a significant number of Argyll and Bute's children require.	216,557	216,557	-	-	-	216,557	-	-
35	Strategic Equity Fund	Strategic Equity Funding must provide targeted support for children and young people (and their families if appropriate) affected by poverty to achieve their full potential, focusing on targeted improvement activity in literacy, numeracy and health and wellbeing. The Strategic Equity Fund Spending Plan will enhance staffing, provide teacher cover and support to schools not in receipt of PEF funding, and now fully utilised.	84,235	84,235	-	-	-	84,235	-	-
36	MCR Pathways Pilot	Funding to support implementation of MCR Pathways mentoring programme within three secondary schools for 2025-26 academic year. Funding will allow the employment of a dedicated Co-ordinator within each setting to develop and implement the programme which is designed to benefit care experienced and other disadvantaged pupils through targeted mentoring support.	80,000	-	-	-	80,000	-	80,000	-
37	Scottish Milk and Healthy Snack Scheme (SMHSS)	The Scottish Milk and Healthy Snack Scheme funds a daily portion of plain fresh cow's milk (or specified alternative) and a healthy snack (fruit or vegetables) for pre-school children spending 2 hours or more in the care of a regulated day care provider and/or childminders that has registered for the Scheme. The unspent grant from 2024/25 will contribute towards the cost of the scheme in 2025/26.	71,846	71,846	-	-	-	71,846	-	-
40	EDU - Music Instructors	Scottish Government Initiative to support music tuition. Unspent amount designated for expansion of the service within the 2024/25 academic year.	44,000	44,000	-	-	-	44,000	-	-
41	Youth Music Initiative	Funded YMI projects and now fully spent.	40,647	40,647	-	-	-	40,647	-	-
42	Gaelic Specific Grant	Gaelic Specific Grant £30k - This earmarking refers to the Council contribution towards the Gaelic grant for 22-23 and will fund the costs of Gaelic Language Principal Teacher in 25-26 academic year.	30,000	30,000	-	-	-	30,000	-	-
43	(2023 Digital Projects) Cashless Catering	To support the ongoing implementation of the new cashless catering system during the testing and roll out phase. £20k released back to General Fund September 24 per Council decision as no longer required.	5,004	-	-	-	5,004	-	5,004	-
46	Scottish Attainment Challenge - Care Experienced CYP Funding	To provide targeted support for care experienced children and young people to achieve their full potential. The balance funds a Virtual Head Teacher and Health and Wellbeing Family Support Workers. Earmarked funding is allowing the Virtual HT to create impact both within Education but also to drive forward work around The Promise across partners and other services.	8,007	8,007	-	-	-	8,007	-	-
53	Play on Pedals	Unspent Play On Pedals grant to allow the procurement of a fleet of cycles and helmets to support delivery across up to 19 nurseries, as well as other equipment and maintenance.	1,553	1,553	-	-	-	1,553	-	-
54	Food for Thought	Ardrihaig Primary E872 and Gigha Primary & ELC £403 have orders pending and plans for the remaining balance of the Food for Thought Grant. Will be spent in 2025-26	1,275	1,275	-	-	-	1,275	-	-
197	Education Network Programme	Council agreed to merge 030/033/034/049 as they all related to the Education Network Programme: EMR030 - Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund - Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes. £351k at 31/03/24. EMR033 - School WiFi Upgrades - To extend WiFi coverage within school settings through the purchase of additional hardware such as access points, switches and other networking hardware. This will result in more flexible learning spaces and support the growing number of devices within schools. Project now underway and if budget not fully utilised it is hoped that the balance could be diverted to assist with Capital costs of Education Network Paper. £167k at 31/03/24. EMR 034 - Education Transformation Fund - At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21, 21/22 and 22/23 as part of the ongoing transformation work in the Education service, focussing on digital and virtual learning technology and the development of learning clusters. £145k at 31/03/24. EMR 049 - Skype for Business for Education - To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively. £10k at 31/03/24.	612,686	-	-	-	612,686	612,686	-	-
198	ASN Review Upgrades - Capital	Transferred from Education to fund ASN review upgrades in Islay High School, Castlehill Primary School, Tobermory High School and Hermitage Academy	287,426	-	-	-	287,426	-	-	287,426
205	Foundation Apprenticeships	Foundation Apprentice Income to cover employee and material costs, now fully utilised.	42,582	42,582	-	-	-	42,582	-	-
206	School Meal Debt Grant	Scottish Government Grant funding - overpayment received from SG combined with debtors balances yet to be written off	9,774	9,774	-	-	-	9,774	-	-
207	Gaelic Learners in Primary Schools 9GLPS)	The Gaelic Learners in Primary Schools grant funding is funding for Tutor costs and online training sessions. The unspent grant will be utilised in 2025-26 in accordance to current spending plans.	7,661	7,661	-	-	-	7,661	-	-
208	Bord na Gaidhlig - Gaelic Plans Fund	The Education Service is in receipt of grant funding from Bord na Gaidhlig from the Gaelic Plans Fund. Within Education the grant is part-funding the Furan Gaelic Centre and Online Team Teaching. The Grant Income Profile does not match the Expenditure Profile with the result that surplus funding from 2024-25 requires to be carried forward to help offset a shortfall in the Grant Income Profile in 2025-26.	2,790	2,790	-	-	-	2,790	-	-
209	Raise - Drax Funding	The Drax Community Fund provides small grants and donations of up to £2,000 to support local projects and programmes that deliver social and economic benefit within the communities where Drax operates. £1,998 awarded, remaining funds, project to June 25	1,311	1,311	-	-	-	1,311	-	-
210	Raise - RSC Funding	Royal society of Chemistry for £500, The Inspiring Young Chemist Fund.	184	184	-	-	-	184	-	-
	Education Total		9,775,650	2,747,977			7,027,673	4,274,365	4,713,859	787,426
	Legal and Regulatory Support									
57	Meridian BCMS (Business Continuity Management System)	Meridian BCMS (Business Continuity Management System) For period covering: 19th February 2024 – 18th February 2027 Civil Contingencies System, this earmarking will be used over the next 6 years for maintenance costs for Meridian BCMS	37,376	19,800	-	-	17,576	19,800	17,576	-
58	LRS - Housing Services - Welfare Rights	Grant agreement between the Improvement Service and Argyll and Bute Council for participation in the Welfare Advice and Health Partnerships- 'Test and Learn' Programme	19,535	19,535	-	-	-	19,535	-	-
59	Education Purchasing Officers	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	210,000	-	-	-	210,000	-	210,000	-
60	CCTV Maintenance	Maintenance of CCTV systems. Funds transferred from external bodies (Police Scotland) to maintain systems for future years Council Decision of 20 Sept 2007. Merged with funds from Community Safety Partnership to be used for Community Safety Partnership purposes.	98,426	3,187	-	-	95,239	70,000	28,426	-

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			£	£	£	£	£	£	£	£
61	Information Management (Digitalisation of Title Deeds)	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Digitalisation of Title Deeds E92k - document management. Staffing now in place for this project to be completed.	92,000	-	-	-	92,000	-	92,000	-
62	Welfare Rights Support	As agreed at the Council Meeting on 25 February 2021 - an allocation of £0.172m. As part of our focus on Improving Opportunities for People and Communities, agrees to provide additional resources to proactively support people experiencing poverty and hardship, by investing in two additional Welfare Rights support staff.	66,728	-	-	-	66,728	-	66,728	-
63	(2023 Digital Projects) Replacement of Council Chambers Online Meeting Equipment	Current online meeting system is less than resilient and has failed on a number of occasions, leading to issues at strategic committees. A condition assessment by the incumbent maintenance contractor has highlighted that the current equipment is now at end of life and unsupportable due to the obsolescence of the system. Discussions with ICT have taken place to identify a simpler more robust solution to be procured. NUWAY system and maintenance, system installed, ongoing maintenance contract to 2030	44,718	7,219	-	-	37,499	7,219	7,219	30,280
