

Argyll and Bute Council, 25th February 2026

Agenda Item 5 – Administration Budget Motion

The Council:

- a) Approves the Revenue Budget for 2026/27 as set out in the Revenue Budget Overview Report, subject to the decisions set out below and within the Administration Revenue Budget Model provided at Appendix 1 to this motion.
- b) Approves the revenue estimates for 2026/27 and that consequently the local tax requirement estimated at £78.274m is funded from Council Tax. Approves the following rates and charges for the year 2026/27:
 - i) Council Tax to be paid in respect of a chargeable dwelling in Band D of £1,783.33 representing a 9.7% increase.
 - ii) Council Tax to be paid in respect of a chargeable dwelling in each of the other valuation bands in accordance with Section 74 (1) of the Local Government Finance Act 1992 as amended.
 - iii) Business Rates as determined by Scottish Ministers.
 - iv) Agrees to increase the Council Tax premium on Long Term Empty Homes and Second Homes by 10% strictly on the basis that The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2026 (the Regulations), which are intended to allow Local Authorities to set their own level of premiums with effect from 1st April 2026, will be in force and effect on that day; and providing that, should the Regulations not be in force or effect on that day, the Council Tax premium on Long Term Empty Homes and Second Homes will remain at 100%; that the shortfall in budget will be met through reserves; and that the Council's policy in relation to Council Tax on Empty Homes be amended accordingly.
- c) Approves an increase to School Clothing Grants of 6% from 1st April 2026, resulting in a payment of £127.20 for primary school children and £159 for secondary school pupils.
- d) In acknowledgement of the significance of social care services to local communities, in recognition of community views in relation to savings and to assist the HSCP on its ongoing transformation journey, agrees an additional allocation of £4.218m to the HSCP (£3.218m of which is recurring, and £1m non-recurring, as set out in Table 1 below, subject to review in the budget process for 2027/28). Notes

that this is in addition to a number of funding allocations for a range of issues including free personal and nursing care, and Real Living Wage for adult and children’s social care staff, which have already been passed through to the HSCP. Approves an allocation to the Health and Social Care Partnership of £93.173m for 2026/27. Approves indicative base allocations for 2027/28 and 2028/29 of £91.631m. The level of future years funding is subject to the level of Scottish Government funding and the Council’s overall financial position in future years.

Table 1 – HSCP Funding Overview:

	2026/27 - £000	2027/28 - £000	2028/29 - £000
Base 2025/26	85,045	85,045	85,045
Pass through funding	3,910	3,368	3,368
Additional funding (recurring)	3,218	3,218	3,218
Revised Base	92,173	91,631	91,631
Additional funding (one off)	1,000		
Total	93,173	91,631	91,631

- e) Approves that an adjustment will be made to the HSCP payment in relation to undistributed funding for Scottish Disability Assistance and Free Personal Nursing Care if the funding received is different to the estimate included within the base allocation.
- f) Approves policy savings options for 2026/27 as outlined in Appendix 4 of the Revenue Budget Overview Report, totalling £1.545m and with the exception of the proposals below at Table 2; and agrees that any policy savings relating to 2027/28 onwards will be considered as part of next year’s budget process, unless it is a full year effect of the 2026/27 saving:

Table 2 - Policy Savings Options Rejected:

Ref	Detail of proposal rejected	Saving in 2026/27 (rejected)	FTE Protected
COM01	Live Argyll management fee proposed 5% reduction	£156k	
CSS01	Closure of Customer Service Points and move all phone and email traffic to CSC	£224k	6.4 (10 headcount)
RIS03	Close, Sale or Transfer of Public Conveniences, noting that the service will review arrangements and report back in 2026/27.	£100k	4.0 (12 headcount)
RIS05	Removal of Amenity Service Environmental Wardens	£178k	5.0 (5 headcount)
RIS06	10% reduction in Winter Maintenance Budget, noting that service is reviewing arrangements and will report on this in 2026/27.	£270k	
RIS09	15% reduction to street sweeping budget	£147k	5.0 (5 headcount)
COM02	Increase charges for school meals	£50k	
COM08	Removal of Energy Efficiency Fund	£210k	
DEG01	Cease support through Strategic Events and Festivals Fund	£90k	
EDU06	Removal of Early Years Third Sector Grants	0 in 26/27 £40k in 27/28	
RIS02	15% increase in fees and charges for Cremations	£29k	
	Total savings rejected (£)	£1.454m	
	Total jobs (headcount) protected		32

- g) Agrees to continue to provide funding in support of community shinty and rugby, and reinstates the allocation of £10k for each in 2026/27, adding this amount into the revenue base budget with future arrangements to be determined.
- h) In respect of Live Argyll, and in recognition of community feedback in relation to leisure services, rejects policy savings option COM01 (£156k) as set out above and approves an increase to Live Argyll's management fee of £154k. This therefore reverses the previously deferred saving of £311k and provides a funding increase to Live Argyll.

