

**FINANCIAL REPORTS MONITORING PACK – 30 JUNE 2024**

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**1. INTRODUCTION**

1.1 This report provides a summary of the financial monitoring reports as at the end of June 2024. There are five detailed reports, setting out the position as at 30 June 2024, which are summarised in this Executive Summary:

- Revenue Budget Monitoring Report
- Monitoring of Financial Risks
- Capital Plan Monitoring Report
- Treasury Monitoring Report
- Reserves and Balances

**2. DETAIL****2.1 Revenue Budget Monitoring Report**

2.1.1 This report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis.

2.1.2 There is a forecast overspend of £4.658m as at the end of June 2024. The variances are:

- The pressure resulting from the October 2023 weather event of £3.567m. A separate report within this pack provides Members with further information.
- Within Social Work, a forecast overspend of £0.648m relating to demand for residential placements within Children and Families Services.
- Within Roads and Infrastructure Services, a forecast overspend of £0.500m relating to new bus contracts for Public and Pupil Transport across Argyll and Bute. Note that since the end of June, a further pressure of £0.210m in relation to bus contracts has been identified as more contracts are renewed, therefore in the next reporting period the overspend relating to bus contracts will increase from £0.500m to £0.710m.
- Within Central Budgets, a forecast overspend of £0.271m is reported in relation to the inflation on insurance being higher than estimated.
- Within Funding, an over-recovery of Council Tax income on second homes of £0.328m.

2.1.3 There is a year to date overspend of £1.140m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.

2.1.4 Total policy savings relevant to 2024-25 financial year amount to £6.467m. The table below outlines their progress as at 30 June 2024.

Category	No. of Options	2024-25 £000	2024-25 FTE	2025-26 £000	2025-26 FTE	Future Years £000	Future Years FTE
Delivered	4	5,371.0	0.0	5,538.0	0.0	5,538.0	0.0
On Track to be Delivered	8	965.0	14.9	846.0	14.9	846.0	14.9
Still to be Implemented	1	0.5	0.0	0.5	0.0	0.5	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Will not be achieved	1	100.0	0.0	150.0	0.0	150.0	0.0
Potential Shortfall	1	30.0	0.0	30.0	0.0	30.0	0.0
Delayed	0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>15</b>	<b>6,466.5</b>	<b>14.9</b>	<b>6,564.5</b>	<b>14.9</b>	<b>6,564.5</b>	<b>14.9</b>

2.1.5 One saving is categorised as potential shortfall and one will not be achieved.

### **Health and Social Care Partnership (HSCP) – Financial Update**

2.1.6 The forecast outturn position at the end of June is an estimated overspend of £1.176m for 2024-25 (£0.648m overspend for Social Work and £0.528m for Health). The HSCP's financial position will continue to be monitored and Financial Services staff will engage with the HSCP Chief Financial Officer to ensure that mitigation actions are in place to address the deficit and ensure that no additional funding is required from the Council.

## **2.2 Monitoring of Financial Risks**

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

2.2.2 There are 7 Council wide revenue risks identified for 2024-25 currently amounting to £3.592m.

2.2.3 There are currently 42 departmental risks totalling £5.580m. Of the 42 departmental risks, 5 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.

2.2.4 The current top three risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	3	586
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	3	345

2.2.5 There have been 5 changes to the departmental risks since the report as presented to the Council on 22 February 2024. These are outlined in paragraph 3.4.1 of the Financial Risks Report.

2.2.6 Three other potential risks relating to funded childcare for 1 and 2 year olds, the proposed new school campus on Mull and digital access for learners are covered in section 3.6 of the Financial Risks report.

### **2.3 Capital Plan Monitoring Report**

2.3.1 This report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.

- 2.3.2 In recent years, the Council has agreed additional funding for the capital programme totalling £11.100m to address specific costs related to dealing with COVID, inflationary pressures arising as a consequence of the factors detailed in paragraph 2.3.3 below and other cost pressures on the capital plan. To date, £8.834m has been allocated to projects leaving a balance of £2.266m available for allocation as required.
- 2.3.3 The capital programme continues to see significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply. As a result of this it should be noted that there are likely to be other significant financial impacts which are not quantifiable at this stage.
- 2.3.4 Actual net expenditure to date is £4.869m compared to a budget for the year to date of £4.814m giving rise to an overspend for the year to date of £0.055m (1.14%).
- 2.3.5 The forecast outturn for 2024-25 is a forecast net expenditure of £37.565m compared to an annual budget of £37.132m giving rise to a forecast overspend for the year of £0.433m (1.17%).
- 2.3.6 The forecast total net projects costs on the capital plan are £206.634m compared to a total budget for all projects of £206.634m giving rise to a forecast overspend for the overall capital plan of £0.433m (0.21%).
- 2.3.7 In respect of total project performance, there are 172 projects within the capital plan, 166 are complete or on target, 5 are off target and recoverable and one project is off track.

## **2.4 Treasury Monitoring Report**

- 2.4.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.
- 2.4.2 The net movement in external borrowing for the period 1 April 2024 to 30 June 2024 was a decrease of £5.7m.
- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2024, at this stage in the financial year capital expenditure is below target.
- 2.4.4 The levels of investments were £59.638m at 30 June 2024. The average rate of return achieved was 5.276% which is above the target SONIA (Sterling Overnight Index Average) rate for the same period of 5.200%.

## 2.5 Reserves and Balances

- 2.5.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.5.2 The Council has a total of £689.113m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.5.3 At 31 March 2024, the Council had a total of £121.701m of usable reserves. Of this:
- £2.763m relates to the Repairs and Renewals Fund
  - £3.197m relates to Capital Funds
  - £115.741m was held in the General Fund, with £107.443m of this balance earmarked for specific purposes.
- 2.5.4 At the budget setting meeting on 22 February 2024, as part of the revenue budget, Council agreed to the transfer Strathclyde Pension Fund contribution savings of £6.875m relating to Council staff and £3.053m relating to Social Work staff to reserves. It was also agreed that £1.875m of revenue surplus within 2024-25 be transferred to the Capital Plan. As the commitments for these include expenditure within 2024-25 year, these have been immediately recognised within the earmarked reserves balances to allow them to be spent accordingly. This results in a total in-year earmarked balance of £119.246m.
- 2.5.5 Of the earmarked balance of £119.246m:
- £60.078m is invested or committed for major initiatives/capital projects
  - £28.359m is still to be drawn down in 2024-25
  - £30.809m is planned to be spent in future years
- 2.5.6 The table below summarises the position of the unallocated General Fund balance. Further explanation of the figures can be found at Section 3.4 of the Reserves and Balances report.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2024	This is the balance that is unallocated over and above the 2% contingency, which amounts to £6.039m	2,259
Current Forecast Outturn for 2024-25 as at 30 June 2024	Per paragraph 3.4.2.	(4,658)
Social Work outturn adjustment	Per paragraph 3.4.3 - Social Work would expect to transfer any surplus to internal IJB reserves	648

<b>Sub-total – potential unallocated balance as at 31 March 2025</b>	<b>*If no separate action is taken regarding the weather event overspend, the unallocated general fund balance would fall below 0</b>	<b>(1,751)</b>
Options to pay for weather related incident	Members have been presented with options to cover the pressures resulting from the weather incident	3,567
<b>Estimated Unallocated balance as at 31 March 2025</b>		<b>1,816</b>

\* If Members do not agree to the options outlined in the separate report and the unallocated general fund balance falls below the amount available and moves into contingency then a recovery plan would be required to bring the contingency level back up to the agreed amount.

2.5.6 It can be seen that, after taking into consideration the current forecast outturn for 2024-25 and assuming Members agree to the proposed actions regarding the weather event, is estimated to have a £1.816m surplus over contingency.

## **2.6 VIREMENTS OVER £0.200m (Revenue)**

2.6.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that require approval. Capital virements are included within the capital monitoring report.

2.6.2 For the period April to June, there are no virements requiring authorisation:

2.6.3 There is one virement relating to 2023-24 that requires authorisation. This virement was completed late in the year end process therefore did not appear on the report to Council on 25 June 2024. It is:

- £0.288m from Education to reserves to recognise the Capital Items Replacement Fund (the repairs and renewals fund that schools have access to).

## **3. RECOMMENDATIONS**

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 30 June 2024.

- b) Note the financial risks for 2024-25.
- c) Note the capital plan monitoring report as at 30 June 2024 and approve the proposed changes to the capital plan outlined in Appendix 4 of that report.
- d) Note the treasury monitoring report as at 30 June 2024.
- e) Consider the reserves and balances report as at 30 June 2024.
- f) Note that there were no revenue virements over £0.200m between April and June 2024.
- g) Recommend to Council that the revenue budget virement over £0.200m outstanding from 2023-24 is approved, per paragraph 2.6.3.

#### **4. IMPLICATIONS**

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2024-25 as at 30 June 2024
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.5.1	Equalities – protected characteristics -	None.
4.5.2	Socio-economic Duty -	None.
4.5.3	Islands -	None.
4.6	Climate Change -	None.
4.7	Risk -	Risks are included in financial risks report.
4.8	Customer Service -	None.
4.9	The Rights of the Child (UNCRC) -	None.

**Kirsty Flanagan**  
**Executive Director /Section 95 Officer**  
**6 August 2024**

**Councillor Ross Moreland, Policy Lead for Finance and Commercial Services**

For further information contact Anne Blue, Head of Financial Services  
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**2024-25 Overall Position:**

There is a forecast overspend of £4.658m as at the end of June 2024. The pressure relating to the October 2023 Weather Event has been quantified and is a £3.567m overspend against revenue budgets. A separate report on this agenda provides Members with further detail. Within Social Work, there is a forecast overspend of £0.648m relating to demand for residential placements within Children and Families Services. Within Executive Director Kirsty Flanagan, there is a forecast overspend of £0.500m due to the cost of new Bus Contracts for Public and Pupil Transport across Argyll and Bute. Note that since the end of June, a further pressure of £0.210m in relation to bus contracts has been identified as more contracts are renewed therefore in the next reporting period, the forecast overspend relating to bus contracts will increase from £0.500m to £0.710m. Within Central Budgets, an overspend of £0.271m is reported in relation to the inflation on insurance being higher than estimated. Within funding, there is a projected over-recovery of income for Council Tax on 2<sup>nd</sup> Homes of £0.328m.

There is a year to date overspend of £1.140m. The year to date variances within the departments tend to relate to the timing of income and expenditure and costs to capital not recharged yet.

**Key Highlights as at June 2024:**

- Council services are projecting an overspend of £4.658m as at 30 June 2024. It is early in the budget monitoring process and projections will be refined as the year progresses. In the separate report regarding the Weather Incident, Members have been provided with options to consider to cover the estimated overspends.
- Negotiations regarding the 2024-25 pay award are ongoing therefore salary costs are currently understated and the impact on the forecast outturn position of any increase beyond the 3% already built into the budget cannot be quantified at this stage.

**Key Financial Successes:**

Performance against budget for 2023-24 was an overall net favourable position of £1.728m underspend after adjusting for year-end earmarking. This breaks down as:

- £1.037m net overspend in relation to Council expenditure (excluding loans fund)
- £0.033m over-recovery of Council Tax income
- £5.932m underspend from the Loans Fund due to a higher return on investments than in the previous year, limiting new borrowing by utilising cash balances instead, slippage within the capital programme and a one-off treasury gain as a result of a discount on the early repayment of loans
- £3.200m of new unspent budget earmarkings



<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
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.
Monitoring Social Work expenditure and more widely the IJB position as any overspend will transfer back to partner bodies in the first instance.	Continue to work closely with the CFO of the IJB to ensure that early indication of any potential adverse financial outturn is identified and corrective action is agreed as appropriate to reduce the risk to the Council.
Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2024-25 budget was agreed in February 2024 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.
Cost of living crisis impacting on pay inflation negotiations which could result in pay awards above what is deemed affordable.	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.

### Forecast Outturn Position

There is a forecast underspend of £4.658m for 2024-25 as at 30 June 2024.

Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	996	996	0	0	0	
Executive Director (Douglas Hendry)	145,610	145,610	0	0	0	
Executive Director (Kirsty Flanagan)	56,081	56,581	(500)	0	(500)	This is due to the cost of new Bus Contracts for Public and Pupil Transport across Argyll and Bute.
Weather related incident ongoing costs	0	3,567	(3,567)		(3,567)	This is the projected revenue overspend from the October 2023 weather event. A separate report on the agenda provides Members with further detail on this.
Social Work	78,466	79,114	(648)	0	(648)	The projected overspend is due to demand for residential placements within Children and Families Services.
Central Budgets	20,812	21,083	(271)	0	(271)	The projected overspend is due to pressure on the insurances budgets due to inflation being higher than estimated.
Financed By	(301,965)	(302,293)	328	0	328	There is a projected over recovery of income for Council tax on 2nd homes.
<b>Total</b>	<b>0</b>	<b>4,658</b>	<b>(4,658)</b>	<b>0</b>	<b>(4,658)</b>	

**Further information on the departmental forecast variances is included later on in the report.**

### Forecast outturn position for each Department from the start of the financial year

*Underspend*



*Overspend*

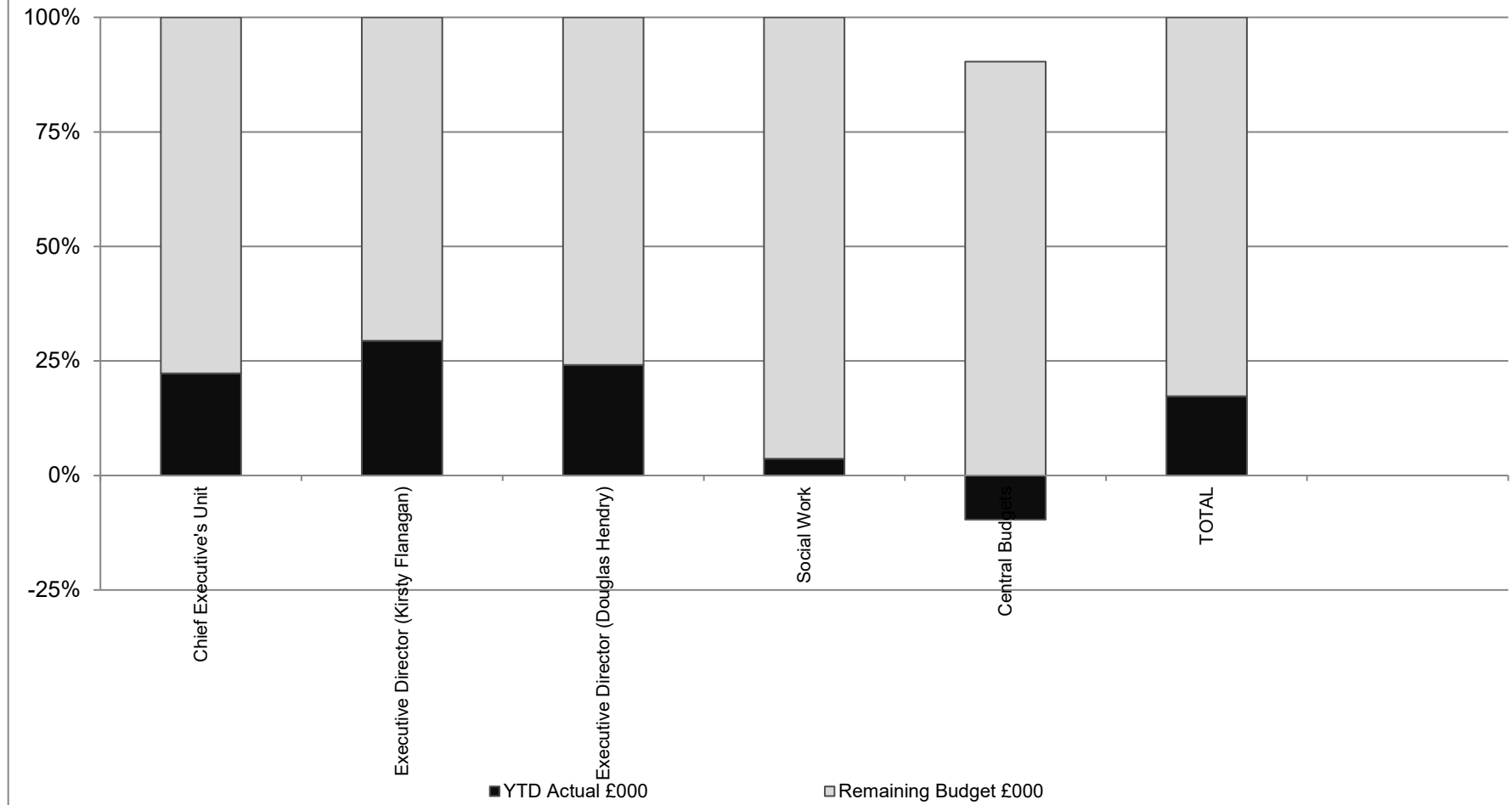
- ..... Chief Executive's Unit
- - - Executive Director (Douglas Hendry)
- ..... Executive Director (Kirsty Flanagan)
- Weather incident
- Social Work
- Central Budgets

### Year to Date Position

The year to date position as at 30 June 2024 is an overspend of £1.140m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	222	190	(32)	The year to date variance is largely due to profiling of budgets as opposed to genuine under or overspends. This will be rectified in the coming weeks.
Executive Director (Douglas Hendry)	35,169	35,417	248	
Executive Director (Kirsty Flanagan)	16,484	12,717	(3,767)	
Social Work	2,861	2,780	(81)	
Central Budgets	(2,484)	8	2,492	
Funding	(80,182)	(80,182)	0	
<b>Total Net Expenditure</b>	<b>(27,930)</b>	<b>(29,070)</b>	<b>(1,140)</b>	

Expenditure to date against the remaining budget for each Department



Further information on the departmental year to date variances is included later on in the report.

## OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2024

	YEAR TO DATE 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	%
<b><u>Departmental Budgets</u></b>								
Chief Executive's Unit	222	190	(32)	(16.8%)	996	996	0	0.0%
Executive Director (Douglas Hendry)	35,169	35,417	248	0.7%	145,610	145,610	0	0.0%
Executive Director (Kirsty Flanagan)	16,484	12,717	(3,767)	(29.6%)	56,081	56,581	(500)	(0.9%)
Weather related incident ongoing costs	0	0	0	0.0%	0	3,567	(3,567)	#DIV/0!
Social Work	2,861	2,780	(81)	(2.9%)	78,466	79,114	(648)	(0.8%)
<b>Total Departmental Budgets</b>	<b>54,736</b>	<b>51,104</b>	<b>(3,632)</b>	<b>(7.1%)</b>	<b>281,153</b>	<b>285,868</b>	<b>(4,715)</b>	<b>(1.7%)</b>
<b><u>Central Budgets</u></b>								
Other Operating Income and Expenditure	(3,602)	303	3,905	1288.8%	1,996	1,996	0	0.0%
Joint Boards	317	364	47	12.9%	1,458	1,458	0	0.0%
Non-Controllable Costs	801	(659)	(1,460)	221.6%	17,358	17,629	(271)	(1.6%)
<b>Total Central Budgets</b>	<b>(2,484)</b>	<b>8</b>	<b>2,492</b>	<b>31150.0%</b>	<b>20,812</b>	<b>21,083</b>	<b>(271)</b>	<b>(1.3%)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>52,252</b>	<b>51,112</b>	<b>(1,140)</b>	<b>(2.2%)</b>	<b>301,965</b>	<b>306,951</b>	<b>(4,986)</b>	<b>(1.7%)</b>
<b><u>Financed By</u></b>								
Aggregate External Finance	(60,201)	(60,201)	0	0.0%	(248,490)	(248,490)	0	0.0%
Local Tax Requirement	(19,981)	(19,981)	0	0.0%	(63,278)	(63,606)	328	(0.5%)
Contributions to General Fund	0	0	0	0.0%	9,803	9,803	0	0.0%
Earmarked Reserves	0	0	0	0.0%	0	0	0	0.0%
<b>Total Funding</b>	<b>(80,182)</b>	<b>(80,182)</b>	<b>0</b>	<b>0.0%</b>	<b>(301,965)</b>	<b>(302,293)</b>	<b>328</b>	<b>(0.1%)</b>
<b>(Deficit)/Surplus for Period</b>	<b>(27,930)</b>	<b>(29,070)</b>	<b>(1,140)</b>		<b>0</b>	<b>4,658</b>	<b>(4,658)</b>	

**SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2024**

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<b>Subjective Category</b>								
Employee Expenses	41,707	40,843	(864)	(2.1%)	189,327	190,004	(677)	(0.4%)
Premises Related Expenditure	2,631	3,263	632	19.4%	21,349	21,316	33	0.2%
Supplies and Services	7,068	6,602	(466)	(7.1%)	23,887	24,074	(187)	(0.8%)
Transport Related Expenditure	4,116	3,075	(1,041)	(33.9%)	17,775	17,774	1	0.0%
Third Party Payments	36,910	37,746	836	2.2%	182,130	187,645	(5,515)	(3.0%)
Capital Financing	213	(1,215)	(1,428)		10,626	10,626	0	0.0%
<b>TOTAL EXPENDITURE</b>	<b>92,645</b>	<b>90,314</b>	<b>(2,331)</b>	<b>(2.6%)</b>	<b>445,094</b>	<b>451,439</b>	<b>(6,345)</b>	<b>(1.4%)</b>
Income	(120,575)	(119,384)	1,191	(1.0%)	(445,094)	(446,781)	1,687	(0.4%)
<b>(Deficit)/Surplus for Period</b>	<b>(27,930)</b>	<b>(29,070)</b>	<b>(1,140)</b>		<b>0</b>	<b>4,658</b>	<b>(4,658)</b>	

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2024

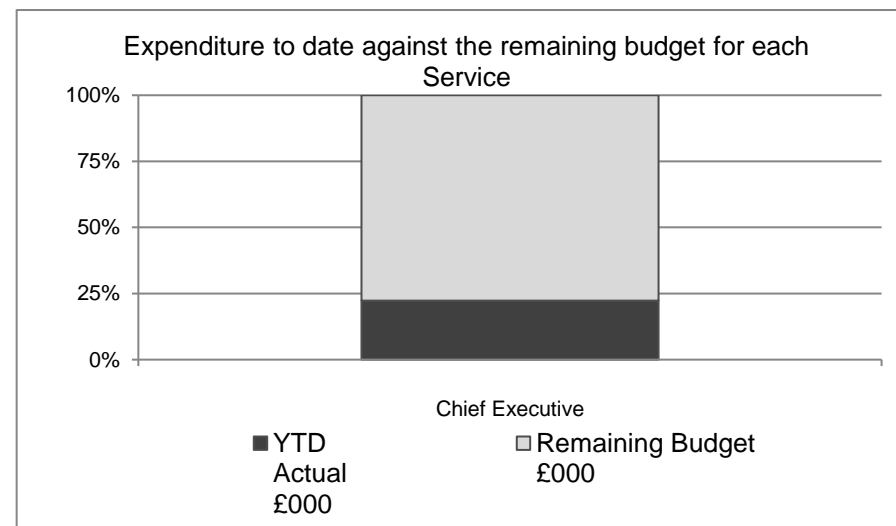
The department is currently forecasting spend in line with budget.