64	Councillor IT Equipment	There is currently no budget for the provision and renewal of IT equipment for members. The earmarking identifies a resource to utilise spend for that purpose to ensure that members have continued support in maintaining and replacing vital IT equipment.	44,557	22,000	-	-	22,557	22,000	22,557	-
66	Debt Counselling & Welfare Rights	To meet the cost of a Debt Counselling and Welfare Rights Management System. Balance of £15k released back to General Fund per Council decision September 24 and an associated cost pressure built in to 2025-26 budget cover the routine annual costs.	735	735	-	-	-	735	-	-
211	MS365 Completion of Project Rollout	Additional Funding required to complete the MS365 project	49,800	16,118	-	-	33,682	16,118	16,118	17,564
	Legal and Regulatory Support Total		663,875	88,594	-	-	575,281	155,407	460,624	47,844
	Executive Director (Douglas Hendry) Total		12,302,007	2,850,438	-	-	9,451,569	4,493,639	5,511,894	2,296,474
	Executive Director (Kirsty Flanagan)									
	Customer Support Services									
68	Digital Projects (Increase in Schools Bandwidth)	To complete one of a number of Digital Service Transformation projects with a commitment of £0.064m to increase Schools Bandwidth. Committed for MS 365 project - D Logan/J Jackson. Paper went to ELT in Dec 24.	63,455	-	-	-	63,455	-	63,455	-
69	Digital Projects (Replacement Learning Management System)	To deliver a number of Digital Service Transformation Projects with an original commitment of £0.030m towards a replacement Learning Management System £0.030m. This money will be used to pay for consultancy for an interface between iTrent and totara. Profiled for 24/25 based on decision to do a phased implementation of iTrent. Update: Due to sickness in a key project role and other factors including prioritising resource for iTrent, our HROD project is now behind schedule and will not complete by the planned date of March 2026. The HROD Digital project will need to be extended into the next financial year and will involve profiling the digital earmarking's beyond April 2026. It is intended that the project will be completed, and all earmarking's drawn down by the end of September 2026.	11,470	-	-	-	11,470	-	11,470	-
71	Microsoft Licensing Costs	To meet licensing and set-up costs for the Microsoft 365 rollout. The spend is profiled and reported to MS365 board each month. Currently projecting £74k 24/25, 272k 25/26, 454k 26/27 but all subject to change if licence upgrades are required for Power BI or Teams Telephony. The above profile would mean we will exhaust earmarkings in 26/27 but still expect to have a cost pressure in 26/27 of £27,309 and a much larger cost pressure from 27/28 onwards of at least £377k. Sept 25 update - There has been a delay to the Copilot project resulting in a slight reduction in the drawdown for 25-26.	726,632	177,964	-	-	548,668	233,766	492,866	-
72	ICT computer replacement	At the Council Budget meeting on 23 February 2023, the Council committed to supporting the council's digital resilience and overall efficiency with investment in ICT assets.	443,000	-	-	-	443,000	-	-	443,000
74	Skills Development Scotland	ER074 24-25 - £151k - We receive the money from Skills Development Scotland (SDS) to enable us to deliver Foundation and Modern Apprenticeship programmes. The money covers the salaries of the two Tutors we employ and also any materials we require to deliver the programmes. Update: This is being spent on contract overlaps around the move from Resourcelink, Crown, Iken to iTrent. Delay in start of project due to resource in iTrent. Reprofiled for 25-26. Agreed by Council September 24 to merge with 085 Establishing HR Service Centre (£14k) - To facilitate the implementation of technical efficiency improvements and new processes. This money will be used to support phase two of the iTrent project. Spend reprofiled following delays in iTrent project. Update: Due to sickness in a key project role and other factors including prioritising resource for iTrent, our HROD project is now behind schedule and will not complete by the planned date of March 2026. The HROD Digital project will need to be extended into the next financial year and will involve profiling the digital earmarking's beyond April 2026. It is intended that the project will be completed, and all earmarking's drawn down by the end of September 2026.	164,760	-	-	-	164,760	138,874	25,886	-
75	Growing our Own and Modern Apprentices	Funding earmarked to support trainee development and modern apprenticeship opportunities based on priority workforce risk areas. A Trainee Regulatory Services post has been proposed by the manager who was unable to secure a suitable candidate for the original advert. The spend will be in 25/26 once a suitable candidate is in post. Post interviewed for, awaiting references. Successful candidate unlikely to start before April 25. Balance of £40k released back to General Fund per Council decision September 24 as only £69k is still required for the intended purpose.	69,150	29,157	-	-	39,993	29,157	39,993	-
76	Security Operations Centre Subscription	There is a requirement to pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from 2026-27 onwards. Sept 25 update - Invoice for year 3 for Quorum Cyber Security is 42,405.87. 28,782 will be used in 26-27 towards next year's expected cost 42,406 plus inflation.	71,188	42,406	-	-	28,782	42,406	28,782	-
77	(2023 Digital Projects) Resilient Website Project	Cybersecurity action to move to a cloud based website platform that would improve resilience and enable service continuity in the event of a cyber attack. Procurement in progress for resilient website solution and Scotgov Cloud Services Project providing input. Contract Award expected by end 2023. Procurement in progress for resilient website solution. Contract Award expected FQ1 2024-5. 3 year contract has been awarded to BigBlueDoor. 14k spend 24/25, 29.5k in 25/26 and 16.5k in 26/27.	46,000	29,500	-	-	16,500	29,500	16,500	-
78	(2023 Digital Projects) Digital Project Officer	Employ a temporary Digital Project Officer as part of OD changes - additional member of staff required to action changes, unable to recruit so existing staff increasing hours. Update: Due to sickness in a key project role and other factors including prioritising resource for iTrent, our HROD project is now behind schedule and will not complete by the planned date of March 2026. The HROD Digital project will need to be extended into the next financial year and will involve profiling the digital earmarking's beyond April 2026. It is intended that the project will be completed, and all earmarking's drawn down by the end of September 2026.	34,121	-	-	-	34,121	-	34,121	-
79	Implementation of Gaelic Language Plan	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding. In discussion with Bord na Gaidhlig about a 3-year Gaelic Plan funding programme as opposed to individual grant applications for specific projects. This earmarking would be used to provide match funding for that 3 year programme of projects. 3 year match funding approved December 2024. Sept 2025 confirmed no spending in 25-26, moved on one year	30,000	-	-	-	30,000	-	30,000	-

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			£	£	£	£	£	£	£	£
80	Business Development Training	E27k budget from original Business Development Training earmarking 080 remaining at 31/03/24. This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management. Agreed by Council September 24 to merge with 24-25 EMR 082 - In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in FO4 20/21. This money is to support the additional digital learning capacity required to build online elements of AB365 and other key digital learning as we increase our digital learning offering linked to the digital skills survey and review of corporate training.	11,214	11,214	-	-	-	11,214	-	-