- i) Agrees to support the following organisations who deliver a range of local services which contribute to community life, and who have submitted funding requests to the council, as set out below at Table 3:

Table 3 – Funding Support Agreed:

Organisation	Detail	Amount	Funding source
Argyll and The Isles Tourism Co-operative (AITC)	Supporting delivery of destination marketing programme	£75k	Priorities Investment Fund
Culture, Heritage and Arts Assembly Argyll and the Isles (CHArts)	Strategic culture and heritage development activity	£95k	Crown Estates 2026/27
Mactaggart Leisure, Islay	Community-led provision of swimming pool and leisure centre amenities in island location	£30k	Crown Estates 2026/27
External funding support		£200k	

- j) In line with the Council’s Strategic Priority of building stronger connections and collaborations with communities, agrees the following investments totalling £220,000 in increasing community empowerment:
- i) Allocation of £50,000 to each of the four Area Committees as part of the priority commitment to support reshaping of business, decision-making and overall activities to align with existing and emerging local plans and issues; with officers to develop appropriate criteria and governance arrangements, and bring forward a report on delivery and implementation options to members for final approval – this to be funded from the Priorities Investment Fund.
 - ii) Increasing the funding support available to Argyll and Bute’s 56 Community Councils with a total investment of £20k, to be added into the revenue base budget, with an appropriate distribution framework to be developed and reported to the Policy and Resources Committee.
- k) In recognition of the pressures faced by families coping with cost of living pressures, and building on last year’s budget decision, agrees an increased allocation from Crown Estates 2026/27 funding of £6k each to 12 foodbanks across Argyll and Bute, making a total investment of £72k to directly support local families.

- l) Agrees that officers will undertake an exercise to review the Service Level Agreements of community swimming pools. This will be reported back to Members during 2026/27.

- m) Having regard to the recommendation from external auditors that the Council should consider the creation of a Programme Management Office (PMO) to manage transformation and other major projects, to ensure oversight and increase the pace of change, notes the proposal to establish a PMO responsible for co-ordination and delivery of both capital and transformation projects, and requests that officers provide regular progress updates to members. Notes drawdown of up to £0.6m over a two-year period under the current delegation which set aside funding in the General Fund for transformation/spend to save projects and requires that officers provide reports on the drawdowns from the General Fund balance to be submitted to the Policy and Resources Committee as part of the budget monitoring pack.

- n) Approves the following in relation to fees and charges with effect from 1st April 2026 unless otherwise noted:
 - i) Approves the proposals for the fees and charges inflationary increase of 6% and approves the charges that are over and above inflation. Notes that this would generate additional income of £0.440m in total.
 - ii) Approves all other charges as noted within the Fees and Charges Schedule.
 - iii) Notes that formal Council approval may be required at a later date for further changes to the Social Work Fees and Charges.
 - iv) Notes that formal Council approval may be required at a later date for further changes to the Environmental Health Fees and Charges.

- o) Notes the financial risks analysis.

- p) Approves the contingency level for the General Fund balance at a level of 2% of net expenditure, equivalent to £7.241m and notes the report on reserves and balances.
- q) Endorses the approach to capital for the 2026-27 budget process, pending the outcome of the wider review of capital arrangements.
- r) Approves the capital plan as set out in Appendix 3 to the Capital Plan report, noting that this incorporates the red risks (£3.385m) and proposed recharges to capital (£0.604m) and subject to the decisions set out in the Administration Capital/Other Funds Budget Model at Appendix 2 to this motion.
- s) Agrees the following Investments in as set out in the Administration Capital/Other Funds Budget Model at Appendix 2 and noted below at Table 4:

Table 4 – Strategic Priorities Investments:

Priority Themes	Detail	Investment
Transport, Infrastructure and Connectivity Sustainable Service Delivery	Record investment in Roads Reconstruction Plan of £12m each year in 2026/27 and 2027/28 – affording opportunity for improved forward planning and best use of resources and responding to community feedback about the significance of investing in our road networks. This investment comprises £2m from the block allocation plus an additional £10m funding boost for each year.	£12m in 2026/27 £12m in 2027/28
Environment Sustainable Service Delivery	Augmenting the Storm Cost Provision Fund from 2025/26 with an additional £6m investment in weather resilience, to help cope with the increasing challenges of severe weather and the impact on our vital local infrastructure.	£6m
Sustainable Service Delivery Housing, Economic Growth and Population	Establish a Commercial Development Fund to support delivery of the council’s priority of exploring greater commercialisation of council assets and attracting more inward investment. This will support feasibility and/or investment and allow officers to develop proposals and submit business cases to members.	£4.3m
Environment	Set up Climate Change Fund to support the council’s net zero and decarbonisation journey.	£0.5m
Sustainable Service Delivery	Lochgilphead Depot rationalisation project to safeguard and enhance efficiency of local service delivery.	£2.5m
Children and Young People Sustainable Service Delivery	Further contribution towards Tobermory Campus in recognition of ongoing commitment to addressing suitability of current facilities.	£7m in future years
Transport, Infrastructure and Connectivity Sustainable Service Delivery	A816 Millbrae Landslip – maintaining and securing a strategic lifeline route.	£1.9m funded from existing storm earmarking
Total investment in Strategic Priorities		£46.2m