The department has a year to date overspend of £0.032m (16.8%) which can be attributed to budget profiling issues.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	996	996	0	0	0
<b>Totals</b>	<b>996</b>	<b>996</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



#### Key Financial Successes:

- All savings options have been delivered.
- The department's 2023-24 outturn position was an underspend of £0.006m. This resulted from an overall underspend of £0.013m offset by earmarking of £0.008m due to an auto-carry forward for unspent grants.

#### Key Financial Challenges:

To continue to deliver a high-quality service to support community engagement and participation.

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.

#### Proposed Actions to address Financial Challenges:

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.

Within the partnership working of the CPP we seek to establish working groups and collate resources within this to deliver high quality solutions to identified needs.



Demands for funding from community applications to the Supporting Communities Fund higher than available annual funds by about 40%.

Continue to monitor fund criteria adapting this to align with priority outcomes for Argyll & Bute and continue to support groups to seek alternative sources of funding from our database of funding providers.

## CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2024

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	88	87	(1)	(1.2%)	414	414	0	0.0%	Outwith reporting criteria.
Community Planning & Development	134	103	(31)	(30.1%)	582	582	0	0.0%	Posts funded from earmarked reserves/other funding - will be corrected in July.
	<b>222</b>	<b>190</b>	<b>(32)</b>	<b>(16.8%)</b>	<b>996</b>	<b>996</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2024

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	210	173	(37)	(21.4%)	838	838	0	0.0%	Overspend caused by posts funded from earmarkings/other budgets - will be rectified in July
Supplies and Services	10	3	(7)	(233.3%)	12	12	0	0.0%	Profiling issues, will be rectified in July.
Transport	1	3	2	66.7%	14	14	0	0.0%	Underspend on staff travel budgets.
Third Party	1	15	14	93.3%	149	149	0	0.0%	Profiling issues, will be rectified in July.
Income	0	(4)	(4)	100.0%	(17)	(17)	0	0.0%	Profiling issues, will be rectified in July.
<b>Totals</b>	<b>222</b>	<b>190</b>	<b>(32)</b>	<b>(16.8%)</b>	<b>996</b>	<b>996</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

### CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 30 JUNE 2024

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
			0	0.0%	

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

## EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2024

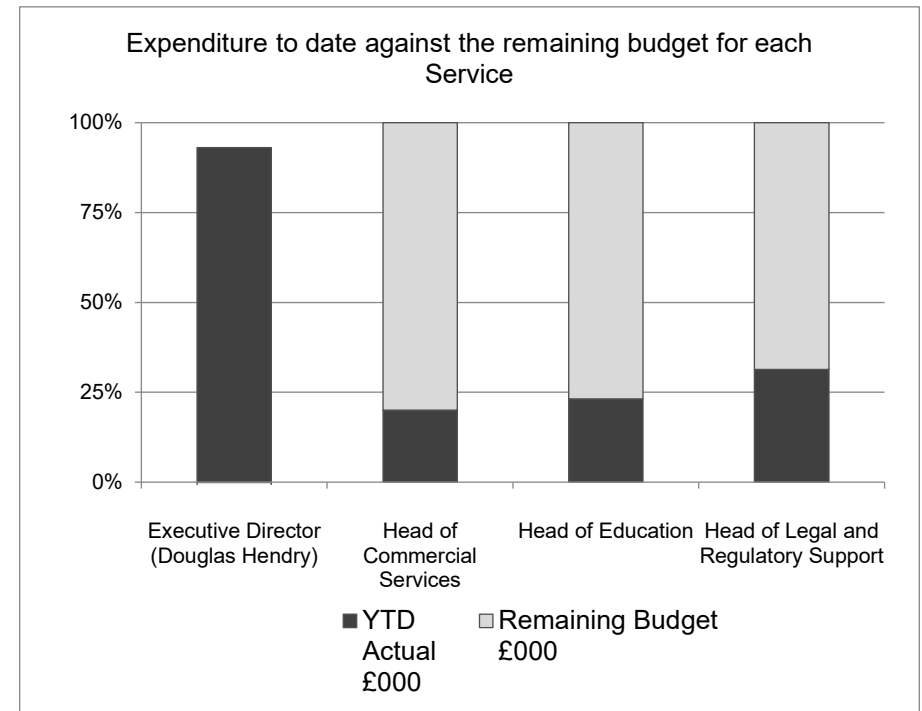
The department is currently forecasting spend in line with budget.

The department has a year to date (YTD) underspend of £0.248m (0.7%). The year to date underspend is mainly due to the current budget profile which will be refined through July.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	74	74	0	0	0
Head of Commercial Services	10,448	10,448	0	0	0
Head of Education	113,752	113,752	0	0	0
Head of Legal and Regulatory Support	21,336	21,336	0	0	0
<b>Totals</b>	<b>145,610</b>	<b>145,610</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Year to Date Position



**Key Financial Successes:**

The 2023-24 year-end consolidated outturn position was an under spend of £0.690m after adjusting for automatic earmarking. Contributing factors included:

- 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 negotiations with utility suppliers achieved further historic water charge refunds and ongoing reductions to water rates.
- Implementation of NDEEF project resulting in recurring annual saving in utilities and a significant contribution to meeting Net Zero targets.
- 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

**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 increase is consistent across Scotland.

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

Impact of the current cost of living crisis on uptake in demand led service areas like catering, design services and licensing.

Rising cost of material and labour costs within the Central Repairs Budget across the department may result in a reduction in activity or overspends.

Ensure that the School Catering Service remains efficient and effective as the impact of high inflation on produce and a requirement to adhere to the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020, has increased the cost of producing a school meal.

**Proposed Actions to address Financial Challenges:**

Analysis and review of delivery models has taken place, robust costings of any agreed changes to delivery model 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.

Work with schools to ensure effective use of Strategic Equity Funding and Pupil Equity Funding to close the poverty related attainment gap and identify other funding sources to ensure equity of experience for all children.

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.

Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as soon as known.

Through good procurement of supplies and the introduction of a school meal pre order app that will reduce food waste. Produce meals that pupils want to eat through regular consultation and a range of menu choices.

<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 two years of reduced funding 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 term forecasting on population to shape ongoing service redesign. Analysis of potential to extend income generation using “spare” capacity to trial 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 Ringfenced some Education funding which is dependent on Maintaining Teacher Numbers (MTN) to a set level. The target has increased for 2024-25 with no increase in funding.</p>	<p>Monitor teacher numbers and associated costs, highlighting any budget pressures immediately. If teacher numbers fall due to delays in recruitment, report the potential financial penalty to departmental management.</p>

**EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2024**

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	80	86	6	7.0%	74	74	0	0.0%	Outwith Reporting Criteria
		<b>80</b>	<b>86</b>	<b>6</b>	<b>7.0%</b>	<b>74</b>	<b>74</b>	<b>0</b>	<b>0.0%</b>	
Head of Commercial Services	Catering	75	(142)	(217)	152.8%	321	321	0	0.0%	The YTD overspend is largely due to timing of school meal recharges for which budgets will be reprofiled.
Head of Commercial Services	Central/Management Costs	287	288	1	0.4%	1,721	1,721	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	CHORD	30	14	(16)	(114.3%)	24	24	0	0.0%	The YTD overspend is largely due to timing of recharges to capital projects.
Head of Commercial Services	Cleaning	(58)	9	67	744.4%	400	400	0	0.0%	The YTD underspend is largely due to timing of recharges to Education and reduced use of bank staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	1,313	1,354	41	3.0%	5,669	5,669	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Events & Commercial Catering	36	(15)	(51)	340.0%	7	7	0	0.0%	The YTD overspend is due to under-recovery of income budgets within Events and Commercial Cafes.
Head of Commercial Services	Property Portfolio	(110)	(53)	57	(107.6%)	(189)	(189)	0	0.0%	The YTD underspend is due to profiling of budgets relating to rental income from industrial sites and investment properties.
Head of Commercial Services	Property Services	303	337	34	10.1%	861	861	0	0.0%	The YTD underspend is due to vacancies within Property Services.



Head of Commercial Services	Shared Offices	219	317	98	30.9%	1,634	1,634	0	0.0%	The YTD underspend is due to profiling of CRA and rental income budgets.
		<b>2,095</b>	<b>2,109</b>	<b>14</b>	<b>0.7%</b>	<b>10,448</b>	<b>10,448</b>	<b>0</b>	<b>0.0%</b>	
Head of Education	Additional Support for Learning	2,737	2,641	(96)	(3.6%)	11,788	11,788	0	0.0%	The YTD overspend is largely within ASN Assistants and this will be remedied through a drawdown from Earmarked Reserves in July.
Head of Education	Central/Management Costs	747	296	(451)	(152.4%)	1,899	1,899	0	0.0%	The YTD overspend is largely due to profiling of central teaching staff budgets which have been profiled into March in error. This will be corrected in July.
Head of Education	Community Learning & Development	2	1	(1)	(100.0%)	15	15	0	0.0%	The YTD overspend is due to utilities costs within CLD premises for which budgets will be rightsized throughout the year.
Head of Education	COVID	15	0	(15)	n/a	0	0	0	0.0%	The YTD overspend will be rectified through drawdown of earmarkings.
Head of Education	Early Learning & Childcare	3,250	3,715	465	12.5%	17,495	17,495	0	0.0%	The YTD underspend is largely due to accruals still to be recharged relating to ELC upgrade works at Rothesay Joint Campus and budget profiling within ELC Settings and Central ELC budgets. This is partially offset by a YTD overspend in 1140 which will be remedied through a drawdown from Earmarked Reserves in July.
Head of Education	Primary Education	9,602	9,664	62	0.6%	40,496	40,496	0	0.0%	The YTD underspend relates to profiling of budgets within schools for NPDO Facilities Management recharges which have not yet been recharged for the current year, partially offset by profiling of Pupil Equity Fund grant and school meal income budgets.

Head of Education	Pupil Support	525	458	(67)	(14.6%)	2,419	2,419	0	0.0%	The YTD overspend is due to higher than budgeted demand for Schools Residential Placements. This will be monitored closely throughout the year. There is also an overspend in the Wellbeing budget and this will be remedied through a drawdown from Earmarked Reserves in July.
Head of Education	Schools - Central Services	579	603	24	4.0%	2,376	2,376	0	0.0%	Outwith Reporting Criteria
Head of Education	Secondary Education	8,847	9,163	316	3.5%	37,264	37,264	0	0.0%	The YTD underspend relates to profiling of budgets within schools for NPDO Facilities Management recharges which have not yet been recharged for the current year, partially offset by profiling of Pupil Equity Fund grant and school meal income budgets.
		<b>26,304</b>	<b>26,541</b>	<b>237</b>	<b>0.9%</b>	<b>113,752</b>	<b>113,752</b>	<b>0</b>	<b>0.0%</b>	
Head of Legal & Regulatory Support	Central/Management Costs	56	52	(4)	(7.7%)	264	264	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	106	37	(69)	(186.5%)	168	168	0	0.0%	The YTD overspend will be partially rectified through drawdown of earmarkings and processing of prepayments at year end.
Head of Legal & Regulatory Support	Elections	32	31	(1)	(3.2%)	37	37	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance	83	63	(20)	(31.8%)	731	731	0	0.0%	The YTD overspend will be partially rectified through drawdown of earmarkings and processing of prepayments at year end.
Head of Legal & Regulatory Support	Governance, Risk & Safety	125	116	(9)	(7.8%)	554	554	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Legal Services	35	81	46	56.8%	701	701	0	0.0%	The YTD underspend is due to timing of licensing income.

Head of Legal & Regulatory Support	NPDO and Hub Schools	5,873	5,946	73	1.2%	17,111	17,111	0	0.0%	The YTD underspend is due to the profiling of budget for third party payments.
Head of Legal & Regulatory Support	Procurement, Commercial and Contract Management	227	227	0	0.0%	1,160	1,160	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Trading Standards & Advice Services	153	128	(25)	(19.5%)	610	610	0	0.0%	The YTD overspend will be partially rectified through drawdown of earmarkings and re-profiling of grant income budgets.
		<b>6,690</b>	<b>6,681</b>	<b>(9)</b>	<b>(0.1%)</b>	<b>21,336</b>	<b>21,336</b>	<b>0</b>	<b>0.0%</b>	
		<b>35,169</b>	<b>35,417</b>	<b>248</b>	<b>0.7%</b>	<b>145,610</b>	<b>145,610</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

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

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

## EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2024

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	24,439	24,038	(401)	(1.7%)	106,732	106,732	0	0.0%	The YTD overspend is largely due to profiling of central teaching staff budgets which have been profiled in to March in error. Budget adjustments relating to new year grant awards also require to be input to offset variances.
Premises	1,434	1,877	443	23.6%	8,480	8,480	0	0.0%	The YTD underspend is largely due to accruals still to be recharged relating to ELC upgrade works at Rothesay Joint Campus as well as profiling of CRA budgets across all Services.
Supplies and Services	3,058	3,183	125	3.9%	13,690	13,690	0	0.0%	The YTD underspend relates to profiling of Pupil Equity Fund budgets and timing of recharges for school meals for the June period.
Transport	100	84	(16)	(19.1%)	333	333	0	0.0%	The YTD overspend is due to small overspends within staff travel budgets across all Services, which are likely to be offset by underspends elsewhere.
Third Party	9,069	9,815	746	7.6%	46,521	46,521	0	0.0%	The YTD underspend relates to profiling of budgets within schools for NPDO Facilities Management recharges which have not yet been recharged for the current year.
Income	(2,931)	(3,580)	(649)	18.1%	(30,146)	(30,146)	0	0.0%	The YTD overspend relates to the profiling of Pupil Equity Fund grant and school meal income budgets.
<b>Totals</b>	<b>35,169</b>	<b>35,417</b>	<b>248</b>	<b>0.7%</b>	<b>145,610</b>	<b>145,610</b>	<b>0</b>	<b>0.0%</b>	

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

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

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

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

**EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 30 JUNE 2024**

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

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

## EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 30 JUNE 2024

The department has a forecast overspend of £0.500m (0.9%). This is due to the cost of new Bus Contracts for Public and Pupil Transport across Argyll and Bute. Since the end of June a further pressure of £0.210m in relation to bus contracts has been identified as more contracts are renewed therefore in the next reporting period the forecast overspend relating to bus contracts will increase from £0.500m to £0.710m. There is also further potential overspend relating to repairs to the Belnahua Ferry (£0.250m) and TRO Income (£0.100m) which was a previously agreed saving to secure additional income that has been unachievable that have been highlighted since the end of June. This will take the departmental overspend to £1.060m.

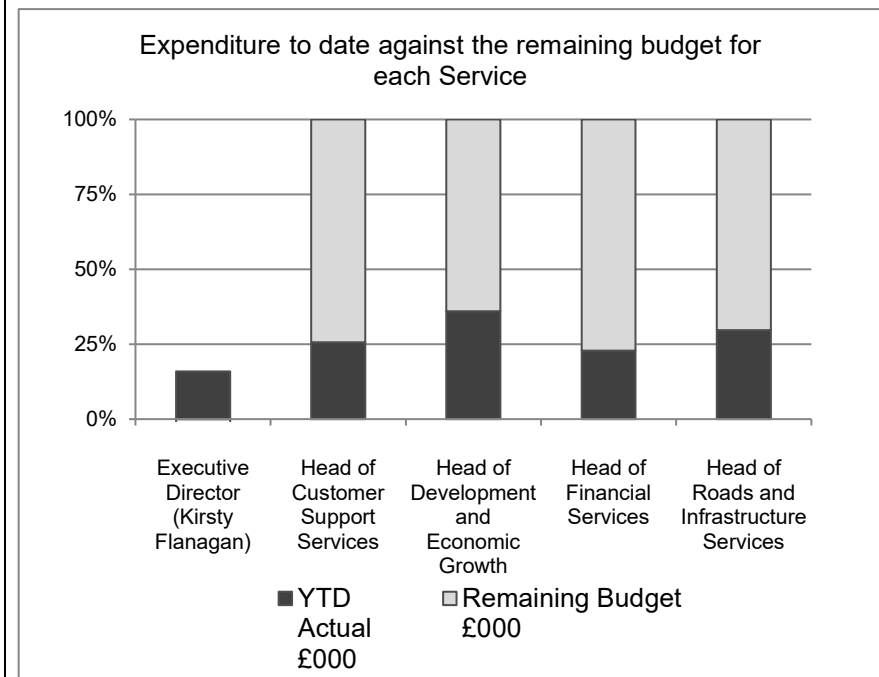
A separate report in relation to the October 2023 Weather Event is on the agenda and provides members with an update on the various flood sites, estimated overspends and proposed range of measures for Members to consider which could be used to cover the estimated overspends. The projected revenue overspend of £3.567m is presented within the Corporate Overview.

The department has a year to date overspend of £3.767m (29.6%). This is mainly due to an outstanding accrual from Scottish Government for the Bellwin Claim as well as the profile of a number of budgets across the department.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	(271)	(271)	0	0	0
Head of Customer Support Services	8,793	8,793	0	0	0
Head of Development and Economic Growth	7,785	7,785	0	0	0
Head of Financial Services	6,756	6,756	0	0	0
Head of Roads and Infrastructure Services	33,018	33,518	(500)	0	(500)
<b>Totals</b>	<b>56,081</b>	<b>56,581</b>	<b>(500)</b>	<b>0</b>	<b>(500)</b>

### Year to Date Position



**Key Financial Successes:**

The department had a challenging 2023-24 financial year with few financial successes largely due to the Weather Incident in October creating substantial pressures as well as reduced income due to numerous ferry cancellations at our Piers & Harbours.

**Key Financial Challenges:**

Ensuring that services spend to budget and do not overspend after the department had an overspend of £1.3m after automatic earmarkings in 2023-24.

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

Rising cost of materials, software and consultancy services across the service will result in a reduction in activity or overspends.

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 ongoing high levels of inflation and service demand caused by world events.

Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.

Climate Change Mitigation impacting on the departments key infrastructure due to increased inspection regimes will result in overspends.

Dangerous buildings costs as there is no budget for this expenditure and the council has no control over the demand for the service.

**Proposed Actions to address Financial Challenges:**

Detailed monitoring in the key areas overspent in 2023-24 to flag up concerns early and mitigate before becoming an overspend.

Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.

Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as soon as known.

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.

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. The current budget provision provides for 56 full equivalent runs. 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.

The Council will continue to tackle climate change, looking at financially sustainable options and will closely monitor the financial consequences.