81	Bord na Gaidhlig	Grant funding from Bord na Gaidhlig. Ongoing spend ad hoc to deliver on commitments in the Gaelic Language Plan. Grant income from GLAIF continues to be added to this total and then paid out to projects. Sept 2025 confirmed no spending in 25-26, moved on one year	10,386	-	-	-	10,386	-	10,386	-
Customer Support Services Total			1,681,376	290,241	-	-	1,391,135	484,917	753,459	443,000
Development and Economic Growth										
70	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	Hoping to implement the replacement for IDOX in March 2024 but there have been severe issues/delays with the new programme. Dec 24 Project has been scrapped as it was not working. Awaiting procurement to write termination of contract legal documents, until this is completed we will not know if any further cost are due. Amount moved to 2026-27	21,177	-	-	-	21,177	-	21,177	-
86	Crown Estates	Crown Estate (now known as the Coastal Communities Fund) is a grant received annually from the Scottish Government for various Capital and Revenue projects. Each years grant funds around 5-10 projects which are often funded over multiple years such as Dunoon Cycle Bothy, Rothesay Pontoons and Helensburgh Waterfront Development. A detailed breakdown is kept separately by the EX Dir KF finance team. Leanne Stewart is the main contact within Economic Growth. The current figure includes balances from 20-21 to current year.	2,776,190	433,808	-	-	2,342,382	1,000,000	1,776,190	-
90	UK Shared Prosperity Fund (UKSPF)	2022-23 grant funding for UK Shared Prosperity Fund (UKSPF). Funding can be spent up to end of March 2025 & 2023-24 grant funding for UK Shared Prosperity Fund (UKSPF). spend currently £742K grant of £2.5m received in April, all to be spent by March 2025. Dec 24 Some projects are currently underspent and any underspent may have to be returned to the Govt. we have been advised a further allocation will be made in 25/26. Sept 25 - to be drawn down by end of 25/26 as project ends any unspent funds to be returned to Govt Year end 24-25 The UK Government have extended the UKSPF for a final, transitional year (2025/26). MoU has been signed for the funding. However, the UK Government has indicated that, rather than asking for money to be returned, they will reduce the amount they send us in FY25/26 by our underspend from the 2022-2025 programme, so that it 'works out'. i.e. we have been allocated c £1.4million for this FY so are expecting roughly the balance based on the funds remaining in the reserve to be sent to us to fund this years programme. An amount will remain which is administration funding used within our team. So effectively we are expecting what you have there to be 'topped up' relatively soon and then spent by end of the FY. 2024-25 grant funding for UK Shared Prosperity Fund (UKSPF). Extension to end of 26/27 per I Bremnar - UKSPF capacity funding to support business support and employability services across the whole of Argyll and Bute for the remainder of 2025/26 and into 2026/27	1,079,897	-	-	-	1,079,897	1,079,897	-	-
91	Scottish Government Islands Programme	2023-24 grant funding for Scottish Govt Islands Programme. (Tobermory Housing RGD)	324,085	74,214	-	-	249,871	270,045	54,040	-
92	Place based investment programme	Projects approved at 12 August 2021 P&R Committee totalling £821k, Remaining funds committed. Includes 2023-24 grant funding for Place Based Investment Programme.	232,779	31,878	-	-	200,901	232,779	-	-
93	Short Term Lets	These monies are to fund the STL licensing scheme until the renewal period of 27/28 as the majority for the licences will have renewal dates of 2027. There will also be ongoing staffing costs, maintenance fees for ICT systems and ongoing fees associated with short-term let licensing. Income from the scheme is intended to be directed to delivering the licensing scheme	232,604	-	-	-	232,604	-	232,604	-
95	LHEES (Local Heat & Energy Strategy)	This is used to finance the delivery of the Local Heat and Energy Strategy, involving resourcing a full time member of staff and use of external consultants. This is fulfilling a statutory requirement for the Council. Production of the LHEES will be instrumental in achieving funding for the decarbonisation of heat and energy use in Argyll and Bute's Buildings. SC Update - used to cover any overspend in c centre, underspent at present so most moved to future years	61,105	-	-	-	61,105	10,000	51,105	-
97	Islands Infrastructure Fund	2022-23 grant funding for Islands Infrastructure Fund. Dec 24 Draw down will be in Q4 24/25 Remaining Balance (£35) will not be required can be released to general funds	35	-	-	-	35	-	-	35
98	Shelter Scotland Housing Funding	Contribution from Shelter Scotland to fund 50% of a 2 year temporary Empty Homes Officer. Post holder now in place with remainder of costs to be incurred and earmarking drawn down in 25-26. Dec 24 Costs partially drawdown remainder by Q4. Post funded by HSCP in future years Costs to be drawn in Q4 25/26	9,373	-	-	-	9,373	9,373	-	-
101	Coastal Communities (Capital)	2020/21 Crown Estate Funding (Coastal Communities Fund) totalling £1.504m. Expenditure/allocation to projects delayed due to covid, now allocated as per report to P&R on 18 Feb 2021. Projects include Dunoon STEM Hub 100k, Dunoon Cycle Bothy 249k, Ardrishaig North Project 50k and Arrochar car park £90k.	155,219	-	-	-	155,219	-	-	155,219
102	Staycation and Marketing Argyll and Bute	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey. As agreed at Council on 24 February 2022, Staycation investment £0.100m. Augments the 2021/22 £0.5m staycation initiative with an additional investment of £100k, including support for community groups and partners in the provision of facilities which can support increasing staycation visitor numbers during the tourist periods. A further £155k committed for 24-25 across Clipper Race (£30k), Road Signs (£50k) and Marketing (£75k). Balance of £62k released back to General Fund per Council decision September 24 leaving the balance of £155k which is required for the intended purpose. Dec 24 marketing £56250, & clipper both drawn down, roads 50 still in discussions Awaiting update on confirmed plans but should be spent by Q4 25/26	68,750	-	-	-	68,750	68,750	-	-
104	Lochgilphead CARS	Conservation Area Regeneration Scheme for Lochgilphead Grants awarded to upgrade conservation areas in Lochgilphead such as shop fronts, town centre accommodation and other priority buildings. No drawdown required in 23/24. These are multi year projects with spend generally increasing towards the end of the project life. Spend committed for 2024-25 and beyond. Project runs until March 2026.	200,000	-	-	-	200,000	200,000	-	-
105	Service Concessions - Priorities Investment Fund (Project Officer for Housing Emergency)	As agreed by Policy and Resources Committee on 15 February 2024 - drawdown of £200,000 from the Priorities Investment Fund to fund a Project Officer to assist in accelerating the work of the Housing Emergency.	200,000	64,329	-	-	135,671	65,000	135,000	-
106	Helensburgh CARS	Conservation Area Regeneration Scheme for Helensburgh. Grants awarded to upgrade conservation areas in Helensburgh such as shop fronts, town centre accommodation and other priority buildings.	37,486	-	-	-	37,486	37,486	-	-

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			£	£	£	£	£	£	£	£
107	Strategic Events & Festivals	At the Council meeting on 25 February 21, a decision was taken to agree £90k funding for Events and Festivals for 22/23, in order that the application process can commence during 21/22 and that this agreed figure be augmented by any underspend remaining from the 20/21 financial year. At 24 February 22, decision made to agree £90k for 23/24, in order that the application process can commence during 22/23 and that this agreed figure be augmented by any underspend remaining from the 21/22 financial year. Applications have been received and payments will be made in 23-24. Final balance (£41,260) to be spent in 24/25 remaining balance £1460 to be spent in 25/26	1,460	-	-	-	1,460	1,460	-	-
108	Tackling Digital Exclusion Top-Up Fund	As agreed at the Council Meeting on 25 February 2021 to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. Earmarking was originally £217,600 but £177,600 has been released back to the general fund. The balance is committed for Mobile Mapping (£25k) with expenditure expected during 24-25 and the current Kerrera project (£15k) in 25-26.	14,000	-	-	-	14,000	14,000	-	-