- t) Endorses the revised corporate approach to the management of property repairs, maintenance and renewals, and approves the redirection of £8m reserves earmarked for capital purposes to a new Repairs and Renewals Fund.
- u) Agrees that the Section 95 Officer will continue to exercise flexibility within the capital funding framework, including the use of the Strategic Capital Finance Reserve, in order to manage the impact of capital investment on the annual revenue budget and support long-term financial sustainability.
- v) Notes the Capital Review progress to date and notes that further recommendations arising from the future workplan will be brought back to members in due course.

Appendix 1 – Administration Partnership Group Revenue Budget Model:

	2026-27	2027-28	2028-29	2029-30	2030-31
	£000	£000	£000	£000	£000
Budget Gap as per Budget Pack (5% Council Tax)	-703	-11,790	-17,604	-24,004	-30,776
Estimated Share of Additional £20m SG Funding announced on 12/02/2026	352	350	348	346	344
Additional 10% Council Tax on Second Homes and Long Term Empty Properties	541	568	596	626	657
Reject the following savings options:					
COM01 - 15% Saving Live Argyll	-156	-156	-156	-156	-156
COM02 - Increase charges for school meals	-50	-50	-50	-50	-50
COM08 - Energy Efficiency Fund	-210	0	0	0	0
DEG01 - Strategic Events and Festivals	-90	-90	-90	-90	-90
EDU06 - Early Years Third Sector Grants	0	-40	-40	-40	-40
RIS02 - 15% Increase to Cremations (accept burials)	-29	-29	-29	-29	-29
CSS01 - Close Service Points to Walk-ins	-224	-224	-224	-224	-224
RIS03 - Close, Sale or Transfer of Public Conveniences	-100	-100	-100	-100	-100
RIS05 - Removal of Amenity Service Environmental Wardens	-178	-214	-214	-214	-214
RIS06 - 10% Reduction in Winter Maintenance	-270	-270	-270	-270	-270
RIS09 - 15% Reduction to Street Sweeping Budget	-147	-176	-176	-176	-176
Don't accept changes to Live Argyll Management Fee and provide an increase on the management fee of £154k	-347	-347	-347	-347	-347
Reject previous saving in respect of Camanachd Association and Scottish Rugby and build back into base budget	-20	-20	-20	-20	-20

Further increase to HSCP payment over and above the £2.872m noted in budget pack (£1m is one-off)	-1,346	-346	-346	-346	-346
Increase funding to Community Councils	-20	-20	-20	-20	-20
Additional loans fund charges to fund £11m additional capital	-358	-715	-715	-715	-715
Transfer from Unallocated General Fund to Balance Budget	25				
Revised Budget Gap	-3,330	-13,669	-19,457	-25,829	-32,572
Increase to Council Tax (increase by 4.7% - total 9.7%)	3,330	3,512	3,689	3,873	4,067
Revised Budget Gap (Cumulative)	0	-10,157	-15,768	-21,956	-28,505
Revised Budget Gap (In-year)	0	-10,157	-5,611	-6,188	-6,549

Appendix 2 – Administration Partnership Group Capital Budget Model:

	Budget Pack £000	Administration Proposal £000	Variance from Budget Pack £000
Net Funding Shortfall	-1,407	-1,407	0
Roads Reconstruction Investment	18,000	20,000	2,000
Weather Resilience Fund		6,000	6,000
Commercial Development fund		4,300	4,300
Climate Change Fund		500	500
Depot Rationalisation	2,500	2,500	0
Kilmory Castle Redevelopment	1,800	0	-1,800
Mull School	7,000	7,000	0
Millbrae Landslip £1.9m - fund from existing weather reserve (£900k in capital plan and £1m from storm cost provision)			0
Total	27,893	38,893	11,000
Additional Loans Fund Budget required (full year)			715
Equivalent to 1% Council Tax			1% CT
			CT = 9.7%

Reserves:

	Unallocated General Fund £000	Priorities Investment Fund £000	Storm Costs Provision renamed "Weather Resilience Fund" £000	Crown Estates Funding 2026-27 £000
Opening Position	481	82	2,000	tbc - circa £2m
Millbrae Landslip £1.9m - fund from existing weather reserve (£900k in capital plan and £1m from storm cost provision)			-1,000	
Estimated Underspend on Ardfern weather event, return to Priorities Investment fund		236		
Weather Resilience (see administration capital proposal)			6,000	
AITC		-75		
Charts				-95
MacTaggart Leisure Centre, Islay				-30
Allocation to Area Committees (4 x £50,000)		-200		
Food Banks (12 x £6,000)				-72
Maintain 2% contingency	-67			
Transfer to Revenue Budget	-25			
Closing Position	389	43	7,000	-197 first call on CE funding in 2026-27