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>Ferry Grant from Transport Scotland has stayed the same for 2024-25 despite increased costs for employee inflation as well as other general inflationary increases.</p>	<p>Costs are monitored regularly and contained as much as possible with any unavoidable overspends highlighted as soon as known.</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"><li>• The introduction of the Deposit Return Scheme</li><li>• Uncertainty with recycling income/ gate fee costs due to the volatility of the market</li><li>• Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste</li><li>• The Circular Economy Bill that has recently been passed and the implications that may bring</li></ul>	<p>To closely monitor all service components of Waste Management and review the Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).</p>



**EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2024**

<b>Service</b>	<b>Service Area</b>	<b>YTD Actual £000</b>	<b>YTD Budget £000</b>	<b>YTD Variance £000</b>	<b>% Variance</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast Variance £000</b>	<b>% Variance</b>	<b>Explanation</b>
Executive Director (Kirsty Flanagan)	Central/Management Costs	63	63	0	0.0%	(271)	(271)	0	0.0%	Outwith Reporting Criteria
		<b>63</b>	<b>63</b>	<b>0</b>	<b>0.0%</b>	<b>(271)</b>	<b>(271)</b>	<b>0</b>	<b>0.0%</b>	
Head of Customer Support Services	Central/Management Costs	29	30	1	3.3%	167	167	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	Communications	67	64	(3)	(4.7%)	312	312	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	Customer Service Centres	272	298	26	8.7%	1,616	1,616	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	HR	624	587	(37)	(6.3%)	2,370	2,370	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	ICT	1,294	1,260	(34)	(2.7%)	4,345	4,345	0	0.0%	Outwith Reporting Criteria
Head of Customer Support Services	Registrars	(32)	(20)	12	(60.0%)	(17)	(17)	0	0.0%	YTD variance due to over-recovery of income received for marriages due to increased activity over summer months
		<b>2,254</b>	<b>2,219</b>	<b>(35)</b>	<b>(1.6%)</b>	<b>8,793</b>	<b>8,793</b>	<b>0</b>	<b>0.0%</b>	
Head of Development & Economic Growth	Airports	343	268	(75)	(28.0%)	1,186	1,186	0	0.0%	YTD variance due to profile of budget for Private Contactors which will be rectified over the coming months
Head of Development & Economic Growth	Building Control	(110)	(80)	30	(37.5%)	(113)	(113)	0	0.0%	YTD variance due to over-recovery of Building Warrant income received
Head of Development & Economic Growth	Central/Management Costs	122	129	7	5.4%	572	572	0	0.0%	Outwith Reporting Criteria

Head of Development & Economic Growth	Culture & Heritage	34	51	17	33.3%	225	225	0	0.0%	YTD variance due to profile of Rothesay Pavilion which will be rectified over the coming months
Head of Development & Economic Growth	Development Management	126	(52)	(178)	342.3%	114	114	0	0.0%	YTD variance due to under-recovery of Planning Fee income received
Head of Development & Economic Growth	Development Policy	79	98	19	19.4%	475	475	0	0.0%	YTD variance due to profile of budget for third party payments which will be rectified over the coming months
Head of Development & Economic Growth	Economic Development	318	299	(19)	(6.4%)	1,032	1,032	0	0.0%	Outwith Reporting Criteria
Head of Development & Economic Growth	Environmental Health	204	250	46	18.4%	1,268	1,268	0	0.0%	YTD variance is due to timing of Private Landlord Registration income which will be rectified over the coming months.
Head of Development & Economic Growth	Environmental Initiatives	13	13	0	0.0%	104	104	0	0.0%	Outwith Reporting Criteria
Head of Development & Economic Growth	Housing	1,577	948	(629)	(66.4%)	2,695	2,695	0	0.0%	YTD variance due to timing of grant claim for HEEPS with expenditure incurred in advance of income being received
Head of Development & Economic Growth	Private Landlords	(351)	(9)	342	(3800.0%)	0	0	0	0.0%	YTD variance is due to timing of Short Term Let income which will be rectified over the coming months.
Head of Development & Economic Growth	Transportation Policy	449	50	(399)	(798.0%)	227	227	0	0.0%	YTD variance due to timing of grant claim for CWSS with expenditure incurred in advance of income being received
		<b>2,804</b>	<b>1,965</b>	<b>(839)</b>	<b>(42.7%)</b>	<b>7,785</b>	<b>7,785</b>	<b>0</b>	<b>0.0%</b>	
Head of Financial Services	Accounting & Budgeting	508	566	58	10.3%	2,559	2,559	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	Internal Audit & Fraud	64	73	9	12.3%	332	332	0	0.0%	YTD underspend caused by slippage on a vacant post.

Head of Financial Services	Revenues & Benefits	738	855	117	13.7%	3,063	3,063	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	232	159	(73)	(45.9%)	802	802	0	0.0%	Earmarkings requiring to be drawn down against overspends - this will be rectified in next reporting period.
		<b>1,542</b>	<b>1,653</b>	<b>111</b>	<b>6.7%</b>	<b>6,756</b>	<b>6,756</b>	<b>0</b>	<b>0.0%</b>	
Head of Roads & Infrastructure Services	Amenity	990	802	(188)	(23.4%)	3,146	3,146	0	0.0%	YTD variance mainly due to delay in Interment Fees in Cemeteries and budget profile of internal recharges within Public Conveniences
Head of Roads & Infrastructure Services	Car Parking	(70)	(168)	(98)	58.3%	(590)	(590)	0	0.0%	YTD variance due to delay in receiving income for Electric Vehicle usage
Head of Roads & Infrastructure Services	Central/Management Costs	699	636	(63)	(9.9%)	2,764	2,764	0	0.0%	YTD variance due to profile of internal recharge budget which will be rectified for future monitoring
Head of Roads & Infrastructure Services	Depots	92	(103)	(195)	189.3%	(313)	(313)	0	0.0%	YTD variance due to profile of internal recharge budget which will be rectified for future monitoring
Head of Roads & Infrastructure Services	Fleet & Transport	2,603	2,167	(436)	(20.1%)	8,724	9,224	(500)	(5.7%)	YTD variance due to internal fleet maintenance costs and increased bus contracts for Public Transport and Pupil Transport. Forecast overspend reported due to increased contract costs for Public Transport. This will increase to £710k in next reporting period as further contracts are in the process of being renewed with increased costs.

Head of Roads & Infrastructure Services	Infrastructure	(7)	138	145	105.1%	725	725	0	0.0%	YTD variance due to outstanding accruals within Coastal Protection
Head of Roads & Infrastructure Services	Marine	32	(629)	(661)	105.1%	(3,866)	(3,866)	0	0.0%	YTD variance due to timing of Piers & Harbours income alongside additional costs due to Ferry maintenance
Head of Roads & Infrastructure Services	Network & Traffic Management	42	5	(37)	(740.0%)	154	154	0	0.0%	YTD variance due to shortfall in income for Traffic Regulation Orders
Head of Roads & Infrastructure Services	Road Safety	24	26	2	7.7%	131	131	0	0.0%	Outwith Reporting Criteria
Head of Roads & Infrastructure Services	Roads & Lighting	4,174	1,587	(2,587)	(163.0%)	7,481	7,481	0	0.0%	YTD variance due to outstanding accruals from Scottish Government for Bellwin Claim alongside profile of internal recharge budget within the Roads and Lighting Holding account.
Head of Roads & Infrastructure Services	Waste	1,242	2,356	1,114	47.3%	14,662	14,662	0	0.0%	YTD variance mainly due to the profile of the Waste PPP contract payments which will be rectified over coming months
		<b>9,821</b>	<b>6,817</b>	<b>(3,004)</b>	<b>(44.1%)</b>	<b>33,018</b>	<b>33,518</b>	<b>(500)</b>	<b>(1.5%)</b>	
		<b>16,484</b>	<b>12,717</b>	<b>(3,767)</b>	<b>(29.6%)</b>	<b>56,081</b>	<b>56,581</b>	<b>(500)</b>	<b>(0.9%)</b>	

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

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

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

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

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

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

## EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2024

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	8,654	8,772	118	1.4%	42,988	42,988	0	0.0%	YTD variance mainly due to vacancies within the Roads and Lighting Holding Account which are being covered by external contractors
Premises	719	864	145	16.8%	3,624	3,624	0	0.0%	YTD variance mainly due to the profile of the Depot internal recharges which will be profiled to rectify for next monitoring period.
Supplies and Services	3,373	2,620	(753)	(28.7%)	9,139	9,139	0	0.0%	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	3,862	2,835	(1,027)	(36.2%)	16,401	16,401	0	0.0%	YTD variance due to internal fleet and ferry maintenance costs.
Third Party	16,093	15,584	(509)	(3.3%)	64,771	65,271	(500)	(0.8%)	YTD variance mainly due to grant payments within Economic Development and Transportation that either have or will be offset with grant income once received as well as an overspend on public transport and the profile of budgets across a number of cost centres.
Capital Financing	0	0	0	0.0%	2,677	2,677	0	0.0%	Outwith Reporting Criteria
Income	(16,217)	(17,958)	(1,741)	9.7%	(83,519)	(83,519)	0	0.0%	YTD variance mainly due to profile of income recharges within the Roads Operational Holding Account which is partially offset with grant income received within Economic Development to cover expenditure incurred within Third party Payments
<b>Totals</b>	<b>16,484</b>	<b>12,717</b>	<b>(3,767)</b>	<b>(29.6%)</b>	<b>56,081</b>	<b>56,581</b>	<b>(500)</b>	<b>(0.9%)</b>	

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

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

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

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

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

## EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 30 JUNE 2024

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Public Transport	5,266	5,766	(500)	(9.5%)	New bus contracts in place for Public and Pupil Transport. This will increase to £710k in next reporting period as further contracts are in the process of being renewed with increased costs.

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

## SOCIAL WORK – AS AT 30 JUNE 2024

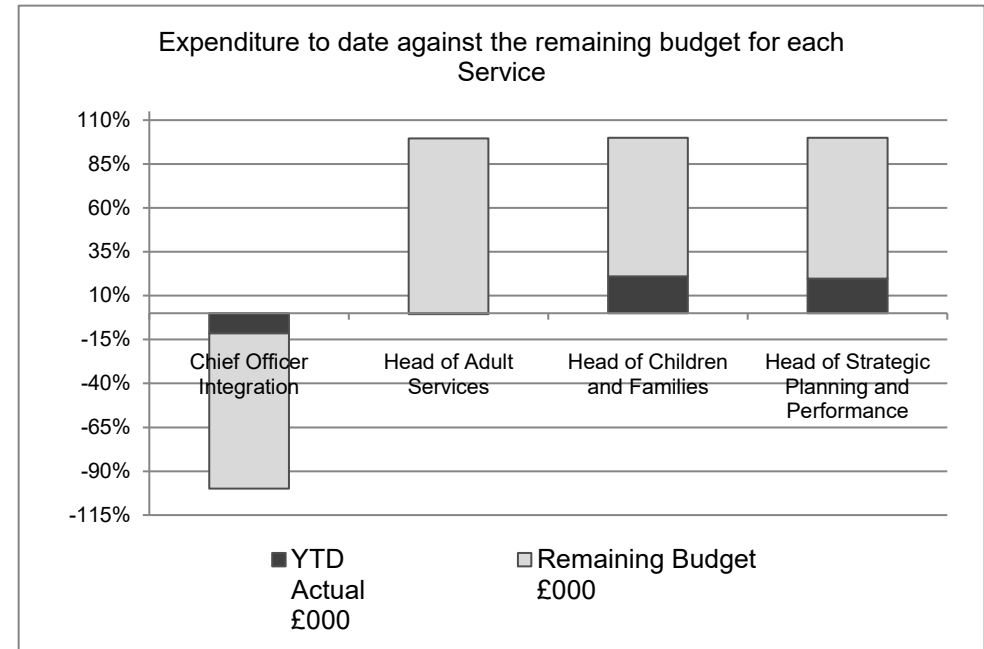
The department is currently forecasting an overspend of £0.648m (0.8%). This is due to demand for residential placements within Children and Families Services.

The department has a year-to-date overspend of £0.081m (0.2%) which again is due to demand driven services within Children and Families.

### Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	(3,470)	(3,490)	20	0	20
Head of Strategic Planning and Performance	480	478	2	0	2
Head of Health and Community Care	43,455	43,558	(103)	0	(103)
Head of Acute and Complex Care	21,427	21,074	353	0	353
Head of Children and Families	16,574	17,494	(920)	0	(920)
<b>Totals</b>	<b>78,466</b>	<b>79,114</b>	<b>(648)</b>	<b>0</b>	<b>(648)</b>

### Year to Date Position



### Key Financial Successes:

Delivered a balanced budget at the end of 2023/24 after utilising £1.826m of reserves. An additional amount of £0.209m was transferred to IJB reserves and should allow for future investment and transformation across Social Work.

<b>Key Financial Challenges:</b>	<b>Proposed Actions to address Financial Challenges:</b>
Deliver the outstanding savings total for 2024/25 of £1.132m (as at June 2024).	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 24/25 to address the 24/25 budget gap, as well as budget gaps in future years.	Support from finance to assist strategic managers to develop and identify further savings 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.
Use of agency staff to support service delivery across Social Work, but particularly in Older People services, due to recruitment and retention challenges within the service. Year to date spend at June 2024 of £0.996m.	Close working relationship with the HSCP to support the costing of a plan to stabilise the service and ensure it is operationally and financially sustainable. This includes an exit plan from the reliance on agency staff.
Cost of living crisis affecting pay inflation negotiations and financial sustainability of service providers, which could affect affordability and sustainability of service delivery.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be evaluated and reported through the budget monitoring and preparation processes.



## SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2024

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	152	117	(35)	(29.9%)	596	593	3	0.5%	The YTD variance is due to front loaded payments relating to the purchase of computer software. The forecast variance is outwith reporting criteria.
Chief Officer Integration	Social Work Central Support	(548)	(545)	3	(0.6%)	(4,066)	(4,083)	17	(0.4%)	The YTD variance is outwith the reporting criteria however the annual budget and forecast outturn are currently showing as negative due to budget drawdowns waiting to be actioned. These will be processed during July.
		<b>(396)</b>	<b>(428)</b>	<b>(32)</b>	<b>(30.5%)</b>	<b>(3,470)</b>	<b>(3,490)</b>	<b>20</b>	<b>0.1%</b>	
Head of Strategic Planning & Performance	Management & Central Costs	86	87	1	1.2%	448	448	0	0.0%	The YTD and forecast variances are outwith the reporting criteria.
Head of Strategic Planning & Performance	Service Development	9	5	(4)	(80.0%)	32	30	2	6.3%	The YTD variance is due to timing differences on charges to health boards. The forecast variance is outwith the reporting criteria.
		<b>95</b>	<b>92</b>	<b>(3)</b>	<b>(78.9%)</b>	<b>480</b>	<b>478</b>	<b>2</b>	<b>6.3%</b>	
Head of Health and Community Care	Management & Central Costs	72	45	(27)	(60.0%)	582	594	(12)	(2.1%)	The YTD variance is due to timing differences on the charges to health boards. The forecast variance is outwith reporting criteria.
Head of Health and Community Care	Older People	1,680	1,783	103	5.8%	42,873	42,964	(91)	(0.2%)	The YTD and forecast variance are both due to known commitments on Carefirst.
		<b>1,752</b>	<b>1,828</b>	<b>76</b>	<b>4.2%</b>	<b>43,455</b>	<b>43,558</b>	<b>(103)</b>	<b>(0.2%)</b>	
Head of Acute and Complex Care	Learning Disabilities	(2,078)	(1,981)	97	(4.9%)	15,128	14,816	312	2.1%	The YTD variance is due to timing differences on charges to health boards and other income lines. The forecast underspend is based on current known commitments on Carefirst.
Head of Acute and Complex Care	Management & Central Costs	16	29	13	44.8%	128	115	13	10.2%	The YTD and forecast underspend are based on current projected training costs and supplies and services costs which could improve as spend trend becomes clearer.

Head of Acute and Complex Care	Mental Health	(210)	(264)	(54)	20.5%	3,063	3,395	(332)	(10.8%)	The YTD variance is due to known commitments. The forecast overspend is based on current known commitments on Carefirst.
Head of Acute and Complex Care	Physical Disability	212	268	56	20.9%	3,108	2,748	360	11.6%	The YTD variance is due to known commitments. The forecast underspend is based on current known commitments on Carefirst.
		<b>(2,060)</b>	<b>(1,948)</b>	<b>112</b>	<b>81.3%</b>	<b>21,427</b>	<b>21,074</b>	<b>353</b>	<b>13.0%</b>	
Head of Children & Families	Child Protection	620	692	72	10.4%	3,619	3,522	97	2.7%	The YTD variance is based on known commitments and some deferred income received from previous years. The forecast underspend is as a result of demand for contact and welfare services and deferred income in the area teams budget lines.
Head of Children & Families	Children with a Disability	274	245	(29)	(11.8%)	1,065	1,077	(12)	(1.1%)	The YTD variance is based on known commitments. The forecast variance is outwith reporting criteria.
Head of Children & Families	Criminal Justice	117	3	(114)	(3800.0%)	174	165	9	5.2%	The YTD variance is due to timing of grant income. The forecast variance is outwith reporting criteria.
Head of Children & Families	Looked After Children	1,844	1,628	(216)	(13.3%)	7,938	8,938	(1,000)	(12.6%)	The YTD variance is due to an increase in the demand in the number of residential placements. The forecast overspend relates to childrens external residential placements. We currently have 16 children in placements with a potential 6 other children being considered. This overspend is unlikely to improve as we progress through the financial year.
Head of Children & Families	Management & Central Costs	615	668	53	7.9%	3,778	3,792	(14)	(0.4%)	The YTD variance is due to increased s12 payments. The forecast variance is outwith reporting criteria.
		<b>3,470</b>	<b>3,236</b>	<b>(234)</b>	<b>(7.2%)</b>	<b>16,574</b>	<b>17,494</b>	<b>(920)</b>	<b>(5.6%)</b>	
<b>GRAND TOTAL</b>		<b>2,861</b>	<b>2,780</b>	<b>(81)</b>	<b>(2.9%)</b>	<b>78,466</b>	<b>79,114</b>	<b>(648)</b>	<b>(0.8%)</b>	

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

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

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

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

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

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

## SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2024

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	7,613	7,177	(436)	(6.1%)	34,715	35,120	(405)	(1.2%)	Both the YTD and forecast overspend is due to the use of agency staff across the HSCP partially offset by payroll underspends due to vacancies.
Premises	471	522	51	9.8%	1,701	1,668	33	1.9%	The YTD underspend is largely due to budget profiling and the forecast underspend is outwith the reporting criteria.
Supplies & Services	470	421	(49)	(11.6%)	(661)	(473)	(188)	28.4%	The YTD overspend is largely due to the timing of payments relating to the purchase of computer software and the forecast budget and outturn variances are due to the profiling of savings options not yet achieved.
Transport	143	144	1	0.7%	619	618	1	0.2%	The YTD variance is outwith reporting criteria.
Third Party	11,321	11,306	(15)	(0.1%)	66,469	67,917	(1,448)	(2.2%)	The YTD variance is outwith reporting criteria. The forecast overspend is due to demand for purchased care services across both Childrens and Adult Services.
Income	(17,157)	(16,790)	367	(2.2%)	(24,377)	(25,736)	1,359	(5.6%)	The YTD and forecast over recovery of income is mainly due to increased income from fees, charges and recharges.
<b>Totals</b>	<b>2,861</b>	<b>2,780</b>	<b>(81)</b>	<b>(2.9%)</b>	<b>78,466</b>	<b>79,114</b>	<b>(648)</b>	<b>(0.8%)</b>	

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

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

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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%.

## SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2024

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Looked After Children	7,950	8,950	(1,000)	(12.6%)	The forecast overspend relates to childrens external residential placements. We currently have 16 children in placements with a potential 6 other children being considered. This overspend is unlikely to improve as we progress through the financial year.
Child Protection	3,620	3,523	97	2.7%	The forecast underspend is as a result of demand for contact and welfare services and deferred income in the area teams budget lines.
Older People - Homecare	19,989	19,487	502	2.5%	The forecast underspend is based on current known commitment from CareFirst system.
Older People - Internal Residential	7,622	6,970	652	8.6%	The forecast underspend is due to over-recovery of income.
Older People - External Residential	12,385	13,483	(1,098)	(8.9%)	The forecast overspend reflects demand for service based on known package commitments.
Older People - Other	9,690	9,837	(147)	(1.5%)	The forecast underspend is due to an over recovery of income.
Physical Disability	3,862	3,502	360	9.3%	The forecast underspend is based on current known commitments on Carefirst.
Learning Disability	20,424	20,112	312	1.5%	The forecast underspend is based on current known commitments on Carefirst.
Mental Health	3,954	4,301	(347)	(8.8%)	The forecast overspend is based on current known commitments on Carefirst.

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

## MONITORING OF SAVINGS – AS AT 30 JUNE 2024

New policy savings were identified for the three year period 2024-25 to 2026-27 and these were agreed by Council in February 2024. Council agreed to policy savings of £0.665m on a recurring basis.

The position of historical policy saving options is as follows:

- 2023/24 – those not delivered or that have further increases in value in 2024-25 onwards total £5.387m
- 2022/23 – those not delivered or that have further increases in value in 2024-25 onwards total £0.170m
- 2021/22 – those not delivered total £0.041m
- 2020/21 – all delivered
- 2019/20 – all delivered
- 2018/19 - those not delivered total £0.204m

The 2024-25 savings have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.

There is one saving where the department has indicated it will not be achieved in full and one saving categorised as having a potential shortfall, as summarised below:

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB13b Roads and Amenity Services charging (non-statutory services)	Feb-18	Will not be achieved in full.	<p>The original proposal was to introduce charges for providing lighting design and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences. Whilst some additional income has been generated through third party works, opportunities are expected to be limited over the foreseeable future due to staff shortages and other competing demands.</p> <p>A cost pressure will be added to the 2025-26 budget for this shortfall and the service will look at other potential savings as part of the RIS Review.</p>	£100,000

TB12b Stadiums	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Discussions had stalled with partners in the Oban and Lorn area with regard to Mossfield stadium to create a sports Hub, attract external funding to improve facilities and therefore attract additional events to the arena. The users group has now reconvened and will be reporting to the steering group. It should be noted there is generally a downturn in usage of pitches partly due to more clubs booking all weather pitches at high schools and the loss of a well-established club disbanding which will result in the loss of income. The Mossfield Sport Group have highlighted that certain clubs along with the Shinty Associations have expressed concerns with regards to the condition of the Pavilion and changing facilities and this is likely to impact on income. East King Street bookings have reduced due to the condition of the changing facilities and clubs having to play their fixtures elsewhere.	£30,000
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All policy saving options previously agreed are noted in the table below for information.