109	Economic Development - temp post to support economic recovery	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes. To be used to fund Settlement Project Support Officer during 23-24. Post holder resigned Dec 23. Dec 24 looking unlikely post will be filled though negotiations still taking place Year End 24-25 Management decided to carry on with this post for a further year, position is now filled and employment commences on 2nd June 2025. We also just had notification that the SG will contribute £22,500 towards costs to be claimed at end of year	35,895	-	-	-	35,895	35,895	-	-
111	Gypsy Traveller Grant/LACER Funding (Gypsy Travellers)	Local Authority COVID Economic Recovery Fund grant. This funding would pay for MECOPP (Minority Ethnic Carers of People Project) to engage with the Gypsy Travellers community on the important subject of the cost of living increases, fuel poverty and the impact of factors such as their remote rural locations and the facilities available to them for everyday living have on their livelihoods. This was originally LACER and additional funding routed through SG for Gypsy Traveller sites received on behalf of ACHA (the sites have been transferred to ACHA). This therefore isn't a Council budget. The ACHA element of funding was for site improvements - hence the planned roadway improvements Sept update - 10k for road improvements to be spent 25/26 (Service think Earmarking is only 10K - a previous value was not drawn down in 22/23) Year end 24/25 awaiting invoice from ACHA for payment for roadway improvements expected q1 25/26 £8028 to be drawn down Jan 26	32,826	-	-	-	32,826	8,028	24,798	-
112	Screen Machine	At the Council Budget meeting on 22 February 2024, the Council committed to a one-off investment of £0.028m to Screen Machine in response to an external funding request. Dec 24 Grant offer has now been sent out but payment now not due until Q1 25/26	5,000	5,000	-	-	-	5,000	-	-
115	LACER Funding (Sector Support Grant)	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that contribute to the sector as well as benefitting the business, for example: Tourism and hospitality, food and drink or retail. With option to provide additional business support to hard hit areas including Bute and Kintyre where unemployment remains higher than average - support via specialist advice, locally tailored grants to meet local priorities and targeted marketing activity. to be split £115,000 for Shop fronts and £35,000 Business support via Business Gateway. As at 31/03/2024 Shop fronts have £9860 remaining and Bus support £9050. The Bus support element along with ER refs 122 & 124 (totalling 36130) are to be spent on Digital Reviews as agreed at P&R committee on 09.05.2024. We expect to commit all the spend in this FY 24-25, but as suppliers are paid for work only after it has been completed, some of the costs may not actually be defrayed until Q1 25-26 Shop fronts now all spent Business support ongoing. Been delays in training/support but should be all spent by Q4 25/26	4,606	702	-	-	3,904	4,606	-	-
116	EH Covid Posts	Funding initially for 2 posts for 2 years. Posts were initially recruited to with one leaving and the other going on maternity leave resulting in delays in expenditure. Council agreed September 24 to allow a change of use as unable to recruit to the posts. To be used to fund additional costs related to the review and assessment of site investigation reports and provide support to consultants.	13,062	-	-	-	13,062	13,062	-	-
117	LACER Funding (Shop Local)	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2023/24 and 2024/25, buying additional cards and allow the cards to gather momentum and support local businesses. Dec 24 spend should be through by Q4 24/25 Been delays in training/support but should be all spent by Q4 25/26	5,997	1,200	-	-	4,797	5,997	-	-
118	LACER Funding (Small Business Development Grant)	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing improvements and improve efficiency/innovation. This along with ER 115 & 122 (totalling 36130) are to be spent on Digital Reviews as agreed at P&R committee on 09.05.2024 We expect to commit all the spend in this FY 24-25, but as suppliers are paid for work only after it has been completed, some of the costs may not actually be defrayed until Q1 25-26 Year End 24-25 funds will not all be fully spent until Q4 25/26	12,651	7,919	-	-	4,732	12,651	-	-
119	LACER Funding (New Enterprise Support Grant)	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish. This along with ER 115 & 124 (totalling 36130) are to be spent on Digital Reviews as agreed at P&R committee on 09.05.2024 We expect to commit all the spend in this FY 24-25, but as suppliers are paid for work only after it has been completed, some of the costs may not actually be defrayed until Q1 25-26 Year End 24-25 funds will not all be fully spent until q4 25/26	12,329	-	-	-	12,329	12,329	-	-
156l	Service Concessions (Priorities Investment Fund) - Rural Growth Deal	As agreed at Policy & Resources committee on 21 August 2025, the amount to be set aside from the Priorities Investment Fund be £850k to cash flow the development costs for the Council, noting that the cash flow support would be fully paid back by the end of Year 10.	-	-	-	850,000	-	-	-	850,000
204	Planning Services	Depending on the outcome of a number of 536 Windfarm planning applications, this earmarking will be used to cover consultation advice and a potential public inquiry if applications are refused.	300,000	-	-	-	300,000	150,000	150,000	-
212	Community Led Local Development	2024-25 grant funding for Community Led Local Development	82,466	-	-	-	82,466	82,466	-	-
213	Empty Business Property Officer	To fund Empty Business Property Officer post into 26-27.	73,118	-	-	-	73,118	50,000	23,118	-
214	Addressing Depopulation Fund - Private Sector Resettlement Officer	To fund Addressing Depopulation post during 25-26.	56,309	16,600	-	-	39,709	56,309	-	-
215	Levelling Up Partnership Funds	2024-25 grant funding for Levelling Up Fund	45,000	-	-	-	45,000	45,000	-	-
221	Short Term Lets	These monies are to fund the STL licensing scheme until the renewal period of 27/28 as the majority for the licences will have renewal dates of 2027. There will also be ongoing staffing costs, maintenance fees for ICT systems and ongoing fees associated with short-term let licensing. Income from the scheme is intended to be directed to delivering the licensing scheme	126,109	-	-	-	126,109	-	-	126,109

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			£	£	£	£	£	£	£	£
222	Rothsay Pavilion	Additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	76,900	-	-	-	76,900	-	-	76,900
Development and Economic Growth Total			6,296,428	635,650	-	850,000	5,660,778	3,470,133	2,468,032	1,208,263
Financial Services										
121	Benefit Admin Grant	Grant monies which would have to be repaid if not utilised for intended purpose. Monies will be used to implement the recommended changes from the recent Revs and Bens BPR including ongoing improvements to the Council's debt recovery policies (£50,000), build resilience including staff overtime, outsourcing of Housing Benefit processing during the transition and cover casual staff for the Universal Credit migration (£20,500). Monies also set aside for additional works to the value of £40,000 with the software suppliers around enhancing the Revs and Bens system, automating processes and transitioning customers to use digital gateways to contact the service.	155,166	-	-	-	155,166	20,000	135,166	-
122	Housing Benefits Private	Specific funding allocation for Housing Benefit including DHP. Funds will be used to continue to support vulnerable people initially financially affected by the COVID-19 outbreak but now facing the cost of living crisis to sustain their tenancies. This earmarking will help offset potential overspends in the DHP/ Scottish Welfare Fund budget going forward.	107,444	-	-	-	107,444	50,000	57,444	-