Template Ref	Saving Agreed	Service	Service Delivery Area	Savings Option	2024-25	2024-25	Status of Implementation
					£000	FTE	
<b>Executive Director Douglas Hendry</b>							
CS01	Feb-22	Commercial Services	Property Services	Climate Change & Resource Efficiency	63.0	0.00	On Track to be Delivered
202425 008	Feb-24	Commercial Services - Live Argyll	Live Argyll 10% reduction	10% reduction to the Management Fee paid to Live Argyll Leisure Trust from the Council.	363.00	0.0	Delivered
202425 011	Feb-24	Education	Positive Starts	Referrals to the Positive Starts support scheme have been reducing year on year, furthermore the Early Years team no longer have capacity to quality assure and administer this budget to a level where they can ensure a positive impact for children and families or best value in relation to the service. Referrals come from Health and Social Work, not Education however the HSCP were not willing to manage this budget.	40.0	0.00	Delivered
202425 009	Feb-24	Governance, Risk and Safety	Governance Restructure	Reorganisation of Governance team and remove posts that are currently vacant. The proposed restructure will ensure current level of service will be maintained.	62.00	2.5	On Track to be Delivered
<b>Executive Director Kirsty Flanagan</b>							
DEG01	Feb-22	Development and Economic Growth	Economic Growth	Crown Estate Administration Contribution to Project Delivery	107.00	0.0	Delivered
FIS2324-001	Feb-23	Financial Services	Treasury Management	Service Concessions - Alteration to accounting treatment to align the repayment of borrowing relating to new schools over their asset life. Guidance from Scottish Government now permits this change of accounting treatment. Further detail will be provided to Council in due course.	4,861.0	0.00	Delivered
FIS2324-002	Feb-23	Financial Services	Revenues and Benefits	The Service has identified savings through rightsizing of budgets, an organisational restructure with investment in modern apprenticeships and temporary staff designed to boost income from the billing of additional local taxes and the recovery of associated debt. In addition efficiency savings from increased productivity, increased levels of process automation and moving more customers to transact with the service over the internet will allow previously outsourced review works to be carried out internally.	466.00	3.0	On Track to be Delivered
R&I15	Feb-21	Roads and Infrastructure	Roads and Infrastructure	Emergency services support and fuel provision from our fuel supplies	0.50	0.0	Still to be Implemented
202425 012	Feb-24	Roads and Infrastructure	Roads and Infrastructure Services (RIS) Review	A RIS Review was undertaken during 2023/24 and the implementation of the outcomes will begin in 2024-25. It is anticipated that further efficiency savings will be achievable in future years but the level of which are not known at this stage.	200.00	0.0	On Track to be Delivered
R&I09	Feb-21	Roads and Infrastructure - Operations	Roads and Infrastructure - Operations	Road inspections find and fix - reduce reactive work by proactivity. Moving to AI technology as technology develops	40.00	1.0	On Track to be Delivered
RIS2324-001	Feb-23	Roads and Infrastructure Services	School Crossing Patrollers	Support Communities to move to different approaches to delivering School Crossing Patrols through engagement with Parent Council and Communities.	60.00	8.4	On Track to be Delivered
TB13b	Feb-18	Roads and Infrastructure Services	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	100.0	0.00	Will not be achieved
TB13b	Feb-18	Roads and Infrastructure Services	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	50.0	0.00	On Track to be Delivered
TB12b	Feb-18	Roads and Infrastructure Services	Amenity Services	Review charges for stadiums to enable improvement work	30.00	0.0	Potential Shortfall
TB09	Feb-18	Roads and Infrastructure Services	Public Conveniences	Public Conveniences - Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	24.00	0.0	On Track to be Delivered
<b>TOTAL</b>					<b>6,466.5</b>	<b>14.9</b>	

**FINANCIAL RISKS ANALYSIS 2024-25**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital, have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 7 Council wide revenue risks identified for 2024-25 currently amounting to £3.592m.
- 1.4 There are currently 42 departmental risks totalling £5.580m. Of the 42 departmental risks, 5 are categorised as likely.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

**FINANCIAL RISKS ANALYSIS 2024-25**

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**2. INTRODUCTION**

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2024-25.

**3 DETAIL**

**3.1 Introduction**

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

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

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

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

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

**Revenue**

- 3.2.1 The 2024-25 budget includes a 3% pay award assumption for all staff groups. Negotiations on the 2024-25 award are in progress and it is likely that the Trade Unions will looking to negotiate a deal at more than 3%. However, the

affordability for Local Government has to be considered and based on future estimates, anything above a 3% pay award is deemed to be unaffordable, hence why the budget outlook has been based on 3%. This is a situation that will be kept under close review as the pay negotiations advance during the year and the assumption will be adjusted as required. For each 1% more than the 3% built in, there would be an additional cost of around £1.264m. The financial risk is recognised at £1.264m at this stage. Note that this is for SJC, Chief Officer and Teaching Staff. A risk in relation to Councillor pay is noted at section 3.2.4.

- 3.2.2 Utility costs remain a volatile area and it is difficult to accurately predict how the prices could vary. With the volatility of utilities pricing it is very difficult to predict the impact going forward but a financial risk based on a 10% variation on the 2023-24 actual spend plus 2024-25 non-pay inflation is £0.650m.
- 3.2.3 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.633m.
- 3.2.4 The Scottish Local Authorities Remuneration Committee (SLARC) have been working on proposals in relation to Councillor Remuneration which would result in increases to Councillor pay and a budget pressure of £0.178m for Argyll and Bute if backdated to 1 April 2024. The Scottish Government have indicated that they would be open to agreeing the changes with an implementation date of 1 April 2025 but a recent COSLA Leaders update advised that a regulatory pathway remains open for an uplift to be backdated to April 2024 subject to local government funding. COSLA will continue to work with the Scottish Government over the summer and a full paper will be taken to the COSLA Leadership Sounding Board in August.
- 3.2.5 At the budget meeting on 22 February 2024, the Council agreed 4 new policy savings options that would deliver savings over the period 2024-25 to 2026-27. The savings to be delivered in 2024-25 amount to £0.665m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.067m.
- 3.2.6 In respect of the Health and Social Care Partnership, 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, the 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. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. As at 30 June 2024, the net HSCP outturn in 2024-25 is estimated to be a £1.176m overspend (Social Work forecasting an overspend of £0.648m and an overspend of £0.528m from Health). As the IJB holds significant financial reserves, there is a nil value on the risk.

3.2.7 There is an ongoing requirement to fund unavoidable inflationary cost increases in areas like fuel, food etc. Inflation has been falling and the Bank of England estimates that it should continue to fall this year. We will continue to closely monitor the situation and update our financial forecasts using the best information available to us. A 1% general inflation increase has been included with a financial impact of £0.800m.

3.2.8 The Council wide risks are noted within the table below.

<b>Description</b>	<b>Likelihood</b>	<b>Assessed Financial Impact £000</b>
Pay Award Exceeding 3%	3	1,264
Energy costs increase by 20% greater than anticipated	3	650
1% variation in Council Tax Income	2	633
Councillor Pay Changes	3	178
10% shortfall on Savings Options	2	67
IJB refer to Council for additional funding to deliver social work services	1	0
1% variation of General Inflation Risk	4	800
<b>Total</b>		<b>3,592</b>

### **Capital**

3.2.9 The finance settlement announcement on 19 December 2023 provided details of the Local Government funding for 2024-25 and there is therefore certainty as to what our funding is in respect of the General Capital Grant and the specific capital grants already distributed.

3.2.10 The capital plan for 2024-25 includes an estimate of £0.750m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2024. A 10% variation equates to £0.075m and this would require to be managed across the capital programme.

3.2.11 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty continue to be experienced as well as disruptions to the supply chain and longer lead times, particularly in relation to the construction sector and material availability.

3.2.12 The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all influence the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.

3.2.13 While it has been possible to estimate the impact of these pressures on some projects, and therefore either include those projections within the capital monitoring report or adjust the capital programme accordingly, for others it is more difficult, and no forecast has been projected at this stage but there are likely to be further significant financial impacts not yet reported.

### 3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	0	0	0	0	0	0	0	0	0	0
Executive Director Douglas Hendry	2	20	6	560	9	730	3	435	0	0	20	1,745
Executive Director Kirsty Flanagan	4	285	2	140	14	3,160	2	250	0	0	22	3,835
<b>Total</b>	<b>6</b>	<b>305</b>	<b>8</b>	<b>700</b>	<b>23</b>	<b>3,890</b>	<b>5</b>	<b>685</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>5,580</b>

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	3	586
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	3	345

3.3.3 The risks which are likely, are noted below:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
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. Increase 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 vehicles parts.	4	100
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.	4	75
Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	4	60

**3.4 Changes to Financial Risks since last report**

3.4.1 There have been 5 changes to the departmental risks since the financial risks report was presented to Council on 22 February 2024:

- A new 'possible' risk of £0.200m for Piers and Harbours Income to recognise that changes to ferry services may result in reduced berthing and passenger income.

- A new 'possible' risk of £0.100m for Street Lighting to recognise that aging lighting stock may require greater maintenance as health and safety becomes a consideration
- A new 'possible' risk of £0.100m for Ferry Services to recognise that the grant from Transport Scotland has not been increased for 2024-25 which could result in additional costs for the Council to fund the Ferry Services.
- A new 'possible' risk of £0.100m for Fleet Maintenance to recognise there may be increased costs to maintain internal fleet due to inflationary increases on vehicle parts.
- The risk in relation to Contract RPI for NPDO and Hub Schools was reduced from "likely" to "possible" as RPI has reduced.

### **3.5 Monitoring of Financial Risks**

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

### **3.6 Potential Future Risks**

- 3.6.1 Scottish Government are, over the next 2 years, proposing to extend funded childcare to all 1 and 2 year olds across Scotland. This brings significant financial and qualitative risks to the service. The needs and legislative requirements for this age range would mean significant capital work across our estate and in many settings there is not the space so extensions would be required. Having this age range in the same play space as 3/4 year olds seriously impacts on the ability of practitioners to effectively support age appropriate learning and play. It is uncertain when this risk will arise.
- 3.6.2 The Council's bid to the Scottish Governments Learning Estate Investment Programme (LEIP) for funding for a new school campus on Mull was successful and a report was considered by Council on 24 April 2024. Approval was granted to utilise £5m of £9m previously earmarked funds to develop the Business Case. The Scottish Government will fund up to 50% of eligible costs and the estimated cost is £43m, with £41m deemed eligible, however these are just estimates at this stage. Potential future risks could arise in relation to site selection, design, construction and associated borrowing costs.
- 3.6.3 In its present configuration, Argyll and Bute Council's digital network does not have the capacity to accommodate the requirements of the Education Services vision nor the Scottish Government's vision for digital access over the next four years, including a device for every learner, which would entail a large increase in the number of devices accessing the network. The network requires to be redesigned to allow digital access on the scale proposed by the Scottish Government. In addition to investment in bandwidth, device management and protection, there is a requirement to replace existing network hardware in all schools. Following an independent consultation on the network by Insight, IT and Education have co-authored a paper "Resourcing Educations Digital Aspirations" that identifies the work required to meet the Scottish Governments expectations. COSLA have raised this issue with the Scottish Government and there is an



expectation that this will be fully funded as it is a Scottish Government commitment but there remains a risk associated with this.

#### **4 CONCLUSION**

4.1 This report summarises the key financial risks facing the Council. There are 7 Council wide risks and 42 departmental risks identified with 5 categorised as likely. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

#### **5 IMPLICATIONS**

5.1	Policy -	None.
5.2	Financial -	The financial value of each risk is included within the appendix.
5.3	Legal -	None.
5.4	HR -	None.
5.5	Fairer Scotland Duty -	None.
5.5.1	Equalities – protected characteristics -	None.
5.5.2	Socio-economic Duty -	None.
5.5.3	Islands -	None.
5.6	Climate Change -	None.
5.7	Risk -	Financial risks are detailed within the appendix.
5.8	Customer Service -	None.
5.9	The Rights of the Child (UNCRC) -	None.

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**6 August 2024**

**Councillor Ross Moreland, Policy Lead for Finance and Commercial Services**

#### **APPENDICES**

Appendix 1 – Detail of Department/Service financial risks

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

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2024

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2024 (Budget Setting)		As at 30 June 2024	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act placed duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of grant funding is reducing and may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges and higher than average inflation on food costs. In addition to this the Scottish Government reviewed the regulations that govern the food and drinks provided in schools and implemented revised regulations. The revised standards focus on reducing sugar, reducing red processed meat and increasing fibre. Thus far, there has been an increase in costs in produce and a reduction in demand for school meals.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls; introduction of online ordering to help manage food waste. Analysis and regular review of menu choices.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools for P6 and P7 pupils	The Scottish Government may not give the local authority adequate funds to support the policy to expand free school meals in primary schools to include P6 and P7 pupils (the scheme has already been implemented for P1 to P5 pupils). Additionally, In 2023-24 Special Schools and Learning Centres received FSM to S6 Level. Although expansion paused for full implementation for P6&7, FSM will be expanded through entitlement to Scottish Child Payment and will be implemented in February 2025.	Senior Manager connected into the ASSIST FM Committee and will continue to ensure the Council's viewpoint will be considered.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate, there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	60	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	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	50	3	50
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	4	300

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Education	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.	3	200	3	200
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; Support network; Short-term cash injections.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - 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 built included in the staffing model funded by Scottish Government. Scottish Government has included within scope for this parliamentary session plans to further expand on eligibility for 1140 hours to all 2 year olds and some one year olds. As yet there has been no funding commitment. However this will place unknown cost pressures on both our capital and revenue budgets	Continuous monitoring and review of the service model, usage and resources.	3	100	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	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate to conclude final capital contract payments due.	Monitoring claims and mitigation through robust challenge of any additional claims.	2	150	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.	4	100	3	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Increase in insurance costs within NPDO Schools	Increase in insurance costs as a result of the long-term effects of Covid-19 on the insurance market and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	4	75	4	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	4	60	4	60

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
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	50	3	50
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	2	50	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	30	3	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals increasing costs through increases in the running costs.	Maximise the use of council facilities/resources for panel session in the first instance.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Kirsty Flanagan	Customer Support Services	Additional Bandwidth for Education	Additional costs required to be incurred in relation to additional bandwidth required to deliver the Education Digital Strategy due to a more digitalised learning curriculum.	Work closely with Education on Digital Devices for All strategy to ensure necessary IT is in place.	3	50	3	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	4	150	4	150
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning Fee Penalties	Potential that the Scottish Government may 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	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.	3	100	3	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	1	50	1	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of UK withdrawal from EU, changes to international trading agreements or business economy. Reduction in demand creates a budget pressure on environmental health budget.	Monitor income and resources required for export health certificates / attestations required to support the export market. Continue with food safety regulation activities associated and support at 3rd country audits. Pursue debt	2	40	2	40
Executive Director Kirsty Flanagan	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	10	1	10

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	345	3	345
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	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	3	85
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Waste PPP - Indexation	Historical payments made towards Waste PPP based on indexation rates have been challenged by Renewi resulting in a potential cost to the council.	Conversations are in place between Council and Renewi with the aim of minimising the potential impact.	3	586	3	586
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Car Parking Income	Reduced number of visitors to the area and use of council owned car parks resulting in a reduction in income.	Closely monitor income levels throughout the year, especially in high visitor seasons.	3	200	3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Piers & Harbours Income	Changes to ferry services resulting in reduced berthing and passenger income.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers.			3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Waste - Compost Like Output (CLO)	Compost Like Output is an element of waste that has been heat treated and can only be used for landfill site restoration. Renewi are currently producing more CLO than we need and	Discussions ongoing with Renewi and the Council on steps forward and what element the council is responsible for.	3	164	3	164
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	150	3	150
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	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	Ferry Services	Grant from Transport Scotland covers the cost of running the ferry services within Argyll and Bute which has not been increased for 2024-25 which could result in additional costs for the Council to fund the Ferry services.	Closely monitoring financial position throughout the year to highlight any potential pressures. Discussions will continue to take place with Transport Scotland on an annual basis to request additional funding that is required for that year.			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
					<b>38</b>	<b>5,080</b>	<b>42</b>	<b>5,580</b>

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**CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2024**

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**1.0 EXECUTIVE SUMMARY**

1.1 This report provides an update on the position of the capital budget as at 30 June 2024. The report provides information on the financial position in respect of the capital plan and the performance in terms of delivery of capital plan projects.

**1.2 Financial Position:**

- **Current Year to Date** – actual net expenditure to date is £4,869k compared to a budget for the year to date of £4,814k resulting in an overspend for the year to date of £55k (1.14%).
- **Forecast Outturn for 2024-25** – forecast net expenditure for the full financial year is £37,565k compared to an annual budget of £37,132k giving rise to a forecast overspend for the year of £433k (1.17%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £206,634k compared to a total budget for all projects of £206,201k giving rise to a forecast overspend for the overall capital plan of £433k (0.21%).

**1.3 Project Delivery:**

- **Asset Sustainability** – Out of 97 projects there are 96 projects (99%) on track, 1 project (1%) off track but recoverable and no projects off track (0%).
- **Service Development** - Out of 46 projects there are 42 projects (91%) on track, 3 projects (7%) off track but recoverable and 1 project (2%) off track.
- **Strategic Change** – Out of 29 projects there are 28 projects (97%) on track, 1 project (3%) are off track but recoverable and no projects (0%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 4. Additional funding has been added: Allocation of Capital Contract Increase Fund, Transport Scotland - Active Travel Funding, Scottish Government - Nature Restoration, Strategic Housing Fund Contribution, Allocation of Inward Investment Fund to Rural Growth Deal Projects and a revenue contribution from DEG.

1.5 The Council is projecting £750k of capital receipts this financial year. The estimated level of receipts will be kept under review as market conditions change, as will values following due diligence undertaken by prospective purchasers on the condition of asset.

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**CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2024**

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**2.0 INTRODUCTION**

- 2.1 This report provides an update on the position of the capital budget as at 30 June 2024. The report provides information on the financial position in respect of the capital plan and the performance in terms of delivery of capital plan projects.
- 2.2 Following the decision at Policy and Resources Committee on 9 December 2021, the Rothesay Pavilion project was put on pause whilst potential funding options were being considered. At the budget meeting in February 2023 additional funding was allocated to this project which will allow the project to progress towards success by supporting completion of certain work stages. The financial information included within this report now includes amounts relating to Phase 1 of the Rothesay Pavilion project.
- 2.3 Surveys have been completed in the Councils Learning Estates in relation to RAAC with only 1 building confirmed as having it present with steps underway for its removal. This will include a decant of the students for approximately 9 months plus total removal and replacement of the roof during 2024. Funding of £3m was allocated as part of the 2024-25 budget setting process. Additional funding of £406k has been requested via the Capital Contract Increase Fund to meet the now increased contract costs.
- 2.4 The Councils bid to the Scottish Governments Learning Estate Investment Programme (LEIP) for funding for a new school campus on Mull was successful. While this is good news and will provide welcome investment in the school estate it does come with a financial pressure that is required to be funded if the project is to proceed. The Scottish Government will fund up to 50% of eligible costs therefore the Council will be required to fund circa £20m. At April Council it was agreed to commence the Business Case, undertake engagement, commence site selection processes and establish governance arrangements. Any future capital budget provision will be built into future budget estimates and approved as part of the budget setting process.
- 2.5 A £1m cost pressure was identified during 2021-22 in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this. Feasibility report underway to progress the permanent works and estimated costs.
- 2.6 The impact of the pandemic along with the UK exit from the European Union, the Russian invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.
- 2.7 As a result of this it should be noted that there are likely to be other significant financial impacts which are not quantifiable at this stage, as follows:
- Rothesay Pavilion – despite additional funding being awarded there remains a funding gap to allow full completion of the original intended works.
  - Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from increased fees and charges).

- Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from the Scottish Government.
- Bridges Fund - A scheme of bridge capital works was developed and 80% funded through the Local Bridge Maintenance Fund with £5.450m of funding approved. Increased capital contract costs from when the scheme was developed to now, has the schemes costing approximately £12m. Discussions are in place to request the original funding be approved to cover a smaller scheme with less bridges.
- In general, capital contracts across the programme are seeing significant price increases.

2.8 Although the direct impact of COVID on most local services has reduced or even ceased altogether over the last 12 months, COVID-19 in conjunction with the UK exit from the European Union and the Russian invasion of Ukraine, continues to affect worldwide supply chains.

In recent years additional funding of £11.100m has been allocated to the capital programme for this purpose which has mitigated the impact to date however, as detailed in the table below. With £8.834m already allocated or committed this results in £2.266m of the fund remaining unallocated to projects facing inflationary pressures.

<b>Funding for Capital Inflationary Pressures</b>	<b>£m</b>
COVID-19 Funding	0.257
February 2021 Budget Meeting - Capital Cost Pressures	4.646
February 2022 Budget Meeting - Capital Cost Pressures	3.900
February 2023 Budget Meeting – Capital Projects Inflation Pressures	2.000
February 2024 Budget Meeting - Capital Cost Project Protection	0.297
<b>Total Additional Funding Allocated to Capital</b>	<b>11.100</b>
Allocated to Projects within Capital Programme	(5.779)
Committed for future years	(3.055)
<b>Balance Remaining</b>	<b>2.266</b>

### 3.0 RECOMMENDATIONS

3.1 Note the contents of this report and the financial summaries as detailed in Appendix 6.



#### 4.0 CURRENT YEAR TO DATE FINANCIAL POSITION

##### 4.1 Overall Position

Actual net expenditure to date is £4,869k compared to a budget for the year to date of £4,814k resulting in an overspend for the year to date of £55k (1.14%).