123	Flexible Food Fund	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food and Fuel Fund (ABFFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. Working in partnership with the Community Food Forum, Bute Advice Centre and ALEnergy, households with low incomes and no access to cash savings can apply for immediate financial support. The Fund helps support daily living expenses. Since inception in January 2021 until March 2023 client gain in extra benefits income for families was £3.8 million with 2,500 families had been supported. The project has been extended to 31 March 2025 with funding coming from the UK Shared Prosperity Fund and this earmarking to support it. The Council's Financial Inclusion and Advice Group have proposed that monies from the Flexible Funding for Supporting People at tier 4 COVID earmarking should be used to support this project to ensure it can continue to the contract end date of 31 March 2025. The Scottish Government have provided this funding and have endorsed this award winning project promoting it as part of the solution to end the need for foodbanks nationally.	22,561	22,561	-	-	-	22,561	-	-
124	Revenue and Benefits BPR - extra staff to implement savings targets	On 23 February 2023, the Council agreed to the implementation of savings option FIS2324-002 in relation to the Revenue and Benefits - Income Generation and Business Process Review. This included an extra 4 FTE of staff. Delays in recruitment have caused slippage in the allocated budget for these posts. Consultancy costs in relation to the BPR review of Income Max and Care Financial Assessments committed from here (£15k).	86,955	-	-	-	86,955	-	86,955	-
125	Cost of Living Payments - Admin funding	Administration funding associated with Scottish Government schemes to issue monies to Low income Households for the Cost of Living Payments. To provide additional staffing to help with the backlog and to support the administration of the double charges on second homes in 2024/2025. We continue to receive a large number of enquiries from this customer profile particularly given upcoming changes being made by the Assessor at DABVJB	72,550	72,550	-	-	-	72,550	-	-
126	Flexible Funding for Supporting People while at Tier 4 COVID	Funding from SG to strengthen local authority responses to meet emerging needs and support people in their communities struggling with the restrictions and guidance at all protection levels re COVID, particularly those at risk through health and social inequalities. This support could cover the same types of support. In June 2021 the Council agreed to support 20 projects led by a range of Council officers, officers from the HSCP and members of the third sector to deliver wide ranging support across our region. A report will be presented to members in due course.	58,981	32,000	-	-	26,981	58,981	-	-
128	Pandemic Support Payments (CTR - Admin)	Administration funding associated with Scottish Government schemes to issue monies to CTR recipients. Provide additional staffing to support the recovery from backlog of Council Tax administration caused by Pandemic Support Payment process, further administration duties related to LACER fund and also to support any further Scottish Government funding initiatives.	51,968	51,968	-	-	-	51,968	-	-
129	Financial Systems	The council is required to implement the IFRS16 Leases accounting standard from the 1st April 2024.	33,748	-	-	-	33,748	33,748	-	-
130	Accounting and Budgeting Team Resilience	Training and examination fees for 6 staff who are currently undertaking their professional CIPFA/ACCA training. In addition funding the further training of 1 of our auditors and providing finance business partner training to a group of our existing professional staff.	36,055	5,284	-	-	30,771	8,000	28,055	-
131	FIS - BEIS Energy Grants	Grant monies which would have to be repaid if not utilised for intended purpose, Additional staff to cover pressures of administering double charge of council tax in 2nd homes £28k	27,590	27,590	-	-	-	27,590	-	-
132	Self Isolated Support Grant	Unspent admin funding for processing Self Isolation Support Grants.	5,316	5,316	-	-	-	5,316	-	-
201	Food banks	At the budget meeting in February 2025, it was agreed that general reserve would contribute £5k to each of the 12 foodbanks across Argyll and Bute and its islands making a total investment of £60k to assist local families in coping with the cost of living pressures	60,000	60,000	-	-	-	60,000	-	-
216	LACER Funding	Food banks - make payment to 12 local community food organisations. Note, that earmarking 201 covered this spend so the balance here can be released.	64,260	-	-	-	64,260	-	-	64,260
217	Empty Property Relief	This represents unspent Scottish Government Empty Property Relief monies earmarked as business grant funding to incentivise the regeneration of business properties within our communities. Although the earmarking appears under Financial Services, the funds will be drawn down by colleagues in Economic Development to support grant-funded projects.	224,214	-	-	-	224,214	224,214	-	-
218	FIS - Scottish Welfare Fund - Community Care Grants	This balance comprises unspent Scottish Welfare Fund monies from 2024/2025, combined with additional Scottish Government funding received in February 2024 for SWF activity. We anticipate drawing down circa £200,000 this year to cover SWF overspend in 2025/26, and the remaining funds are likely to be required to support Crisis Grant and Community Care Grant activity in 2026/27. Maintaining current priority award levels within the Fund is essential to ensuring that individuals can access the support needed to establish and sustain new tenancies. If these monies were instead taken as savings, the burden of expenditure could transfer to Housing and Social Care Services, as they would need to fund essential household items and tenancy setup costs. This could slow the transition of individuals from temporary accommodation into permanent housing, leading to additional cost pressures within core service budgets.	400,054	-	-	-	400,054	100,000	300,054	-
Financial Services Total			1,406,862	277,269	-	-	1,129,593	734,928	607,674	64,260
Roads and Infrastructure Services										
133	Service Concessions - Biodegradable Municipal Waste (BMW) Ban	As agreed at Council meeting 23 February 2023 - Ensuring Argyll and Bute is able to better address the challenges faced by a remote/rural/ island region in complying with the forthcoming national BMW ban. Following a project review of the Helensburgh Waste Transfer Station this is no longer going ahead. The earmarking continues to be required to assist with the financial pressures in relation to BMW Ban compliance and the end of the PPP contract. The proposal is to amalgamate this reserve with the existing waste earmarking, reference 134.	3,500,000	-	-	-	3,500,000	-	-	3,500,000
134	Waste Variation Monies	Waste Variation Monies remaining of - £1m, to be used to assist with the Council's compliance with the 2026 ban on the Landfill of Biodegradable Municipal Waste and supporting the overall Waste Strategy) £886K in 2025-26 consisting of:- Island restoration/capping, waste PPP conversion of sites (including consultants for waste PPP MBT conversion monitoring and sign off), consultancy costs relating to additional monitoring data for SEPA and Recycling Improve Fund design works. £113K in 2026-27 consisting of:- consultancy costs relating to additional monitoring data for SEPA and island restoration/capping.	1,000,043	215,512	-	-	784,531	886,643	113,400	-
135	Roads Reconstruction programme	At the Council Budget meeting on 23 February 2023, the Council committed to augmenting overall allocation for the roads repair and maintenance programme with additional funds to bring up to £8m total investment.	1,042,000	-	-	-	1,042,000	-	-	1,042,000

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			£	£	£	£	£	£	£	£
136	Footpath improvements	At the Council Budget meeting on 23 February 2023, the Council committed to providing additional funding for footpath improvements across Argyll and Bute. Spend forecast for 23/24, draw down in 24/25.	219,000	-	-	-	219,000	-	-	219,000
137	Vehicle Replacement	Timing delay in fleet replacement causing one-off saving.	483,661	-	-	-	483,661	-	-	483,661
138	Service Concessions - Priorities Investment Fund (Strategic Development Framework)	As agreed by Policy and Resources Committee on 15 February 2024 - drawdown of £450,000 to procure consultancy support to assist in driving forward the Strategic Development Frameworks.	433,804	72,035	-	-	361,769	433,804	-	-