##### 4.2 Project/Department Position

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

	<b>Year to Date Budget £'000</b>	<b>Year to Date Actual £'000</b>	<b>Variance £'000</b>
<b>Project Type:</b>			
Asset Sustainability	2,426	2,427	(1)
Service Development	248	302	(54)
Strategic Change	2,140	2,140	0
<b>Total</b>	<b>4,814</b>	<b>4,869</b>	<b>(55)</b>
<b>Service:</b>			
ICT	186	186	0
Education	538	559	(21)
Live Argyll	367	367	0
Health & Social Care Partnership	514	514	0
Shared Offices	59	59	0
Roads & Infrastructure	1,929	1,963	(34)
Development & Economic Growth	248	248	0
CHORD	973	973	0
<b>Total</b>	<b>4,814</b>	<b>4,869</b>	<b>(55)</b>

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

## 5.0 FORECAST OUTTURN 2024-25

### 5.1 Overall Position

Forecast net expenditure for the full financial year is £37,565k compared to an annual budget of £37,132k giving rise to a forecast overspend for the year of £433k (1.17%).

### 5.2 Project/Department Position

The table below shows the forecast expenditure and budget for the year by project type and service.

	<b>Annual Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
<b>Project Type:</b>			
Asset Sustainability	26,473	26,475	(2)
Service Development	6,431	6,818	(387)
Strategic Change	4,228	4,272	(44)
<b>Total</b>	<b>37,132</b>	<b>37,565</b>	<b>(433)</b>
<b>Service:</b>			
ICT	1,611	1,611	0
Education	7,790	7,823	(33)
Live Argyll	1,125	1,125	0
Health & Social Care Partnership	2,335	2,335	0
Shared Offices	2,596	2,596	0
Roads & Infrastructure	20,976	21,332	(356)
Development & Economic Growth	1,498	1,498	0
CHORD	(799)	(755)	(44)
<b>Total</b>	<b>37,132</b>	<b>37,565</b>	<b>(433)</b>

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

## 6.0 TOTAL PROJECT COSTS

### 6.1 Overall Position

Forecast total net project costs on the total capital plan are £206,634k compared to a total budget for all projects of £206,201k giving rise to a forecast overspend for the overall capital plan of £433k (0.21%).

### 6.2 Project/Department Position

The table below shows the forecast expenditure and budget for the total capital plan by project type and service.

	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Total Capital Plan Variance £'000</b>
<b>Project Type:</b>			
Asset Sustainability	52,118	52,120	(2)
Service Development	28,171	28,558	(387)
Strategic Change	125,912	125,956	(44)
<b>Total</b>	<b>206,201</b>	<b>206,634</b>	<b>(433)</b>
<b>Service:</b>			
ICT	5,934	5,934	0
Education	44,329	44,362	(33)
Live Argyll	3,037	3,037	0
Health & Social Care Partnership	3,936	3,936	0
Shared Offices	22,957	22,957	0
Roads & Infrastructure	60,610	60,966	(356)
Development & Economic Growth	6,408	6,408	0
CHORD	58,990	59,034	(44)
<b>Total</b>	<b>206,201</b>	<b>206,634</b>	<b>(433)</b>

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

## 7.0 TOTAL PROJECT PERFORMANCE

### 7.1 Overall Position

There are 172 projects within the Capital Plan, 166 are Complete or On Target, 5 are Off Target and Recoverable and 1 project is Off Track.

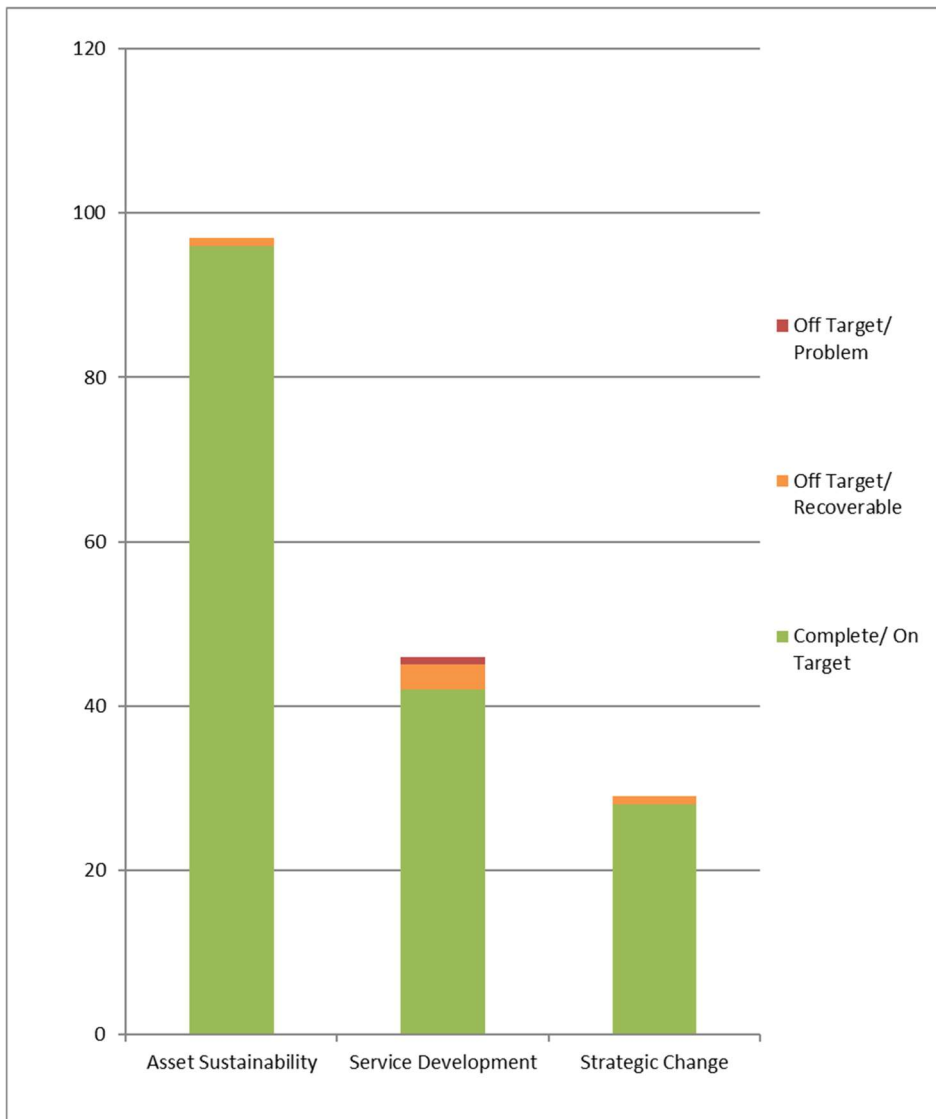
### 7.2 Project Position

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

<b>Project Type:</b>	<b>Complete/ On Target</b>	<b>Off Target/ Recoverable</b>	<b>Off Target/ Problem</b>	<b>Total</b>
Asset Sustainability	96	1	0	97
Service Development	42	3	1	46
Strategic Change	28	1	0	29
<b>Total</b>	<b>166</b>	<b>5</b>	<b>1</b>	<b>172</b>
<b>Service:</b>				
ICT	7	0	0	7
Education	32	1	0	33
Live Argyll	21	0	0	21
Health & Social Care Partnership	20	0	0	20
Shared Offices	25	0	0	25
Roads & Infrastructure	38	3	1	42
Development & Economic Growth	18	0	0	18
CHORD	5	1	0	6
<b>Total</b>	<b>166</b>	<b>5</b>	<b>1</b>	<b>172</b>

### 7.3 Chart of Performance Status

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



### 8.0 OFF TRACK PROJECTS

8.1 The Off-Track project is noted in the table below.

Project Type	Project	What is Off Track?	Explanation
RIS – Service Development	October 2023 Weather Incident	Total Expenditure	Increased costs for permanent updates to Kilmelford Bridge due to additional rock armour to protect upstream and downstream embankment.

## **9.0 STRATEGIC CHANGE PROJECTS**

- 9.1 Appendix 5 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of each project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and, if these are not green, gives an explanation of the problem.

## **10.0 CHANGES TO CAPITAL PLAN**

- 10.1 At this early stage of the financial year there are no proposed changes to the Capital Plan in relation to slippages, accelerations and virements.

The gross expenditure capital plan can be found in Appendix 7.

## **11.0 FUNDING**

- 11.1 The Capital Programme is funded by various income streams as detailed in Appendix 4. Additional funding has been added: Allocation of Capital Contract Increase Fund, Transport Scotland - Active Travel Funding, Scottish Government - Nature Restoration, Strategic Housing Fund Contribution, Allocation of Inward Investment Fund to Rural Growth Deal Projects and a revenue contribution from DEG.

## **12.0 IMPLICATIONS**

- 12.1 Policy – Monitors progress against the capital plan.
- 12.2 Financial – Monitors funding and commitments of the capital plan.
- 12.3 Legal – Available funding may not address all Statutory and Regulatory requirements in relation to Health and Safety.
- 12.4 HR – Available funding may have an impact on the sustainability of the Property Design Team and Infrastructure Design Team.
- 12.5 Fairer Scotland Duty – None.
- 12.5.1 Equalities – protected characteristics – None.
- 12.5.2 Socio-economic Duty – None.
- 12.5.3 Islands – None.
- 12.6 Climate Change – The Council is committed to addressing climate change via projects within the capital plan.
- 12.7 Risk – There are risks around increasing capital contract costs and the level and timing of capital receipts.
- 12.8 Customer Service – None.
- 12.9 The Rights of the Child (UNCRC) - None.

**Kirsty Flanagan**  
**Executive Director / Section 95 Officer**  
**06 August 2024**

**Policy Lead for Finance and Commercial Services – Councillor Ross Moreland**

**APPENDICES**

- **Appendix 1** – Year To Date finance variance explanations
- **Appendix 2** – Forecast Outturn variance explanations
- **Appendix 3** – Total Project finance variance explanations
- **Appendix 4** – Capital Funding
- **Appendix 5** – Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 6** - Financial Summary – Overall
  - Financial Summary – Executive Director Douglas Hendry
  - Financial Summary – Executive Director Kirsty Flanagan
- **Appendix 7** - Capital Plan

For further information contact: Anne Blue, Head of Financial Services  
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**APPENDIX 1 – Year to Date Financial Variance Explanations**

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

<b>Project</b>	<b>YTD Budget £'000</b>	<b>YTD Actual £'000</b>	<b>(Over)/ Under Variance £'000</b>	<b>Explanation</b>
Other variances under £50k			(55)	Total value of non-material variances less than +/-£50k
<b>Total</b>			<b>(55)</b>	



**APPENDIX 2 – Outturn Variance Explanations**

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

<b>Project</b>	<b>Annual Budget £'000</b>	<b>Outturn £'000</b>	<b>Total (Over)/ Under Forecast Variance £'000</b>	<b>Explanation</b>
October 2023 Weather Incident	4,348	4,634	(286)	Increased costs for permanent updates to Kilmelford Bridge due to additional rock armour to protect upstream and downstream embankment.
Other variances under £50k			(147)	Total value of non-material variances less than +/-£50k.
<b>Total</b>			<b>(433)</b>	

**APPENDIX 3 – Total Project Finance Variances**

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

<b>Project</b>	<b>Capital Plan Budget £'000</b>	<b>Forecast Project Costs £'000</b>	<b>Total (Over)/ Under Forecast Variance £'000</b>	<b>Explanation</b>
October 2023 Weather Incident	4,348	4,634	(286)	Increased costs for permanent updates to Kilmelford Bridge due to additional rock armour to protect upstream and downstream embankment.
Other variances under £50k			(147)	Total value of non-material variances less than +/-£50k. Project Managers are working to reduce these small individual overspends by identifying underspends elsewhere within the capital plan.
<b>Total</b>			<b>(433)</b>	

**CAPITAL PROGRAMME FUNDING**

	2024-25					2025-26					2026-27				
	Estimated Capital Funding	Carry Forwards from 23-24	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 23-24	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 23-24	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	9,042	0	0	0	9,042	9,069	0	0	629	9,698	8,834	0	0	0	8,834
Capital Grant - Area Control Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Revenue for Private Sector Housing Grant (PSHG)	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033
Capital Receipts	750	-138	0	0	612	750	0	0	0	750	400	0	0	0	400
Flooding Allocation	156	0	0	0	156	156	0	0	0	156	0	0	0	0	0
Ring Fenced Capital Grant	379	0	0	0	379	618	650	0	0	1,268	0	0	0	0	0
Restricted Funding	2,553	5,140	0	972	8,665	84	6,573	0	28	6,685	0	0	0	0	0
Funded by Reserves	10,061	2,342	0	0	12,403	1,412	-92	0	0	1,320	-38	0	0	0	-38
Additional Funding from Revenue	0	0	0	4	4	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	24,110	-60	0	0	24,050	39,000	-5,750	0	0	33,250	17,585	7,112	0	0	24,697
Prudential Borrowing	17,567	-1,334	0	0	16,233	166	1,600	0	0	1,766	376	-803	0	0	-427
Loans Fund Review	431	0	0	0	431	0	0	0	0	0	0	0	0	0	0
COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>64,016</b>	<b>5,950</b>	<b>0</b>	<b>976</b>	<b>70,942</b>	<b>50,222</b>	<b>2,981</b>	<b>0</b>	<b>657</b>	<b>53,860</b>	<b>26,124</b>	<b>6,309</b>	<b>0</b>	<b>0</b>	<b>32,433</b>

**BREAKDOWN OF ADDITIONAL FUNDING**

Additional Funding	2024-25	2025-26	2026-27	Reported	Source
Capital Contract Increase Fund	706	28		June - 2024-25	Restricted Funds
Transport Scotland Active Travel		395		June - 2024-25	Scottish Government
Nature Restoration Fund		234		June - 2024-25	Scottish Government
Strategic Housing Fund Contribution	250			June - 2024-25	Restricted Funds
Inward Investment Fund allocation to RGD Projects	16			June - 2024-25	Restricted Funds
Revenue Contribution	4			June - 2024-25	Revenue

Strategic Change Projects	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
Campbeltown Flood Scheme	13,748	1,780	15,925	15,925	01/08/2016	31/03/2025	Green	
CHORD Oban	7,326	500	7,905	7,905	27/10/2016	31/03/2026	Green	Issues with contract close out impacting on timescales.
CHORD Rothesay	21,046	2,655	23,701	23,657	tbc	tbc	Amber	Project recommenced and awaiting Rural Growth Deal acceptance.
Harbour Investment Programme	9,295	24,093	91,335	91,335	01/04/2017	31/03/2028	Green	
Dunoon Primary	10,637	232	10,869	10,869	18/12/2014	30/04/2020	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,844	406	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Clean Energy - NDEEF1	1,109	222	1,331	1,331	tbc	31/03/2025	Green	
Clean Energy - NDEEF2	0	590	1,140	1,140	tbc	31/03/2027	Green	
Street Lighting LED Replacement	3,279	621	3,900	3,900	01/08/2016	31/12/2025	Green	Tender for final package of works still to be awarded.
Helensburgh Waterfront Development	24,111	281	24,392	24,392	01/04/2017	31/03/2025	Green	Physically complete, retentions outstanding
TIF - Halfway House Roundabout	66	287	640	640	tbc	tbc	Green	Scope of project still to be determined - budget to be reprofiled.
Kirm Primary School	10,085	34	10,119	10,119	24/04/2014	31/10/2017	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Helensburgh Office Rationalisation	11,538	300	11,838	11,838	25/04/2013	31/12/2022	Green	Physically complete - project subject to legal dispute.
Carbon Management Business Cases	201	0	201	201	01/02/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management - Group Heating Conversion Project	1,938	0	1,938	1,938	01/02/2016	31/12/2022	Green	Project complete in full - no further expenditure expected.
CHORD Dunoon	12,499	23	12,522	12,522	03/02/2012	09/03/2018	Green	Physically complete - negotiations with contractor regarding potential construction defect.
NPDO Schools Solar PV Panel Installations	761	0	761	761	26/06/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	0	400	400	20/03/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	0	19	19	01/02/2016	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	0	182	182	01/02/2012	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Kilmory Business Park Phase 2AA	60	1,035	1,129	1,129	01/02/2022	01/09/2025	Green	Development Agreement still to be concluded.
Carbon Management - Non Education	29	21	50	50	01/04/2015	31/12/2025	Green	Projects being determined.
Dunoon Pier OBC	2,844	0	2,844	2,844	03/02/2012	26/02/2016	Green	Project complete.
Campbeltown Office Rationalisation	595	1	596	596	01/02/2015	31/03/2019	Green	Project complete in full - no further expenditure expected.
TIF - Oban Airport Business Park	505	85	590	590	22/01/2015	31/12/2025	Green	
Campbeltown Schools Redevelopment	2,092	38	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,532	25	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project proposed for 24-25.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Work to date complete - on going discussions regarding future of project.
TIF - Lorn/Kirk Road	2,169	1	2,170	2,170	22/01/2015	31/03/2021	Green	Project complete in full - no further expenditure expected.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Project complete in full - no further expenditure expected.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Project complete in full - no further expenditure expected.
Net Zero	0	366	366	366	tbc	tbc	Green	
<b>Strategic Change Total</b>	<b>147,187</b>	<b>33,596</b>	<b>240,077</b>	<b>240,033</b>				

**Project Risk Classifications:**

**Green** - Risks can be managed and are viewed as stable or reducing.

**Amber** - Risks are increasing but are still manageable.

**Red** - Risks are increasing or have increased to such an extent they may affect delivery of the project.

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

Appendix 6  
30 June 2024

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	2025-26 £000s	(Over)/Under Variance £000s
<b>EXPENDITURE</b>									
<b>Asset Sustainability Projects</b>									
Executive Director Douglas Hendry	1,478	1,479	(1)	13,013	13,014	(1)	22,107	22,108	(1)
Executive Director Kirsty Flanagan	948	948	0	15,848	15,849	(1)	33,099	33,100	(1)
<b>Asset Sustainability Total</b>	<b>2,426</b>	<b>2,427</b>	<b>(1)</b>	<b>28,861</b>	<b>28,863</b>	<b>(2)</b>	<b>55,206</b>	<b>55,208</b>	<b>(2)</b>
<b>Service Development Projects</b>									
Executive Director Douglas Hendry	0	20	(20)	193	225	(32)	16,426	16,458	(32)
Executive Director Kirsty Flanagan	1,678	1,712	(34)	12,650	13,005	(355)	45,075	45,430	(355)
<b>Service Development Total</b>	<b>1,678</b>	<b>1,732</b>	<b>(54)</b>	<b>12,843</b>	<b>13,230</b>	<b>(387)</b>	<b>61,501</b>	<b>61,888</b>	<b>(387)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	0	0	0	232	232	0	10,869	10,869	0
Replacement of Oban High	0	0	0	406	406	0	3,250	3,250	0
Kirn Primary School	0	0	0	34	34	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	0	0	0	201	201	0
NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	761	761	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	400	400	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	0	0	0	0	0	0	1,938	1,938	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	0	0	0	182	182	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF1	0	0	0	222	222	0	1,331	1,331	0
Clean Energy - NDEEF2	0	0	0	590	590	0	1,140	1,140	0
Net Zero	0	0	0	366	366	0	366	366	0
Campbeltown Flood Scheme	1,167	1,167	0	1,780	1,780	0	15,925	15,925	0
Street Lighting LED Replacement	0	0	0	621	621	0	3,900	3,900	0
Harbour Investment Programme	1,149	1,149	0	24,050	24,050	0	91,292	91,292	0
Harbour Investment Programme Non - PB	0	0	0	43	43	0	43	43	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0
TIF - Oban Airport Business Park	0	0	0	85	85	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	287	287	0	640	640	0
CHORD - Helensburgh	0	0	0	25	25	0	6,557	6,557	0
CHORD Dunoon	0	0	0	23	23	0	12,522	12,522	0
CHORD Oban	0	0	0	500	500	0	7,905	7,905	0
CHORD Rothesay	956	956	0	2,611	2,655	(44)	23,657	23,701	(44)
Helensburgh Waterfront Development	15	15	0	281	281	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	2	2	0	1,035	1,035	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
<b>Strategic Change Total</b>	<b>3,289</b>	<b>3,289</b>	<b>0</b>	<b>33,586</b>	<b>33,630</b>	<b>(44)</b>	<b>240,383</b>	<b>240,427</b>	<b>(44)</b>
<b>Total Expenditure</b>	<b>7,393</b>	<b>7,448</b>	<b>(55)</b>	<b>75,290</b>	<b>75,723</b>	<b>(433)</b>	<b>357,090</b>	<b>357,523</b>	<b>(433)</b>
							68.275		
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Executive Director Douglas Hendry	0	0	0	(1,570)	(1,570)	0	(2,270)	(2,270)	0
Executive Director Kirsty Flanagan	0	0	0	(818)	(818)	0	(818)	(818)	0
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,388)</b>	<b>(2,388)</b>	<b>0</b>	<b>(3,088)</b>	<b>(3,088)</b>	<b>0</b>
<b>Service Development Projects</b>									
Executive Director Douglas Hendry	0	0	0	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	(1,430)	(1,430)	0	(6,412)	(6,412)	0	(25,559)	(25,559)	0
<b>Service Development Total</b>	<b>(1,430)</b>	<b>(1,430)</b>	<b>0</b>	<b>(6,412)</b>	<b>(6,412)</b>	<b>0</b>	<b>(33,330)</b>	<b>(33,330)</b>	<b>0</b>
<b>Strategic Change Projects</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(1,149)	(1,149)	0	(24,050)	(24,050)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	0	0	0	(2,057)	(2,057)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
Rothesay CHORD	0	0	0	(2,009)	(2,009)	0	(8,854)	(8,854)	0
Kilmory Business Park Phase 2AA	0	0	0	(829)	(829)	0	(829)	(829)	0
Kilmory Business Park Phase 2AA - HIE	0	0	0	(150)	(150)	0	(150)	(150)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
<b>Strategic Change Total</b>	<b>(1,149)</b>	<b>(1,149)</b>	<b>0</b>	<b>(29,358)</b>	<b>(29,358)</b>	<b>0</b>	<b>(114,471)</b>	<b>(114,471)</b>	<b>0</b>
<b>Total Income</b>	<b>(2,579)</b>	<b>(2,579)</b>	<b>0</b>	<b>(38,158)</b>	<b>(38,158)</b>	<b>0</b>	<b>(150,889)</b>	<b>(150,889)</b>	<b>0</b>
<b>Net Total</b>	<b>4,814</b>	<b>4,869</b>	<b>(55)</b>	<b>37,132</b>	<b>37,565</b>	<b>(433)</b>	<b>206,201</b>	<b>206,634</b>	<b>(433)</b>

MONITORING REPORT							Appendix 6		
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY							30 June 2024		
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
<b>EXPENDITURE</b>									
<b>Asset Sustainability</b>									
Education	538	539	(1)	7,066	7,067	(1)	12,114	12,115	(1)
Live Argyll	367	367	0	1,104	1,104	0	1,741	1,741	0
Health and Social Care Partnership	514	514	0	3,722	3,722	0	4,777	4,777	0
Shared Offices	59	59	0	1,121	1,121	0	3,475	3,475	0
<b>Asset Sustainability Total</b>	<b>1,478</b>	<b>1,479</b>	<b>(1)</b>	<b>13,013</b>	<b>13,014</b>	<b>(1)</b>	<b>22,107</b>	<b>22,108</b>	<b>(1)</b>
<b>Service Development Projects</b>									
Ardishaig Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0
Clyde Cottage - 600 hour provision	0	0	0	0	0	0	556	556	0
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0
Islay High and Rosneath Primary School Pitches	0	0	0	0	0	0	719	719	0
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0
Early Learning and Childcare - 1140 Hours	0	20	(20)	(12)	20	(32)	7,762	7,794	(32)
CO2 Monitoring - Covid Mitigation in Schools	0	0	0	113	113	0	192	192	0
Early Learning and Childcare - 1140 Hours - CFRC	0	0	0	0	0	0	1,379	1,379	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	38	38	0	38	38	0
Riverside Leisure Centre Refurbishment	0	0	0	0	0	0	1,246	1,246	0
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0
<b>Service Development Total</b>	<b>0</b>	<b>20</b>	<b>(20)</b>	<b>193</b>	<b>225</b>	<b>(32)</b>	<b>16,426</b>	<b>16,458</b>	<b>(32)</b>
<b>Strategic Change Projects</b>									
Campbeltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	0	0	0	232	232	0	10,869	10,869	0
Replacement of Oban High	0	0	0	406	406	0	3,250	3,250	0
Kirn Primary School	0	0	0	34	34	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	0	0	0	201	201	0
NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	761	761	0
Non NPDO Schools Solar PV Panel Installations	0	0	0	0	0	0	400	400	0
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	0	0	0	19	19	0
Carbon Management - Group Heating Conversion Project	0	0	0	0	0	0	1,938	1,938	0
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	0	0	0	182	182	0
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF1	0	0	0	222	222	0	1,331	1,331	0
Clean Energy - NDEEF2	0	0	0	590	590	0	1,140	1,140	0
Net Zero	0	0	0	366	366	0	366	366	0
CHORD Oban	0	0	0	500	500	0	7,905	7,905	0
CHORD Rothesay	956	956	0	2,611	2,655	(44)	23,657	23,701	(44)
CHORD - Helensburgh	0	0	0	25	25	0	6,557	6,557	0
CHORD Dunoon	0	0	0	23	23	0	12,522	12,522	0
Helensburgh Waterfront Development	15	15	0	281	281	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	2	2	0	1,035	1,035	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
<b>Strategic Change Total</b>	<b>973</b>	<b>973</b>	<b>0</b>	<b>6,719</b>	<b>6,763</b>	<b>(44)</b>	<b>125,609</b>	<b>125,653</b>	<b>(44)</b>
<b>Total Expenditure</b>	<b>2,451</b>	<b>2,472</b>	<b>(21)</b>	<b>19,925</b>	<b>20,002</b>	<b>(77)</b>	<b>164,142</b>	<b>164,219</b>	<b>(77)</b>
<b>INCOME</b>									
<b>Asset Sustainability</b>									
Education	0	0	0	(125)	(125)	0	(125)	(125)	0
Health and Social Care Partnership	0	0	0	(1,441)	(1,441)	0	(2,141)	(2,141)	0
Shared Offices	0	0	0	(4)	(4)	0	(4)	(4)	0
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,570)</b>	<b>(1,570)</b>	<b>0</b>	<b>(2,270)</b>	<b>(2,270)</b>	<b>0</b>
<b>Service Development Projects</b>									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0
<b>Service Development Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,771)</b>	<b>(7,771)</b>	<b>0</b>
<b>Strategic Change</b>									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
Rothesay CHORD	0	0	0	(2,009)	(2,009)	0	(8,854)	(8,854)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Kilmory Business Park Phase 2AA	0	0	0	(829)	(829)	0	(829)	(829)	0
Kilmory Business Park Phase 2AA - HIE	0	0	0	(150)	(150)	0	(150)	(150)	0
<b>Strategic Change Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,308)</b>	<b>(5,308)</b>	<b>0</b>	<b>(20,852)</b>	<b>(20,852)</b>	<b>0</b>
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,878)</b>	<b>(6,878)</b>	<b>0</b>	<b>(30,893)</b>	<b>(30,893)</b>	<b>0</b>
<b>Net Departmental Total</b>	<b>2,451</b>	<b>2,472</b>	<b>(21)</b>	<b>13,047</b>	<b>13,124</b>	<b>(77)</b>	<b>133,249</b>	<b>133,326</b>	<b>(77)</b>

MONITORING REPORT										Appendix 6
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										30 June 2024
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	
<b>EXPENDITURE</b>										
<b>Asset Sustainability Projects</b>										
Roads & Infrastructure Services	778	778	0	14,579	14,580	(1)	29,921	29,922	(1)	
Customer Support Services	170	170	0	1,269	1,269	0	3,178	3,178	0	
<b>Asset Sustainability Total</b>	<b>948</b>	<b>948</b>	<b>0</b>	<b>15,848</b>	<b>15,849</b>	<b>(1)</b>	<b>33,099</b>	<b>33,100</b>	<b>(1)</b>	
<b>Service Development Projects</b>										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	
Campbeltown Old Quay	0	0	0	0	0	0	1,381	1,381	0	
Fleet Management - Prudential Borrowing	1,399	1,399	0	2,152	2,152	0	4,826	4,826	0	
Fleet Management	0	0	0	258	258	0	4,760	4,760	0	
Public Transport Operation Vehicles	0	0	0	233	233	0	233	233	0	
Oban Bus Congestion - Bus Partnership Fund	0	0	0	0	0	0	50	50	0	
Lismore Ferry	0	0	0	35	35	0	672	672	0	
Oban Depot Development Project	0	0	0	(35)	0	(35)	2,189	2,224	(35)	
Lochgilthead Depot Rationalisation	15	49	(34)	15	49	(34)	169	203	(34)	
Jackson's Quarry Refurbishment	0	0	0	0	0	0	285	285	0	
Weather Incident October 2023	0	0	0	4,348	4,634	(286)	4,348	4,634	(286)	
Witchburn Road Demolition	0	0	0	0	0	0	158	158	0	
Safe Streets, Walking and Cycling (CWSS)	0	0	0	619	619	0	4,157	4,157	0	
SPT - bus infrastructure	0	0	0	25	25	0	1,430	1,430	0	
Cycleways - H&L (FSPT)	0	0	0	497	497	0	3,402	3,402	0	
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	25	25	0	53	53	0	
Town Centre Funds	9	9	0	334	334	0	4,329	4,329	0	
Rural Growth Deal	161	161	0	268	268	0	507	507	0	
Dunoon Cycle Bothy	28	28	0	80	80	0	563	563	0	
Dunoon STEM Hub	7	7	0	2,427	2,427	0	2,558	2,558	0	
Ardrishaig North Active Travel	3	3	0	49	49	0	880	880	0	
Nature Restoration Fund	0	0	0	835	835	0	1,069	1,069	0	
Gibraltar Street Public Realm Improvements	36	36	0	97	97	0	250	250	0	
Hermitage Park	0	0	0	26	26	0	3,388	3,388	0	
Glenmorag Car Park	4	4	0	4	4	0	4	4	0	
Applications Projects	16	16	0	342	342	0	3,193	3,193	0	
<b>Service Development Total</b>	<b>1,678</b>	<b>1,712</b>	<b>(34)</b>	<b>12,650</b>	<b>13,005</b>	<b>(355)</b>	<b>45,075</b>	<b>45,430</b>	<b>(355)</b>	
<b>Strategic Change Projects</b>										
Campbeltown Flood Scheme	1,167	1,167	0	1,780	1,780	0	15,925	15,925	0	
Street Lighting LED Replacement	0	0	0	621	621	0	3,900	3,900	0	
Harbour Investment Programme	1,149	1,149	0	24,050	24,050	0	91,292	91,292	0	
Harbour Investment Programme - Non PB	0	0	0	43	43	0	43	43	0	
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0	
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0	
TIF - Oban Airport Business Park	0	0	0	85	85	0	590	590	0	
TIF - Halfway House Roundabout	0	0	0	287	287	0	640	640	0	
<b>Strategic Change Total</b>	<b>2,316</b>	<b>2,316</b>	<b>0</b>	<b>26,867</b>	<b>26,867</b>	<b>0</b>	<b>114,774</b>	<b>114,774</b>	<b>0</b>	
<b>Total Expenditure</b>	<b>4,942</b>	<b>4,976</b>	<b>(34)</b>	<b>55,365</b>	<b>55,721</b>	<b>(356)</b>	<b>192,948</b>	<b>193,304</b>	<b>(356)</b>	
<b>INCOME</b>										
<b>Asset Sustainability</b>										
Roads & Infrastructure Services	0	0	0	(818)	(818)	0	(818)	(818)	0	
<b>Asset Sustainability Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(818)</b>	<b>(818)</b>	<b>0</b>	<b>(818)</b>	<b>(818)</b>	<b>0</b>	
<b>Service Development Projects</b>										
Applications Projects	0	0	0	0	0	0	(437)	(437)	0	
Safe Streets, Walking and Cycling	0	0	0	(376)	(376)	0	(2,988)	(2,988)	0	
SPFT	0	0	0	(25)	(25)	0	(1,268)	(1,268)	0	
Cycleways - H&L (FSPT)	0	0	0	(500)	(500)	0	(3,502)	(3,502)	0	
Town Centre Funds	0	0	0	(512)	(512)	0	(2,730)	(2,730)	0	
Rural Growth Deal	0	0	0	(396)	(396)	0	(507)	(507)	0	
Dunoon STEM Hub	0	0	0	(2,050)	(2,050)	0	(2,558)	(2,558)	0	
Ardrishaig North Active Travel	0	0	0	0	0	0	(50)	(50)	0	
Dunoon Cycle Bothy	0	0	0	(298)	(298)	0	(563)	(563)	0	
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0	
Hermitage Park	0	0	0	0	0	0	(3,319)	(3,319)	0	
Glenmorag Car Park	0	0	0	(4)	(4)	0	(4)	(4)	0	
Fleet Management - PB	(1,399)	(1,399)	0	(2,152)	(2,152)	0	(4,826)	(4,826)	0	
Fleet Management	0	0	0	0	0	0	(49)	(49)	0	
Millpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0	
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0	
Oban Depot - Revenue Contribution	0	0	0	(67)	(67)	0	(67)	(67)	0	
Lismore Ferry	0	0	0	0	0	0	(500)	(500)	0	
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0	
Oban Bus Congestion - Bus Partnership Fund	(31)	(31)	0	(32)	(32)	0	(50)	(50)	0	
<b>Service Development Total</b>	<b>(1,430)</b>	<b>(1,430)</b>	<b>0</b>	<b>(6,412)</b>	<b>(6,412)</b>	<b>0</b>	<b>(25,559)</b>	<b>(25,559)</b>	<b>0</b>	
<b>Strategic Change Projects</b>										
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0	
Harbour PB	(1,149)	(1,149)	0	(24,050)	(24,050)	0	(91,292)	(91,292)	0	
01 TIF - Lorn/Kirk Road	0	0	0	0	0	0	(2,057)	(2,057)	0	
<b>Strategic Change Total</b>	<b>(1,149)</b>	<b>(1,149)</b>	<b>0</b>	<b>(24,050)</b>	<b>(24,050)</b>	<b>0</b>	<b>(93,619)</b>	<b>(93,619)</b>	<b>0</b>	
<b>Total Income</b>	<b>(2,579)</b>	<b>(2,579)</b>	<b>0</b>	<b>(31,280)</b>	<b>(31,280)</b>	<b>0</b>	<b>(119,996)</b>	<b>(119,996)</b>	<b>0</b>	
<b>Net Departmental Total</b>	<b>2,363</b>	<b>2,397</b>	<b>(34)</b>	<b>24,085</b>	<b>24,441</b>	<b>(356)</b>	<b>72,952</b>	<b>73,308</b>	<b>(356)</b>	

**CAPITAL PLAN 2024-25**  
**Overall Summary**

**APPENDIX 7**

<b>Service</b>	<b>Previous Years £000s</b>	<b>2024-25 £000s</b>	<b>2025-26 £000s</b>	<b>2026-27 £000s</b>	<b>2027-28 £000s</b>	<b>Total £000s</b>
Education	39,399	7,915	3,060	1,988	0	52,362
Shared Offices	17,806	2,600	2,522	382	0	23,310
ICT	2,851	1,611	1,221	688	0	6,371
RIS	38,592	48,095	44,779	28,907	0	160,373
DEG	19,604	5,659	941	0	0	26,204
HSCP	1,246	3,776	1,055	0	0	6,077
Live Argyll	1,275	1,125	169	468	0	3,037
CHORD	74,734	4,509	113	0	0	79,356
<b>Overall Total</b>	<b>195,507</b>	<b>75,290</b>	<b>53,860</b>	<b>32,433</b>	<b>0</b>	<b>357,090</b>



Category	Service	Project	Previous Years £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
<b>Asset Sustainability</b>	<b>Education</b>	Asbestos Control/Removal Works	0	0	0	0	0	0
		Block Allocation - Education	0	568	520	1,988	0	3,076
		Digital Inclusion 20-21	0	9	0	0	0	9
		Free School Meals	0	0	434	0	0	434
		Primary Schools	0	3,013	1,280	0	0	4,293
		Primary Schools - CFR	0	0	0	0	0	0
		School Houses - Housing Quality Standard	0	0	0	0	0	0
		Secondary Schools	0	1,086	226	0	0	1,312
<b>Asset Sustainability Total</b>			<b>0</b>	<b>7,066</b>	<b>3,060</b>	<b>1,988</b>	<b>0</b>	<b>12,114</b>
<b>Service Development</b>	<b>Education</b>	Ardrihaig Primar School - Pre Five Extension	2	0	0	0	0	2
		Bowmore Primary School - Gaelic Medium Grant	0	38	0	0	0	38
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	149
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	120
		Clyde Cottage - 600 hours provision	556	0	0	0	0	556
		CO2 Monitoring - Covid Mitigation in Schools	79	113	0	0	0	192
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	400
		Early Learning and Childcare	850	0	0	0	0	850
		Early Learning and Childcare - 1140 Hours	7,774	-12	0	0	0	7,762
		Early Learning and Childcare - 1140 Hours - CFR	1,379	0	0	0	0	1,379
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	490
		Islay High & Rosneath PS Pitches	719	0	0	0	0	719
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	391
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	341
		Sandbank Gaelic Pre Five Unit	491	0	0	0	0	491
<b>Service Development Total</b>			<b>13,741</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,880</b>
<b>Strategic Change</b>	<b>Education</b>	Campbeltown Schools Redevelopment	2,092	38	0	0	0	2,130
		Dunoon Primary School	10,637	232	0	0	0	10,869
		Kirn Primary School	10,085	34	0	0	0	10,119
		Replacement of Oban High School	2,844	406	0	0	0	3,250
<b>Strategic Change Total</b>			<b>25,658</b>	<b>710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,368</b>
<b>Overall Total</b>			<b>39,399</b>	<b>7,915</b>	<b>3,060</b>	<b>1,988</b>	<b>0</b>	<b>52,362</b>

Category	Service	Project	Previous	2024-25	2025-26	2026-27	2027-28	Total
			Years £000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Shared Offices	52 Sinclair Street Flats - CFCR	0	0	0	0	0	0
		5-7 East Clyde Street - Coastal Communities Fund	0	0	0	0	0	0
		Block Allocation	0	320	427	382	0	1,129
		Burnett Building	0	107	0	0	0	107
		Helensburgh and Lomond Civic Centre	0	140	0	0	0	140
		Kilmory Castle	0	0	1,545	0	0	1,545
		Legionella Control Works	0	12	0	0	0	12
		Our Modern Workspace	0	542	0	0	0	542
<b>Asset Sustainability Total</b>			<b>0</b>	<b>1,121</b>	<b>1,972</b>	<b>382</b>	<b>0</b>	<b>3,475</b>
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudenti)	1,938	0	0	0	0	1,938
		Carbon Management Business Cases (FPB)	201	0	0	0	0	201
		Carbon Management Capital Property Works 16/17	19	0	0	0	0	19
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	107
		Clean Energy - NDEEF1	1,109	222	0	0	0	1,331
		Clean Energy - NDEEF2	0	590	550	0	0	1,140
		Helensburgh Office Rationalisation (FPB,REC)	11,538	300	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	956
		Net Zero	0	366	0	0	0	366
		Non-NPDO Schools PV Panel Installations	400	0	0	0	0	400
		NPDO Schools Solar PV Panel Installations	761	0	0	0	0	761
		Oil to Gas Heating Conversions (FPB)	182	0	0	0	0	182
<b>Strategic Change Total</b>			<b>17,806</b>	<b>1,479</b>	<b>550</b>	<b>0</b>	<b>0</b>	<b>19,835</b>
<b>Overall Total</b>			<b>17,806</b>	<b>2,600</b>	<b>2,522</b>	<b>382</b>	<b>0</b>	<b>23,310</b>

Category	Service	Project	Previous Years £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
<b>Asset Sustainability</b>	<b>ICT</b>	Block Allocation - ICT	0	132	0	688	0	820
		PC Replacement	0	561	669	0	0	1,230
		Server Sustainability	0	488	400	0	0	888
		Telecomms Network	0	88	152	0	0	240
<b>Asset Sustainability Total</b>		<b>0</b>	<b>1,269</b>	<b>1,221</b>	<b>688</b>	<b>0</b>	<b>3,178</b>	
<b>Service Development</b>	<b>ICT</b>	Applications Projects	2,851	342	0	0	0	3,193
<b>Service Development Total</b>			<b>2,851</b>	<b>342</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,193</b>
<b>Overall Total</b>			<b>2,851</b>	<b>1,611</b>	<b>1,221</b>	<b>688</b>	<b>0</b>	<b>6,371</b>

Category	Service	Project	Previous	2024-25	2025-26	2026-27	2027-28	Total		
			Years £000s	£000s	£000s	£000s	£000s	£000s		
Asset Sustainability	RIS	Block Allocation	0	0	4,168	3,823	0	7,991		
		Bridge Strengthening	0	141	1,243	0	0	1,384		
		Bute Sea Wall Repairs	0	633	0	0	0	633		
		Claonaig Landslip	0	1,142	28	0	0	1,170		
		Coastal Change Adaptation	0	67	237	0	0	304		
		Coastal Protection	0	196	0	0	0	196		
		Environmental Projects	0	721	0	0	0	721		
		EV Quick Chargers	0	52	0	0	0	52		
		Flood Prevention	0	1,041	156	0	0	1,197		
		Footway Improvements	0	219	0	0	0	219		
		Gartbreck - Capping	0	194	0	0	0	194		
		Glengorm - Capping	0	0	0	0	0	0		
		Glengorm - Cell and Transfer Station (PB)	0	-1	0	0	0	-1		
		Helensburgh CHORD - Signage etc	0	10	0	0	0	10		
		Helensburgh Flood Mitigation	0	0	427	0	0	427		
		Investment in Active Travel	0	200	0	0	0	200		
		Local Bridge Maintenance Fund	0	230	4,760	0	0	4,990		
		Plant and Machinery	0	0	0	0	0	0		
		Play Park Renewal	0	547	391	0	0	938		
		POPs Waste	0	86	0	0	0	86		
		Public Convenience Upgrades	0	118	109	0	0	227		
		RIS - Roads Plant and Equipment - CFCR	0	0	0	0	0	0		
		Roads Reconstruction	0	8,043	0	0	0	8,043		
		Roads Reconstruction - Helensburgh CHORD	0	47	0	0	0	47		
		Roads Reconstruction - Oban CHORD	0	3	0	0	0	3		
		Tobermory Car Park	0	96	0	0	0	96		
		<b>Asset Sustainability Total</b>			<b>0</b>	<b>14,579</b>	<b>11,519</b>	<b>3,823</b>	<b>0</b>	<b>29,921</b>
Service Development	RIS	Campbeltown Old Quay	1,381	0	0	0	0	1,381		
		Cuan Ferry - Hitrans	0	0	0	0	0	0		
		Depot Rationalisation	0	0	0	0	0	0		
		Fleet Management	4,502	258	0	0	0	4,760		
		Fleet Management - Prudential Borrowing	2,674	2,152	0	0	0	4,826		
		Jackson's Quarry Refurbishment	285	0	0	0	0	285		
		Lismore Ferry Replacement	637	35	0	0	0	672		
		Lochgilphead Depot Rationalisation	154	15	0	0	0	169		
		Oban Bus Congestion - Bus Partnership Fund	50	0	0	0	0	50		
		Oban Depot Development	2,224	-35	0	0	0	2,189		
		October Weather Incident	0	4,348	0	0	0	4,348		
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	221		
		Public Transport Operation Vehicles	0	233	0	0	0	233		
		Witchburn Road Demolition	158	0	0	0	0	158		
		<b>Service Development Total</b>			<b>12,270</b>	<b>7,022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,292</b>
		Strategic Change	RIS	Campbeltown Flood Scheme	13,748	1,780	10	387	0	15,925
Harbour Investment Programme Non PB	0			43	0	0	0	43		
Harbour Investment Programme PB	9,295			24,050	33,250	24,697	0	91,292		
Street Lighting LED Replacement	3,279			621	0	0	0	3,900		
<b>Strategic Change Total</b>			<b>26,322</b>	<b>26,494</b>	<b>33,260</b>	<b>25,084</b>	<b>0</b>	<b>111,160</b>		
<b>Overall Total</b>			<b>38,592</b>	<b>48,095</b>	<b>44,779</b>	<b>28,907</b>	<b>0</b>	<b>160,373</b>		