139	Active Travel	At the Council Budget meeting on 24 February 2022, the Council committed to additional investments. For Active Travel £0.500m for further improvements for footpaths and pavements and supporting safer routes to schools across Argyll and Bute.	181,000	-	-	-	181,000	-	-	181,000
141	3G pitches / Tarbert Sports Pitches	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding was proposed to provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26. There is the potential to extend the continued upkeep of the pitches until 2026-27 given the earmarking available will not be fully utilised by the end of 2025-26. However, there will be potential redundancy costs for 1 employee that will need to be covered from the remaining balance. Paper on proposed extension to be prepared. Sept update - Note comment earmark may not be fully utilised	213,769	-	-	-	213,769	96,072	117,697	-
143	Hermitage Park	The Hermitage Park regeneration project has a significant investment from the Heritage Lottery Fund (HLF) which has a requirement to have a 10 year Management and Maintenance Plan. This will be partly funded by existing Council revenue budgets but should also be supplemented by any additional income which can be generated from park activities. Part of the HLF conditions are that all income generated by the park should be retained to support the Management and Maintenance Plan and a result of this requirement, any unspent income generated by the park is retained for future years requirements. Notification at the start of August 2024 that the lessee of the Pavilion cafe in the park has gone into liquidation. Awaiting a conclusion from the liquidators to determine the potential extent of the aged debt to be written off. It is expected the aged debt will be written off in full, a total of £42.5. It is anticipated the earmarking will assist with the aged debt write off as well as continue to fund park maintenance. Should the full £42.5k be covered by this earmarking it will significantly reduce funding for the Park. This could leave the project in a precarious position going forward. It should also be noted that the park has stopped generating income to top up the reserve, given the library and pop up kiosk are currently located in the Pavilion. To date the Service have had no update on the timescales on these temporary arrangements. Pending confirmation from the Service of earmarked drawdown value in 2025-26 - estimate only.	56,383	-	-	-	56,383	30,796	25,587	-
144	Parking Grant	Grant from Scottish Transport for the assessment of footway parking required under the Transport (Scotland) Act 2019.	50,013	-	-	-	50,013	50,013	-	-
145	Mercury Abatement - Crematorium	Phase 1 and 2 of Cardross Crematorium work completed. Phase 3 of the Cardross Crematorium works commenced April 2024. Delayed by Property Services in appointing a Contractor. As a consequence the work will not be concluded until 2025-26. These works will ensure DDA (Disability Discrimination Act) compliance.	14,456	-	-	-	14,456	14,456	-	-
146	Climate Change	At the Council meeting on 27 February 2020, it was agreed to input £500k budget to mitigate the impacts of weather related damage and climate change with specific emphasis on gully cleaning and drainage improvements. Spend has been delayed due to COVID and the intention is to spend the funds on 2 Gully Motors plus staff over next 2 years. Vehicles have been received and budget will be drawn down to cover their cost. The remaining budget will be used towards running the vehicles. Sept 25 exercise moved on 1 year	40,942	-	-	-	40,942	-	40,942	-
150	Piers and Harbours Investment Fund	Funding generated through increased harbour fees and charges in order to generate funds to meet the costs of the prudential borrowing required to develop and maintain the Council's harbour assets and infrastructure. Under the Harbours Act 1964, section 42, as a statutory harbour undertaker, the Council must prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other Council activities in addition to harbour activities. In essence, any surplus in the Piers and Harbours budget must be reinvested in the marine asset and reflected in accounts. Reserve will not be needed until circa 2026-27 when borrowing costs will exceed the additional income received in revenue and reserve will then be used to pay borrowing costs. Income from P&H to be used to pay of Prudential Borrowing costs for Harbour Investment Programme.	5,303,977	-	-	-	5,303,977	2,789,311	1,335,720	1,178,946
151	Weather Incident costs not covered by Bellwin claim.	£839k was set aside at budget meeting in February 2024 as part of the unallocated general fund balance workings to cover the weather incident costs not covered by the Bellwin Claim. As £641k was utilised during 23-24, the balance of £0.198m is being earmarked for costs unexpected weather events in the future.	198,000	-	-	-	198,000	-	198,000	-
	Service Concessions (Priorities Investment Fund) - To Suspend TTRO Charges in 2025-26 to allow for a review to be carried out	As agreed by Council on 26 June 2025, a review of TTRO charges and advertising to be completed and that the current fees and charges in relation to TTROs for events are suspended and the loss of income estimated to be up to £45k in 2025-26 is funded from the Priorities Investment Fund.	-	-	-	45,000	-	45,000	-	-
156k	Cardross Cremator - Capital	£26,592 transferred from ER 145 to fund capital cost relating to the cremator at Cardross	26,592	-	-	-	26,592	-	-	26,592
200	Gartbreck Cell - Capital	£250k transferred from Waste Variation ER 134 to fund capital cost relating to Gartbreck Cell	250,000	-	-	-	250,000	-	-	250,000
	Roads and Infrastructure Services Total		13,013,640	287,547	-	45,000	12,726,093	4,346,095	1,831,346	6,881,199
	Executive Director (Kirsty Flanagan) Total		22,398,306	1,490,707	-	895,000	20,907,599	9,036,073	5,660,511	8,596,722
Non Departmental										
	Council wide									
202	Top up to Transformation/Spend-to-save fund	In order to support the longer term budget approach it is certain that there will be a requirement for some up-front expenditure which could range from buying in expertise to challenge the status quo in some service areas, providing seed corn funding for the development of new ways to deliver services, commissioning business case preparation for opportunities that could deliver savings/increased income in the future and staff time to manage what is going to have to be a significant programme of transformation/service re-design.	1,000,000	-	-	-	1,000,000	250,000	250,000	500,000
203	Storm Eowyn	The estimated gap for Storm Eowyn was estimated at £0.712m in June 2025. This gap does not include any costs for Helensburgh Leisure Centre. On the basis that the Council will require to undertake a technical assessment that will not be covered by the Insurers like for like cover and in the knowledge that not all costs incurred by the Council will ultimately be recoverable, it would be prudent to set aside some funding to cover any additional costs to ensure that the HLC is suitably reinstated for use at the earliest opportunity. A total earmarking of £1.3m.	1,300,000	-	-	-	1,300,000	650,000	650,000	-
219	GF - to be used to fund 2025-26 Budget	GF - to be used to fund 2025-26 Budget	2,952,661	2,952,661	-	-	-	2,952,661	-	-
	Council wide Total		5,252,661	2,952,661	-	-	2,300,000	3,852,661	900,000	500,000
Non Departmental										
152	Strategic Housing Fund	Accumulation of Council tax collected from the second homes discount on properties is earmarked as part of the Strategic Housing Fund balance. Plans in place to utilise £11.472m over the next 5 years to provide affordable housing as part of the Strategic Housing Improvement Plan which will utilise this reserve as well as future income expected from Council Tax on second homes. Strategic Housing Fund. Council tax collected during 2024-25 from the second homes discount on properties. Requires to be earmarked as part of the Strategic Housing Fund balance.	10,141,692	-	-	-	10,141,692	2,000,000	2,000,000	6,141,692