Category	Service	Project	Previous	2024-25	2025-26	2026-27	2027-28	Total
			Years £000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardrishaig North Active Travel	831	49	0	0	0	880
		Cycleways - H&L (FSPT)	2,905	497	0	0	0	3,402
		Dunoon Cycle Bothy	483	80	0	0	0	563
		Dunoon STEM Hub	131	2,427	0	0	0	2,558
		Gibraltar Street Public Realm Improvements	153	97	0	0	0	250
		Glenmorag Car Park PC	0	4	0	0	0	4
		Helensburgh Public Realm - Arts Strategy Fund	3	25	25	0	0	53
		Hermitage Park	3,362	26	0	0	0	3,388
		Nature Restoration Fund	0	835	234	0	0	1,069
		Rural Growth Deal	239	268	0	0	0	507
		Safe Streets, Walking and Cycling (CWSS)	3,143	619	395	0	0	4,157
		SPT - bus infrastructure	1,405	25	0	0	0	1,430
		West Coast UAV Innovation Logistics and Training	0	0	0	0	0	0
<b>Service Development Total</b>			<b>16,650</b>	<b>5,286</b>	<b>654</b>	<b>0</b>	<b>0</b>	<b>22,590</b>
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	1	0	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	214
		09 TIF - Oban Airport Business Park	505	85	0	0	0	590
		TIF - Halfway House Roundabout	66	287	287	0	0	640
<b>Strategic Change Total</b>			<b>2,954</b>	<b>373</b>	<b>287</b>	<b>0</b>	<b>0</b>	<b>3,614</b>
<b>Overall Total</b>			<b>19,604</b>	<b>5,659</b>	<b>941</b>	<b>0</b>	<b>0</b>	<b>26,204</b>

Category	Service	Project	Previous Years £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
Asset Sustainability	HSCP	Ardfenaig	0	12	0	0	0	12
		Capital Property Works	0	55	0	0	0	55
		Digitalising telecare	0	0	0	0	0	0
		Eadar Glinn	0	34	0	0	0	34
		East King Street Childrens Home	0	0	0	0	0	0
		Glencruitten Hostel	0	301	0	0	0	301
		Gortonvogie	0	0	0	0	0	0
		Greenwood/Woodlands	0	1	0	0	0	1
		HSCP - 102 East King Street "Jean's Both	0	4	0	0	0	4
		Kintyre Care Home	0	150	650	0	0	800
		Rothesay Community Education Centre	0	0	0	0	0	0
		Shellach View	0	2	0	0	0	2
		Struan Lodge Boiler	0	700	0	0	0	700
		Thomson Home Rothesay	0	270	370	0	0	640
		Tigh An Rudha HFE	0	2,178	35	0	0	2,213
		Tobermory Top Flat	0	0	0	0	0	0
<b>Asset Sustainability Total</b>			<b>0</b>	<b>3,722</b>	<b>1,055</b>	<b>0</b>	<b>0</b>	<b>4,777</b>
<b>Service Development</b>	<b>HSCP</b>	Dunclutha Childrens Home	1,246	54	0	0	0	1,300
<b>Service Development Total</b>			<b>1,246</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,300</b>
<b>Overall Total</b>			<b>1,246</b>	<b>3,776</b>	<b>1,055</b>	<b>0</b>	<b>0</b>	<b>6,077</b>

Category	Service	Project	Previous Years £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total £000s
Asset Sustainability	Live Argyll	Aqualibrium	0	63	104	0	0	167
		Capital Property Works	0	24	0	382	0	406
		Corran Halls Gaelic Centre	0	19	0	86	0	105
		Dunoon Community Education Centre - CFCR	0	0	0	0	0	0
		Gym Equipment - CFCR	0	0	0	0	0	0
		Kintyre Community Education Centre	0	6	0	0	0	6
		Lochgilphead Community Ed Centre	0	411	0	0	0	411
		Lochgilphead Library Relocation	0	0	0	0	0	0
		Queen's Hall - Partition Wall	0	0	0	0	0	0
		Riverside Leisure Centre - Spa Pool Upgrade	0	0	0	0	0	0
		Rothesay Swimming Pool	0	24	65	0	0	89
		The Moat Centre	0	393	0	0	0	393
The Moat Centre - Gym Store	0	0	0	0	0	0		
<b>Asset Sustainability Total</b>			<b>0</b>	<b>1,104</b>	<b>169</b>	<b>468</b>	<b>0</b>	<b>1,741</b>
<b>Service Development</b>	<b>Live Argyll</b>	Riverside Leisure Centre Refurbishment	1,246	0	0	0	0	1,246
<b>Service Development Total</b>			<b>1,246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,246</b>
<b>Strategic Change</b>	<b>Live Argyll</b>	Carbon Management	29	21	0	0	0	50
<b>Strategic Change Total</b>			<b>29</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Overall Total</b>			<b>1,275</b>	<b>1,125</b>	<b>169</b>	<b>468</b>	<b>0</b>	<b>3,037</b>

Category	Service	Project	Previous	2024-25	2025-26	2026-27	2027-28	Total
			Years £000s	£000s	£000s	£000s	£000s	£000s
Strategic Change	CHORD	CHORD - Dunoon	12,499	23	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,532	25	0	0	0	6,557
		CHORD - Oban	7,326	500	79	0	0	7,905
		CHORD - Rothesay	21,046	2,611	0	0	0	23,657
		Helensburgh Waterfront Development	24,111	281	0	0	0	24,392
		HWD - FFE	316	34	0	0	0	350
		Kilmory Business Park Phase 2AA	60	1,035	34	0	0	1,129
		OBC for Dunoon Pier	2,844	0	0	0	0	2,844
<b>Strategic Change Total</b>			<b>74,734</b>	<b>4,509</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>79,356</b>
<b>Overall Total</b>			<b>74,734</b>	<b>4,509</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>79,356</b>



**TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2024**

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**1.0. EXECUTIVE SUMMARY**

- 1.1. This report sets out the Council's treasury management position for the period 1 April 2024 to 30 June 2024 and includes information on:
- Overall borrowing position
  - Borrowing activity
  - Investment activity
  - Economic background
  - Interest rate forecast
  - Prudential Indicators
- 1.2. Estimated borrowing is below the Capital Financing Requirement for the period to 30 June 2024, at this stage in the financial year capital expenditure is below target.
- 1.3. The net movement in external borrowing in the period 1 April 2024 to 30 June 2024 was £5.7m.
- 1.4. The levels of investments were £59.638 at 30 June 2024. The rate of return achieved was 5.276% compared to the target SONIA rate which was 5.200%.
- 1.5. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy on the basis of security first, liquidity second and then return.

## TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2024

**2.0. INTRODUCTION**

2.1. This report sets out the Council's treasury management position for the period 1 April 2024 to 30 June 2024 and includes information on:

- Overall borrowing position
- Borrowing activity
- Investment activity
- Economic background
- Interest rate forecast
- Prudential Indicators

**3.0. DETAIL****Overall Borrowing Position**

3.1. The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2024. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000
CFR at 1 April	332,394	360,485	382,575
Net Capital Expenditure	40,283	35,016	24,270
Less Loans Fund Principal Repayments	-6,254	-6,691	-6,962
Less: NPDO Repayment	-5,938	-6,235	-6,844
<b>Estimated CFR 31 March</b>	<b>360,485</b>	<b>382,575</b>	<b>393,039</b>
Less Funded by NPDO	-105,784	-105,846	-100,611
<b>Estimated Net CFR 31 March</b>	<b>254,701</b>	<b>276,729</b>	<b>292,428</b>
Estimated External Borrowing at 31 March	190,835	209,152	227,472
<b>Gap</b>	<b>63,866</b>	<b>67,577</b>	<b>64,956</b>

3.2. Borrowing is below the Capital Financing Requirement for the period to 30 June 2024. The Council has delayed taking out any new long term borrowing, as rates are expected to drop towards the end of 2024 plus the Council has significant cash balances which reduces the need to borrow in the short term.

3.3. The Council's Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.

3.4. The Council's estimated net capital financing requirement at 30 June 2024 is £254.701m. The table below shows how this has been financed. £113.642m is funded by loans and there are substantial internal balances of £200.697m of which £59.638m are currently invested, as detailed in section 3.7, leaving a net internal

balance of £141.059m.

	Position at 31/03/24	Position at 30/06/24
	£000	£000
Loans	119	114
Net Internal Balances	67	141
<b>Total CFR</b>	<b>187</b>	<b>255</b>

- 3.5. During the period from 1 April 2024 to 30 June 2024, £5.8m of loans were repaid. The analysis of the movement in borrowing is shown in the table below:

	Actual £m
External Loans Repaid 1st April 2024 to 30th June 2024	(6)
Borrowing undertaken 1st April 2024 to 30th June 2024	0
<b>Net Movement in External Borrowing</b>	<b>(6)</b>

- 3.6. The table below summarises the movement in the level and rate of temporary borrowing at the start and end of the period.

	£000	% Rate
Temp borrowing at 31st March 2024	5,251	4.70%
Temp borrowing at 30th June 2024	328	4.75%

## Investment Activity

- 3.7. The average rate of return achieved in the Council's investments to 30 June 2024 was 5.276% compared to the SONIA (Sterling Overnight Index Average) rate for the same period of 5.200%. At 30 June 2024 the Council had £59.638m of short term investments at an average rate of 5.276%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each counterparty.

Counterparty	Maturity	Amount £000	Interest Rate	Rating S&P
Clydesdale Bank	Instant Access	338	5.15%	Short Term A-2, Long Term A-
London Borough of Croydon	10/10/2024	5,000	4.10%	AA
First Abu Dhabi Bank	09/08/2024	5,000	6.16%	Short Term A-1+, Long Term AA-
ANZ	25/07/2024	5,000	5.32%	Short Term A-1+, Long Term AA-
Goldman Sachs	25/10/2024	5,000	5.34%	Short Term A-1, Long Term A+
Al Rayan	07/11/2024	5,000	5.35%	Short Term P-1, Long Term A2 (Moody's)
Al Rayan	08/11/2024	5,000	5.35%	Short Term P-1, Long Term A2 (Moody's)
DBS	15/08/2024	5,000	5.28%	Short Term A-1+, Long Term AA-
ANZ	05/09/2024	5,000	5.24%	Short Term A-1+, Long Term AA-
DBS	18/09/2024	5,000	5.31%	Short Term A-1+, Long Term AA-
Money Market Fund - BNP Paribas	Call	13,300	5.26%	AAA
MMF - Aviva	Call	1,000	0.00%	AAA
<b>Total</b>		<b>59,638</b>		

- 3.8. All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.
- 3.9. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy.

## **Economic and Interest Rate Forecasts**

3.10. The latest economic background is shown in Appendix 1 with the interest rate forecast in Appendix 2.

## **Prudential Indicators**

3.11. The prudential indicators for 2024-25 are attached in Appendix 3.

## **4.0. CONCLUSION**

4.1 In the period from 1 April 2024 to 30 June 2024, the Council's borrowing decreased by £5.8m, and it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £59.638m is currently invested. The average rate of investment returns during the period was 5.276%.

## **5.0. IMPLICATIONS**

5.1.	Policy	None
5.2.	Financial	Complies with Annual Treasury Strategy
5.3.	Legal	None
5.4.	HR	None
5.5.	Fairer Duty Scotland:	
	5.5.1 Equalities – protected characteristics	None
	5.5.2 Socio-economic Duty	None
	5.5.3 Islands	None
5.6.	Climate Change	None
5.7.	Risk	None
5.8.	Customer Service	None
5.9	The Rights of the Child (UNCRC)	None.

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**6 August 2024**

**Policy Lead for Finance and Commercial Services - Councillor Ross Moreland**

Appendix 1 – Economic Background  
Appendix 2 – Interest Rate Forecast  
Appendix 3 – Prudential Indicators

For further information contact Anne Blue, Head of Financial Services  
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## Appendix 1 – Economics Update

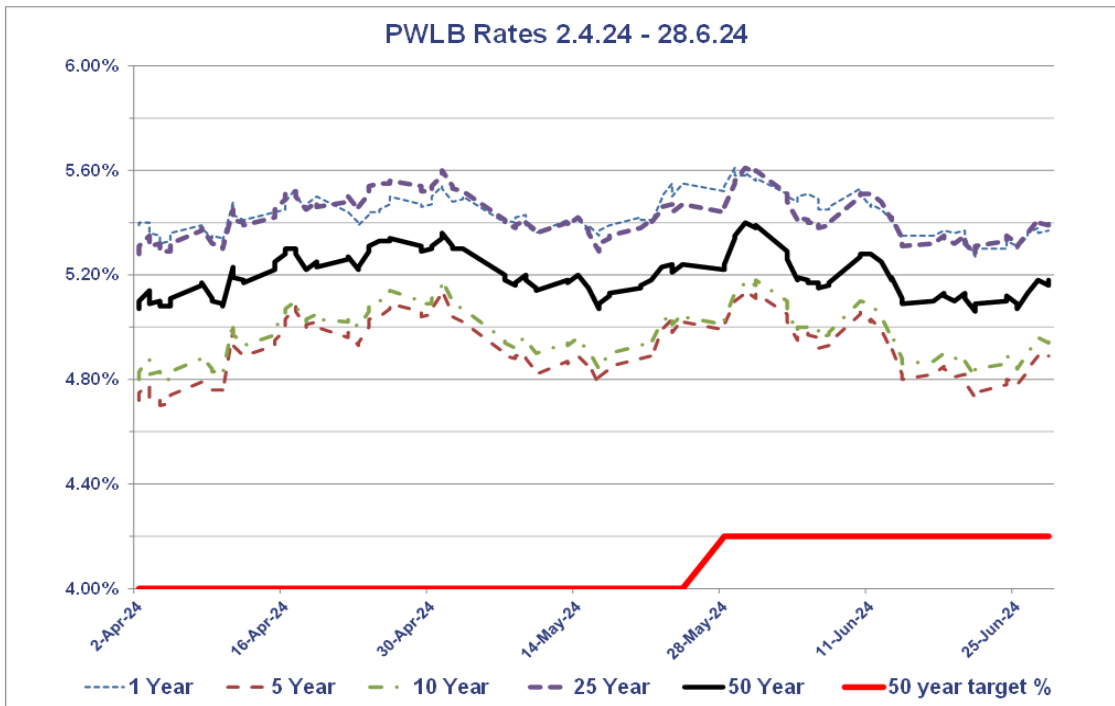
- The first quarter of 2024/25 saw:
  - GDP growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.
  - A stalling in the downward trend in wage growth, with the headline 3myy rate staying at 5.9% in April.
  - CPI inflation falling from 2.3% in April to 2.0% in May.
  - Core CPI inflation decreasing from 3.9% in April to 3.5% in May.
  - The Bank of England holding rates at 5.25% in May and June.
  - 10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.
- The news that the economy grew by 0.7% q/q in Q4 2023/24 confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m, as inclement weather weighed on activity. Moreover, the fall in the composite Purchasing Manager Index output balance from 53.0 in May to 51.7 in June confirms tepid growth.
- On a more positive note, the 2.9% m/m increase in retail sales volumes in May more than reversed the 1.8% m/m drop in April as rainfall returned to seasonal norms. The strength was broad-based across the retail sector, including online, (+5.9% m/m) suggesting an underlying strengthening in sales beyond weather effects. With inflation falling back to target, Bank Rate likely to be reduced soon and with consumer confidence improving, retail sales may well continue to strengthen.
- Stronger consumer spending, as low inflation allows households' real incomes to strengthen and the drag from higher interest costs fades, suggests that real consumption will strengthen substantially over the next two years. However, investment will only make a modest contribution to GDP growth. With the industrial sector still 12% smaller than in 2019, excess capacity will continue to cap the need for industrial firms to invest. But improving business sentiment should raise investment by services' firms. Further, a fall in mortgage rates should trigger a recovery in residential investment. Overall, strong consumer spending is likely to be the backbone of GDP growth, along with government consumption. Our colleagues at Capital Economics forecast that following GDP growth of 1.0% in 2024, activity will continue to surprise to the upside with GDP growth of 1.5% for both 2025 and 2026 (consensus forecasts are 1.2% and 1.4% respectively).
- Nonetheless, the on-going stickiness of wage growth in April will be a lingering concern for the Bank of England. The 3myy rate of average earnings growth stayed at 5.9% in April (consensus 5.7%), whilst the more timely 3m annualised rate rebounded from 5.9% to 9.3%. This stickiness partly reflected April's 9.8% increase in the minimum wage. This leaves the Bank of England's forecast for a fall back in regular private sector pay growth from 5.8% in April to 5.1% in June looking a challenge.
- Despite the stickiness of wage growth in April, sharp falls in employment and a move up in unemployment suggests that wage growth will soon be back on a downward path. The 139,000 fall in employment in the three months to April was accompanied by a rise in the unemployment rate from 4.3% to 4.4%. This was the fourth increase in a row and took it to its highest level since September 2021. The rise would have been larger were it not for the 132,000 increase in inactivity in the three months to April as the UK's disappointing labour market participation performance since the pandemic continued. The vacancies data also paint a picture of a slowly cooling labour market. The number of job vacancies fell from an upwardly revised 908,000 to 904,000, leaving vacancies 31% below the peak in May 2022, but 11% above the pre-pandemic level.
- The fall in CPI inflation in May back to the Bank's 2% target for the first time since July 2021 will have come as welcome news to the Bank. Furthermore, with CPI inflation of 3.3% in the US and 2.6% in the Euro-zone in May, the UK appears to have won the race to get CPI inflation back to

2.0%. A further easing in food inflation from 2.8% in April to 1.6% in May played a part in the fall in overall CPI inflation and with food producer price inflation at just 0.2% in May, food price inflation will probably soon fall to zero.

- The core rate also fell back from 3.9% to 3.5%. Within that, core goods CPI inflation slipped below zero for the first time since October 2016. As expected, clothing/footwear, recreation/culture and restaurants/hotels categories inflation declined, reflecting base effects from big increases last May. While services inflation fell from 5.9% to 5.7%, this decline was smaller than the Bank of England expected (forecast 5.3%). And the timelier three-month annualised rate of services prices has rebounded from 8.5% to 9.2%. This suggests that the persistence in domestic inflation that the Bank is worried about is fading more slowly than it thought. Even so, there is scope for inflation to fall further.
- There was little chance that the Bank would cut rates at its June meeting, given upside surprises on services CPI inflation and wage growth. But several developments implied a rate cut is getting closer (August?). First, two members of the MPC, Ramsden and Dhingra voted again to reduce rates immediately to 5.00%. Second, despite the recent run of stronger inflation and activity, the minutes noted “indicators of inflation persistence had continued to moderate” and that a range of indicators suggest pay growth had continued to ease. And there was new wording that members of the MPC will consider all the information available and how this affects the assessment that the risks from inflation persistence are receding “as part of the August forecast round”.
- Throughout the quarter there was a degree of volatility in the gilt market and, by way of example, the 10-year gilt yield rose from 4.05% on 2<sup>nd</sup> April to finish at 4.15% on 28<sup>th</sup> June but it has exceeded 4.30% on several occasions. Overall, investors judged that interest rates will need to remain high for longer to keep inflation around the 2.0% target.
- Meanwhile, the FTSE 100 broke through the 8,000 mark in April for the first time since its brief three-day flutter in February last year and reached a record closing high of 8,446 on 15<sup>th</sup> May. However, by the end of the quarter, despite AI-fuelled rises in the US S&P500, it finished rather tamely and had fallen back to 8,164. Arguably, significant interest rate cuts and an on-going UK economic recovery will be required for a further resurgence to take hold.