153	Service Concessions - Learning Estate Investment Strategy	As agreed at Council meeting 23 February 2023 - Signalling council's commitment to working in partnership to secure new schools for Argyll and Bute, through substantial investment to support future-proofing of Argyll and Bute's schools estate.	8,000,000	-	-	-	8,000,000	-	-	8,000,000

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			£	£	£	£	£	£	£	£
154	Service Concessions - Replace previous loans fund principal repayment holiday	As agreed at Council meeting 23 February 2023 - The one-off retrospective benefit will be used to replace exercising the principal repayment holiday that was previously agreed by Council.	5,400,000	-	-	-	5,400,000	-	-	5,400,000
155	Rothesay Pavilion - Capital Spends (previously service concession)	Original earmarking 155 was called Service Concessions - Rothesay Pavilion but renamed to Rothesay Pavilion - Capital spends. At Council Meeting September 24, it was agreed to merge the 4 capital earmarkings for Rothesay Pavilion into one line with the narrative indicating the sources. Earmarkings 012, 155, 167 and 170 combined under reference 155. ER155 - Service Concessions - Rothesay Pavilion £4.772m - As agreed at Council meeting 23 February 2023 - Building on previous commitments to securing a future for this building of international, national and local significance with additional contribution to the overall funding target which requires collective action; helping project to progress towards success with funding that supports completion of certain work stages and securing wind/watertight status. ER012 - Rothesay Pavilion Essential Repairs £306k - Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014. ER167 - Rothesay Pavilion (Recovery and Renewal Fund) - £1.360m- As agreed at Council on 24 February 2022, this is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. ER170 - Underwriting development of Rothesay Pavilion - Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion (£1m).	7,438,400	-	-	-	7,438,400	-	-	7,438,400
156	Service Concessions - Priorities Investment Fund	As agreed at Council meeting 23 February 2023 - Safeguarding future investment in Priorities for Argyll and Bute by making long-term use of service concession gain to establish dedicated fund to lever in, secure and support key strategic investments in this year and future years.	1,007,000	-	-	925,000	1,007,000	-	82,000	-
156b	Service Concessions - Priorities Investment Fund (Storm Cost Reserve)	Agreed at Council meeting February 27 2025 - Storm Costs, plus agreed amount in P&R Paper - 15th August 2024 - Agenda Item 18 as not utilised in 24/25	2,944,000	-	-	-	2,944,000	-	2,944,000	-
156c	Service Concessions - Priorities Investment Fund (Creation of Business Cases for Future Development of Leisure Facilities in Dunoon)	Agreed at Council meeting February 27 2025 - Funding allocated towards creation of a business case for future development of leisure facilities in Dunoon.35k already spent on consultancy and further spend to take place on the future development of Leisure Facilities in Dunoon.	200,000	-	-	-	200,000	35,000	165,000	-
156f	Service Concessions - Priorities Investment Fund (CHARTS)	Agreed at Council meeting February 27 2025 to fund CHARTS - funding capped at 75k	75,000	50,000	-	-	25,000	75,000	-	-
156g	Service Concessions - Priorities Investment Fund (AITC)	Agreed at Council meeting February 27 2025 to fund AITC	75,000	18,750	-	-	56,250	75,000	-	-
156h	Service Concessions - Priorities Investment Fund (Islay Pool)	Agreed at Council meeting February 27 2025 to fund Islay Pool	30,000	30,000	-	-	-	30,000	-	-
156i	Service Concessions - Priorities Investment Fund (National Park)	Agreed at Council meeting February 27 2025 to fund National Park	10,000	10,000	-	-	-	10,000	-	-
156j	Service Concessions - Priorities Investment Fund (Clipper Race)	Agreed at Council meeting February 27 2025 to fund clipper Race, plus remainder of agreed amount in P&R meeting on 9th May 2024	29,800	29,800	-	-	-	29,800	-	-
156m	Service Concessions (Priorities Investment Fund) - MACPool	As agreed at Policy & Resources committee on 4 December 2025, a funding request from MACPool.	-	-	-	30,000	-	30,000	-	-
157	Service Concessions - Roads Investment to Capital	As agreed at Council meeting 23 February 2023 - Augmenting overall allocation for roads repair and maintenance programme with additional funds to bring up to £8m total investment for 2024/25.	1,246,000	-	-	-	1,246,000	-	-	1,246,000
158	Investment in Affordable Housing	Agreed at Council Meeting 11 February 2016. This balance reduces as the Loans to RSL balances are reducing.	3,024,000	-	-	-	3,024,000	-	-	3,024,000
159	Redundancy Costs	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020. Future redundancies provision. Given the budget gap over the next 5 years and 61% of our costs being staff costs, redundancy costs are likely to increase and there is a need to provide for possibility of covering those costs.	2,659,358	480,000	-	-	2,179,358	580,000	100,000	1,979,358
160	Further Capital pressures per budget pack February 22	As agreed at Council on 24 February 2022, a provision for Capital contract increases £3,900m.	1,302,000	-	-	-	1,302,000	-	-	1,302,000
161	Capital Budget	At the Council Budget meeting on 22 February 2024, the Council committed to allocating released earmarkings amounting to £2.212m towards the Capital budget.	2,212,000	-	-	-	2,212,000	-	-	2,212,000
162	Capital Budget (Previously Asset Management Fund)	At the Council meeting on 22 February 24, it was agreed that the balance in this reserve be allocated to the Capital budget.	151,190	-	-	-	151,190	-	-	151,190
163	Service Concessions - Capital Projects Inflation Pressures	As agreed at Council meeting 23 February 2023 - Boosting resilience of Capital Programme and providing added support as required for key capital/infrastructure projects - £2m.	2,000,000	-	-	-	2,000,000	-	-	2,000,000
164	Pay Inflation Contingency	Negotiations for the 2024/25 pay award are ongoing but initial discussions suggest it will be beyond the 3% increase currently built into the budget outlook. £1.7m equates to approximately a 1% pay rise therefore providing a contingency at this level is prudent	1,297,550	-	-	-	1,297,550	39,000	1,258,550	-
166	Campbeltown Flood Prevention	Funding agreed as part of the Loans Fund Review for Campbeltown Flood Prevention.	1,331,000	-	-	-	1,331,000	-	-	1,331,000
168	Regeneration and Economic sustainability in Lochgilphead and Tarbert.	Agreed at Council Meeting 11 February 2016.	288,579	-	-	-	288,579	-	-	288,579
169	Service Concessions - Priorities Investment Fund (Capital Programme)	As agreed by Council on 22 February 2024- transfer of £1,028,000 from the Priorities Investment Fund to the Capital plan.	1,028,000	-	-	-	1,028,000	-	-	1,028,000
171	Oban TIF (Tax Incremental Financing - Excess NDR)	This is the surplus NDR after paying all Loans Charges in respect of TIF infrastructure projects. This fund will be used in the future as TIF projects are delivered. Discussions in place on future Tf the next TIF project (Oban Airport) which will utilise this reserve. If the project does not go ahead, we will need to return NDR to Scottish Government	875,651	-	-	-	875,651	-	875,651	-
172	Oban TIF	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	1,526,750	-	-	-	1,526,750	-	751,929	774,821
173	Service Concessions - New refuse collection vehicles	As agreed at Council meeting 23 February 2023 - Enhancing waste and recycling uplift arrangements through placing orders for new refuse vehicles.	700,000	-	-	-	700,000	-	-	700,000
174	Connect for Success Fund (previously Supporting Organisational Change) - amended February 24 per ELT)	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020 - Provision to support organisational change (£0.500m) It is proposed to supplement the existing 'Supporting Organisational Change' reserve first established in February 2020 with a further £1.2m to enable the Council to deliver longer term, more fundamental, service redesign which will require funding to support the identification and delivery of solutions that take account of future requirements and community engagement and deliver longer term revenue and benefits to the Council	899,721	105,585	-	-	794,136	150,000	406,271	343,450
175	Service Concessions - Climate Change	As agreed at Council meeting 23 February 2023 - Continuing our track record of investing in climate change with funding to further enhance school estate climate change measures, with allocations for primary and secondary schools across the area in Campbeltown, Dunoon, Helensburgh, Lochgilphead, Oban and Rothesay.	610,343	29,657	-	-	640,000	29,657	-	640,000

Ref	Description	Plans for Use	Opening Balance 1 April 2025	Drawdown 2025- 26 as at 31 December	New Earmarkings in Year	Movement Between Categories	Remaining Balance as at 31 December	Planned Spend FY 2025-26	Planned Spend 2026-27	Planned Spend 2027/28 onwards	
			£	£	£	£	£	£	£	£	
176	Inward investment Fund	Agreed at Council Meeting 11 February 2016. Original balance of funding was £833k for Rural Growth Deal - P&R Committee have already approved spend of £600k leaving a balance of £233k uncommitted. The approved spend consists of consultancy, project development and design and the remaining £233k will be used for the same purpose to complete design work and get endorsed full business cases to allow RGD projects to commence.	441,690	-	-	-	441,690	-	-	441,690	
179	Capital Inflation cost pressures	Further allocation agreed Council meeting 22 February 2024 - increase capital contract earmarking to protect current capital projects in plan £0.297m	297,000	-	-	-	297,000	-	-	297,000	
181	Capital pressure	Pressure identified on the 20/21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan.	257,000	-	-	-	257,000	-	-	257,000	
182	Service Concessions - New Jet Patcher Vehicle	As agreed at Council meeting 23 February 2023 - Complementing multi-million pound capital investment in roads repair and maintenance with new jet patcher order to support delivery of programme.	250,000	-	-	-	250,000	-	-	250,000	
183	Service Concessions - New Road Marking Vehicle	As agreed at Council meeting 23 February 2023 - Completing suite of investments in new fleet procurement, to support delivery of roads repair and maintenance programme, with order for additional road marking vehicle.	230,000	-	-	-	230,000	-	-	230,000	
184	Information Management (Balance of Funding)	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. This was the balance of funding to explore information management solutions in a strategic and coherent way £209k. Committed for MS 365 project - D Logan/I Jackson. Paper went to DMT in Dec.	200,469	-	-	-	200,469	-	-	200,469	
185	Levelling up bid costs (Recovery and Renewal Fund)	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Commitments have been made against this fund as follows: Levelling up bid costs £0.150m, Scotland Loves Local overspend £0.037m and Rothesay Pavilion £1.360m.	150,000	-	-	-	150,000	-	-	150,000	
186	Engagement with Hub North re provision of services for older adults and vulnerable people across Argyll and Bute	At the Council budget meeting February 23, an allocation of £0.1m from the Unallocated General Fund balance for the Health and Social Care Partnership to engage, in partnership with the Council, with Hub North to develop a strategic business case in relation to the provision of services for older adults and other vulnerable people across Argyll and Bute. It is intended that this will be spent on an on-going business case and options appraisal work with Hub and it will be fully utilised in 2025-26.	95,005	-	-	-	95,005	95,005	-	-	
187	Spend to Save Route Optimisation Software	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020. The route optimisation project has been delayed due to staff turnover and absences, recent meetings involving the Council and Routeware have set out future objectives and the project has been extended to 2025-26. Further delays anticipated due to our GIS system and Routeware system compatibility issues.	55,484	3,220	-	-	52,264	3,220	52,264	-	
188	CHARTS	At the Council Budget meeting on 22 February 2024, the Council committed to £0.075m one-off investment in CHARTS in response to an external funding request will be spent in 24-25. There remains £0.005m from a COVID earmarking for CHARTS as well.	5,000	5,000	-	-	-	-	5,000	-	
189	Levelling up Fund bids per P&R February 22	£15k to be drawn down in 2024-25 for post that is currently in place. £55k to be utilised in 2024-25 for Student Summer post, contaminated land consultants, ICT development, increased costs for current staff on a temp arrangement and to part fund 2 year temporary Regulatory Service Officer post. £20724 drawn down to A3023010000 20340 Nov 25 per A Morrison Not all spend has been agreed yet and business cases are pending. Alan Morrison is budget holder	70,000	20,724	-	-	49,276	70,000	-	-	
190	Scotland Loves Local Overspend (Recovery and Renewal Fund)	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Commitments have been made against this fund as follows: Levelling up bid costs £0.150m, Scotland Loves Local overspend £0.037m and Rothesay Pavilion £1.360m.	37,000	-	-	-	37,000	-	-	37,000	
194b	Council Strathclyde Pension Fund Saving 24-25 (£3.75m allocation to capital plan)	£3.750m allocation from the 2024-25 SPFO saving to Capital Plan supplemented by a £2m allocation from the 2025-26 SPFO saving (stated at the time as planned allocation to the 27-28 Capital Plan).	3,361,742	-	2,000,000	-	5,361,742	-	-	5,361,742	
194c	Council Strathclyde Pension Fund Saving 24-25 (£2m to be directed to transformation and projects that will save revenue in the future)	£1.125m allocation from the 2024-25 SPFO saving to be directed to transformation and projects that will save revenue in the future supplemented by a £0.875m allocation from the 2025-26 SPFO saving. RIS Review £150k 25-26 cost coming from this to 7000000000	1,004,764	146,391	875,000	-	1,733,373	188,206	816,558	875,000	
196	Capital Plan	At the budget meeting on 22 February 2024, Council agreed to transfer £1.875m from the revenue budget over to the capital plan.	1,875,000	-	-	-	1,875,000	-	-	1,875,000	
223	Strathclyde Pension Fund Saving 25-26 - Planned Allocation to 2025-26	£2m allocation from 2025-26 SPFO saving to be allocated to balance the 2025-26 budget.	-	2,000,000	2,000,000	-	-	2,000,000	-	-	
224	Strathclyde Pension Fund Saving 25-26 - Planned Allocation to 2026-27	£2m allocation from 2025-26 SPFO saving to be allocated to balance the 2026-27 budget.	-	-	2,000,000	-	2,000,000	-	2,000,000	-	
225a	Social Work Strathclyde Pension Fund Saving 25-26	This is part of the revenue budget for 25-26 and is the saving on Social Work pension budgets resulting from the drop in employers pension rate. Total of £3.053m but £500k split out for transformation projects per Council decision Feb 25.	-	-	2,553,000	-	2,553,000	2,553,000	-	-	
225b	Social Work Strathclyde Pension Fund Saving 25-26 (Per Motion Feb 25, £500k for transformation)	This is part of the revenue budget for 25-26 and is the saving on Social Work pension budgets resulting from the drop in employers pension rate. Agreed at Council February 25 to set aside £500k for transformation projects.	-	-	500,000	-	500,000	-	500,000	-	
	Non Departmental Total		64,833,188	2,869,813	9,928,000	-	895,000	71,891,375	7,933,574	11,957,223	53,975,391
	Other Operating Income and Expenditure										
191	Educational Support to Ukrainian Children and Young People	Balance of grant received in 2022-23 for provision of childcare and education support to Ukrainian children and young people. Spending plan includes teaching and support staff within schools.	53,892	53,892	-	-	-	53,892	-	-	
	Other Operating Income and Expenditure Total		53,892	53,892	-	-	-	53,892	-	-	
	Non Departmental Total		70,139,741	5,876,366	9,928,000	-	895,000	74,191,375	11,840,127	12,857,223	54,475,391
	Social Work										
	Adult Services										
192	See Hear Funding	Funding has been received specifically from the Scottish Government to support activity around implementation of the See Hear recommendations and the identified priorities of individual Sensory Partnerships. Funds will be used for a two-year ROVI training course, with reserve fully utilised by 31 March 2027	13,658	-	-	-	13,658	7,000	6,658	-	
	Adult Services Total		13,658	-	-	-	13,658	7,000	6,658	-	
	Social Work Total		13,658	-	-	-	13,658	7,000	6,658	-	
	Grand Total		105,161,384	10,339,460	9,928,000	-	104,749,924	25,493,341	24,227,456	65,368,587	