### **PWLB maturity Certainty Rates 1<sup>st</sup> April to 30<sup>th</sup> June 2024**

- Gilt yields and PWLB rates remained relatively stable between 1<sup>st</sup> April and 30<sup>th</sup> June. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.
- The 50-year PWLB Certainty Rate target for new long-term borrowing (the low point of our forecast on a two-year timeline) started 2024/25 at 4.00% and increased to 4.20% on 28<sup>th</sup> May. As can be seen, with rates remaining elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.



### MPC meetings 9<sup>th</sup> May and 20<sup>th</sup> June 2024

- On 9<sup>th</sup> May, the Bank of England’s Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20<sup>th</sup> June.
- Nonetheless, with UK CPI inflation now back at 2% and set to fall further over the coming months, Ramsden and Dhingra – who voted again to reduce rates immediately to 5.00% in June – may shortly be joined by some members in the no-change camp, for whom the June decision was “finely balanced” as the upside news on services price inflation was more likely to be a reflection of one-off effects and volatile components rather than factors that would push up “medium-term inflation”.



## Appendix 2 – Interest Rate Forecast

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 28<sup>th</sup> May, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

Moreover, whatever the shape of domestic data, recent gilt market movements have been heavily influenced by the sentiment pertaining to US monetary policy. Again, inflation and labour data has proven sticky and the market's expectation for rate cuts has gradually reduced throughout the course of the year, so that possibly rates may not be cut more than once, or possibly twice, before the end of 2024. In any event, even if the Bank of England starts to cut rates first, it may mean that the medium and longer parts of the curve take longer to fully reflect any such action until the US yield curve shifts lower too. Given the potential inflationary upside risk to US treasuries if Trump wins the presidential election in November (increased tariffs on imports from China for example), therein lies a further risk to yields remaining elevated for longer.

Closer to home, the General Election is not expected to have a significant impact on UK monetary policy. There is minimal leeway for further tax cuts or added spending without negatively impacting market sentiment. It may even be the case that the Bank of England will steer clear of an August rate cut – should that be supported by the inflation data – in favour of weighing up fiscal policy implications and market sentiment in the aftermath of the election.

Accordingly, Link's central case is still for a rate cut before the end of September, but we are not committed to whether it will be in August or September. Thereafter, the path and speed of rate cuts is similar to that which we previously forecast, with Bank Rate eventually falling to a low of 3% by H2 2026.

However, given the increased uncertainty surrounding Link's central gilt market forecasts, and the significant issuance that will be on-going from several of the major central banks, it has marginally increased its PWLB forecasts by c20 to 30 basis points across the whole curve since the previous quarter.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link March Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

## Appendix 3 – Prudential Indicators

PRUDENTIAL INDICATOR	2024-25	2024-25	2025-26	2026-27
<b>(1). EXTRACT FROM BUDGET</b>				
	<b>Forecast Outturn</b>	<b>Original Estimate</b>	<b>Forecast Outturn</b>	<b>Forecast Outturn</b>
<b>Capital Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Non - HRA	40,283	43,320	35,016	24,270
<b>TOTAL</b>	<b>40,283</b>	<b>43,320</b>	<b>35,016</b>	<b>24,270</b>
<b>Ratio of financing costs to net revenue stream</b>				
Non - HRA	4.54%	4.36%	4.44%	4.49%
<b>Net borrowing requirement</b>				
brought forward 1 April *	332,394	320,025	360,485	382,575
carried forward 31 March *	360,485	351,041	382,575	393,039
in year borrowing requirement	<b>28,091</b>	<b>31,016</b>	<b>22,090</b>	<b>10,464</b>
<b>In year Capital Financing Requirement</b>				
Non - HRA	28,091	31,016	22,090	10,464
<b>TOTAL</b>	<b>28,091</b>	<b>31,016</b>	<b>22,090</b>	<b>10,464</b>
<b>Capital Financing Requirement as at 31 March</b>				
Non - HRA	360,485	351,041	382,575	393,039
<b>TOTAL</b>	<b>360,485</b>	<b>351,041</b>	<b>382,575</b>	<b>393,039</b>

PRUDENTIAL INDICATOR	2024-25	2025-26	2026-27
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
<b>Authorised limit for external debt -</b>			
borrowing	251	280	288
other long term liabilities	109	109	104
TOTAL	360	389	392
<b>Operational boundary for external debt -</b>			
borrowing	246	275	283
other long term liabilities	106	106	101
TOTAL	352	381	384
<b>Upper limit for fixed interest rate exposure</b>			
Principal re fixed rate borrowing	190%	190%	190%
<b>Upper limit for variable rate exposure</b>			
Principal re variable rate borrowing	60%	60%	60%
<b>Upper limit for total principal sums invested for over 364 days</b> (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2024/25	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

**RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2024**

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**1 EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £689.113m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2024 the Council had a total of £121.701m of usable reserves. Of this:
- £2.763m relates to the Repairs and Renewals Fund
  - £3.197m relates to Capital Funds
  - £115.741m was held in the General Fund, with £107.443m of this balance earmarked for specific purposes.
- 1.4 At the budget setting meeting on 22 February 2024, as part of the revenue budget, Council agreed to the transfer Strathclyde Pension Fund contribution savings of £6.875m relating to Council staff and £3.053m relating to Social Work staff to reserves. It was also agreed that £1.875m of revenue surplus within 2024-25 be transferred to the Capital Plan. As the commitments for these include expenditure within 2024-25 year, these have been immediately recognised within the earmarked reserves balances to allow them to be spent accordingly. This results in a total in-year earmarked balance of £119.246m.
- 1.5 Of the earmarked balance of £119.246m:
- £60.078m is invested or committed for major initiatives/capital projects
  - £28.359m is still to be drawn down in 2024-25
  - £30.809m is planned to be spent in future years
- 1.6 The Council's General Fund contingency level is set at 2% of net expenditure for 2024-25 which equates to £6.039m. At the beginning of the financial year there was £2.259m of unallocated General Fund Balance (over and above contingency). After taking into consideration the current forecast outturn for 2024-25 and assuming Members agree to the proposed actions regarding the weather event, is estimated to have a £1.816m surplus over contingency.

**RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2024****2. INTRODUCTION**

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

**3. DETAIL****3.1 Types of Reserves**

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

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

**3.2 Reserve Balances at 31 March 2024**

- 3.2.1 The balances on each type of reserve at 31 March 2024 are set out in the two tables below, per the Unaudited Accounts for 2023-24.

<b>Unusable Reserves</b>	<b>£000</b>
Revaluation Reserve	180,661
Capital Adjustment Account	249,093
Financial Instruments Adjustment Account	(1,585)
Pensions Reserve	269,216
Accumulated Absences Account	(8,272)
<b>Total Unusable Reserves</b>	<b>689,113</b>

<b>Usable Reserves</b>	<b>£000</b>
Repairs and Renewals Fund	2,763
Capital Fund and Usable Capital Receipts Reserve	3,197
General Fund	115,741
<b>Total Usable Reserves</b>	<b>121,701</b>
<b>Total Reserves</b>	<b>810,814</b>

- 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 at 31 March.
- 3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

### 3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2024 can be analysed as follows:

	<b>Balance 31/03/24 £000</b>
Balance on General Fund as at 31 March 2023	86,356
Increase to General Fund balance at end of 2023-24	29,385
Earmarked Balances*	(107,443)
Contingency allowance at 2% of net expenditure	(6,039)
<b>Unallocated balance as at 31 March 2024</b>	<b>2,259</b>

\* Note that the earmarked balance of £107.443m includes £35.658m of new earmarked reserves relating to the Service Concessions gain as detailed at paragraph 3.6.

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2024, the new amounts earmarked from the Strathclyde Pension Fund savings (see section 3.7), the

amount from the revenue budget for Capital agreed at Council in February 2024, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget earmarkings. Officers have reviewed and updated the spending profiles.

Earmarking Category	Balance 31/03/2024 - per year end published report	New Earmarkings in year	Invested or committed for major initiatives /capital projects	Drawn-down to 2024-25 Budget as at 30/06/24	Still to be drawn-down in 2024-25	Planned Spend Future Years	Released to General Fund
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	8,765		8,765				
Investment in Affordable Housing	3,024		3,024				
Capital Projects	37,958		37,958				
Lochgilphead and Tarbert Regeneration	1,050		1,050				
Support for Rural Growth Deal	541		541				
Piers and Harbours Investment Fund	4,125		4,125				
Scottish Government Initiatives	2,779				1,185	1,594	
CHORD	409					409	
DMR Schools	739				739		
Energy Efficiency Fund	238				238		
Unspent Grant	15,786		1,699		9,132	4,955	
Unspent Third Party Contribution	454				220	234	
Previous Council Decision - Other	4,140		1,470		1,232	1,438	
Redundancy Provision	2,963				150	2,813	
Connect for Success Fund	681				406	275	
Fleet - Timing Delay	484				484		
Hermitage Park	56				10	46	
Priorities Investment Fund	4,742					4,742	
Unspent Budget	18,509	11,803	1,446		14,563	14,303	
<b>Totals</b>	<b>107,443</b>	<b>11,803</b>	<b>60,078</b>	<b>0</b>	<b>28,359</b>	<b>30,809</b>	<b>0</b>

### 3.4 Unallocated General Fund Balance

3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2024-25 and amounts to £6.039m. At the beginning of the financial year there was £2.259m of unallocated General Fund Balance (over and above contingency). After taking into consideration the current forecast outturn for 2024-25 and assuming Members agree to the proposed actions regarding the weather event, is estimated to have a £1.816m surplus over contingency.



- 3.4.2 The revenue budget position as at 30 June 2024 was estimated to be a £4.658m overspend, of which £0.648m relates to Social Work.
- 3.4.3 Social Work, as a part of the Integrated Joint Board (IJB), are able to hold any surplus within reserves therefore it is expected that any underspend that materialises would be transferred to the IJB reserves and the General Fund of the Council would not be impacted.
- 3.4.4 The table below summarises the position of the unallocated General Fund balance taking into consideration the points noted above.

<b>Heading</b>	<b>Detail</b>	<b>£000</b>
Unallocated General Fund as at 31 March 2024	This is the balance that is unallocated over and above the 2% contingency, which amounts to £6.039m	2,259
Current Forecast Outturn for 2024-25 as at 30 June 2024	Per paragraph 3.4.2.	(4,658)
Social Work outturn adjustment	Per paragraph 3.4.3 - Social Work would expect to transfer any surplus to internal IJB reserves	648
<b>Sub-total – potential unallocated balance as at 31 March 2025</b>	<b>*If no separate action is taken regarding the weather event overspend, the unallocated general fund balance would fall below 0</b>	<b>(1,751)</b>
Options to pay for weather related incident	Members have been presented with options to cover the pressures resulting from the weather incident	3,567
<b>Estimated Unallocated balance as at 31 March 2025</b>		<b>1,816</b>

\* If Members do not agree to the options outlined in the separate report and the unallocated general fund balance falls below the amount available and moves into contingency then a recovery plan would be required to bring the contingency level back up to the agreed amount.

### **3.5 Loans Fund Review**

- 3.5.1 At the Council meeting on 27 February 2020, it was agreed that the one-off re-profiling gain of £20.561m generated by the loans fund review should be used partly to create a provision for the increasing principal repayments over the next 10 years (£7.649m) with the remainder of the gain (£12.912m) used to fund known liabilities/cost pressures. The £12.912m has now been transferred to Earmarked Reserves in full.

### 3.6 Service Concessions

3.6.1 At the Council meeting on 23 February 2023 it was agreed that the Council adopt the financial flexibility introduced by the Scottish Government relating to Service Concession contracts. This resulted in a one-off retrospective gain of £36.038m. The commitments associated with this were further refined at the Council meeting on 22 February 2024 and it was agreed that £0.380m be transferred into the general fund balance, leaving a one-off gain of £35.658m which now being held in earmarked reserves. Appendix 2 provides information on these commitments.

### 3.7 Strathclyde Pension Fund Reserves

3.7.1 The Strathclyde Pension Fund reported an exceptionally strong set of results with a surplus of almost £9bn which has allowed a reduction in the employer contribution rate. Argyll and Bute Council is seeing a reduction in employer contributions from 19.3% to 6.5% over 2024-25 and 2025-26, before reverting to a sustainable long-term rate in the third year of 17.5%. For the Council, the one-off saving in the first two years associated with a reduction to 6.5% is £6.875m per year. On 22 February 2024, Council agreed to allocate the cumulative gain in the first two years of £13.750m as follows:

Description	2024-25 £000	2025-26 £000	Total £000
Realised saving	6,875	6,875	13,750
£2m in 24-25 to balance revenue budget	(2,000)		(2,000)
£3.750m allocation to capital plan	(3,750)		(3,750)
£2m to be directed towards transformation projects	(1,125)	(875)	(2,000)
£2m in 25-26 to balance revenue budget		(2,000)	(2,000)
£2m in 26-27 to balance revenue budget		(2,000)	(2,000)
£2m allocation to capital plan		(2,000)	(2,000)
	<b>0</b>	<b>0</b>	<b>0</b>

3.7.2 The £6.875m from the 2024-25 revenue budget saving has been logged within the earmarkings with the commitments noted above to allow expenditure to be made against them.

3.7.3 For Social Work, the SPF saving is £3.053m per annum and is being ring fenced within the Council reserves for utilisation by the HSCP in the future. This amount is also being logged with the earmarkings in 2024-25 to allow expenditure to be made if required.

## 4. CONCLUSION

4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.

4.2 As at 30 June 2024 the estimated unallocated General Fund, after taking into consideration the current forecast outturn for 2024-25 and assuming Members agree to the proposed actions regarding the weather event, is estimated to have a £1.816m surplus over contingency.

## **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 with the Council's usable and unusable reserves.  |
| 5.3   | Legal -                                  | None.  |
| 5.4   | HR -                                     | None.  |
| 5.5   | Fairer Scotland Duty-                    | None.  |
| 5.5.1 | Equalities – protected characteristics - | None.  |
| 5.5.2 | Socio-economic Duty -                    | None.  |
| 5.5.3 | Islands -                                | None.  |
| 5.6   | Climate Change -                         | None.  |
| 5.7   | Risk -                                   | A contingency of £6.039m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment. |
| 5.8   | Customer Service -                       | None.  |
| 5.9   | The Rights of the Child (UNCRC) -        | None.  |

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**6 August 2024**

**Councillor Ross Moreland, Policy Lead for Finance and Commercial Services**

### **APPENDICES**

Appendix 1 – Earmarked Reserves breakdown of unspent budget

Appendix 2 – Earmarked Reserves breakdown of Service Concessions earmarkings

For further information contact Anne Blue, Head of Financial Services  
[anne.blue@argyll-bute.gov.uk](mailto:anne.blue@argyll-bute.gov.uk)

APPENDIX 1

Earmarked Reserves - Unspent Budget (Including Service Concessions)  
As at 30 June 2024

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 24-25	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent in 2025-26	Amount Planned to be Spent from 2026/27 onwards
001	Chief Executive's Unit	Community Planning	Service Concessions - Priorities Investment Fund (Area Plans)	200,000			200,000	100,000	100,000	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	100,000	100,000	0
002	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855			8,855	8,855	0	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	0
003	Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697			12,697	12,697	0	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: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k. This balance relates to Estates Survey Work. 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.	12,697	0	0
004	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	15,200			15,200	9,900	5,300	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.	9,900	5,300	0
005	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Charity	750,000			750,000	0	750,000	Agreed at Council meeting February 2020, £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 Rothesay Pavilion Charity in the first 2 years of the building being operational.	0	750,000	0
006	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Essential repairs	306,400			306,400	0	306,400	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.	0	306,400	0
007	Executive Director (Douglas Hendry)	Commercial Services	Commercial Investment Manager post and specialist consultant technical resource (previously Asset Management Fund)	104,000			104,000	104,000	0	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. Note, the £104k represents the balance of the £200k commitment.	104,000	0	0
008	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	59,938			59,938	29,969	29,969	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.	29,969	29,969	0
009	Executive Director (Douglas Hendry)	Commercial Services	Mid Argyll Community Pool	30,000			30,000	30,000	0	At the Council Budget meeting on 22 February 2024, the Council committed to a one-off investment of £0.030m to Mid Argyll Community Pool in response to an external funding request.	30,000	0	0
010	Executive Director (Douglas Hendry)	Commercial Services	MacTaggart Leisure Islay	30,000			30,000	30,000	0	At the Council Budget meeting on 22 February 2024, the Council committed to a one-off investment of £0.030m to MacTaggart Leisure, Islay in response to an external funding request.	30,000	0	0
011	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013			21,013	21,013	0	For Site Investigation works in relation to Tweeddale Street Car Park and Oban Airport Business Park, exploring commercial opportunities to develop the sites and raise revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations these are now complete. The remainder of the budget is intended to be utilised for other site investigation and pre-development works to further develop commercial opportunities across the council area.	21,013	0	0

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012	Executive Director (Douglas Hendry)	Education	ASN Review	1,255,000			1,255,000	565,000	690,000	To fund capital costs of ASN adaptations as part of ASN Review to increase equity of provision across Argyll and Bute. This will be subject to a business case as part of the wider ASN review. Update: Business case now approved and working group set up with quotes for works being carried out Jan 2024.	565,000	690,000	0
013	Executive Director (Douglas Hendry)	Education	Reduced Teacher Staffing Costs - Strike Action	800,000			800,000	800,000	0	To fund one off savings in 2024-25 from the underspend in staffing from strike action.	800,000	0	0
014	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) School WiFi Upgrades	166,924			166,924	166,924	0	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.	166,924	0	0
015	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	144,637			144,637	0	144,637	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.	0	144,637	0
016	Executive Director (Douglas Hendry)	Education	MCR Pathways Pilot	80,000			80,000	80,000	0	Funding to support implementation of MCR Pathways mentoring programme within three secondary schools for 2023-24 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	0	0
017	Executive Director (Douglas Hendry)	Education	Gaelic Specific Grant	30,000			30,000	30,000	0	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 24-25 academic year.	30,000	0	0
018	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) Cashless Catering	30,000			30,000	10,000	20,000	To support the ongoing implementation of the new cashless catering system during the testing and roll out phase.	10,000	0	20,000
019	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000			10,000	0	10,000	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.	0	10,000	0
020	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	1,815			1,815	0	1,815	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	0	0	1,815
021	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Education Purchasing Officers	210,000			210,000	168,000	42,000	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.	168,000	42,000	0
022	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Information Management (Digitalisation of Title Deeds)	92,000			92,000	20,500	71,500	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: Estates Survey work £122k, Digitalisation of Title Deeds £92k (delay on spending due to COVID-19), document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	20,500	51,000	20,500
023	Executive Director (Douglas Hendry)	Legal and Regulatory Support	(2023 Digital Projects) Replacement of Council Chambers Online Meeting Equipment	50,071			50,071	5,353	44,718	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	5,353	44,718	0
024	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Councillor IT Equipment	44,557			44,557	22,000	22,557	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.	22,000	22,557	0
025	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Digital Projects: Hybrid Council meetings	43,302			43,302	12,000	31,302	The funding will be used to maintain the ICT equipment used to support the provision of on-line and hybrid Council meetings. Will be used to fund Public-1 licence over 3 years - for livestreaming Council meetings.	12,000	0	31,302
026	Executive Director (Douglas Hendry)	Legal and Regulatory Support	Debt Counselling & Welfare Rights	21,452			21,452	6,000	15,452	To meet the cost of a Debt Counselling and Welfare Rights Management System.	6,000	0	15,452

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027	Executive Director (Douglas Hendry)	Non Departmental / Legal and Regulatory Services	Community Resilience Fund	71,999			71,999	5,000	66,999	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016. Used to cover the costs of emergency phone lines and a contract with Aggreko for generators if required in an Emergency Planning/Civil contingencies incident. These costs amount to approximately £5k per year.	5,000	0	66,999
028	Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455			63,455	0	63,455	To complete one of a number of Digital Service Transformation projects with a commitment of £0.064m to increase Schools Bandwidth.	0	0	63,455
029	Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470			11,470	11,470	0	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.	11,470	0	0
030	Executive Director (Kirsty Flanagan)	Across Services / Development and Economic Growth Health	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	21,177			21,177	21,177	0	Hoping to implement the replacement for IDOX in March 2024 but there have been severe issues/delays with the new programme	21,177	0	0
031	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) iTrent Project	320,555			320,555	320,555	0	Combination of parallel running of the new iTrent system alongside the legacy systems for up to 18 months whilst iTrent is implemented and additional staffing resource to implement iTrent in late June 2024 and support staff for the first 3 months of operation through summer 2024. Total includes £73k from Financial services for funding additional staffing resource to implement the payroll components of the iTrent HR and Payroll System by the end of June 2024 and support staff for the first 3 months of operation during summer 2024.	320,555	0	0
032	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150			109,150	44,000	65,150	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 would be spread over 24/25 and 25/26 once a suitable candidate is in post	44,000	25,150	40,000
033	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	71,188			71,188	0	71,188	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.	0	71,188	0
034	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Resilient Website Project	60,000			60,000	60,000	0	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 and full £60k spend in that year. Payment milestones in CARR will be 25% on Contract Award, 25% on Cloud Site Provisioning, 25% on Site migration and 25% on full go live cutover.	60,000	0	0
035	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Project Officer	34,121			34,121	34,121	0	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.	34,121	0	0
036	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000			30,000	10,000	20,000	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.	10,000	20,000	0
037	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,025			27,025	10,000	17,025	£27k budget from original Business Development Training earmarking remaining at 31/03/24. This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	10,000	17,025	0
038	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	19,436			19,436	10,000	9,436	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 FQ4 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. Delays in recruitment meant this has been reprofiled for spend in 24/25	10,000	9,436	0
039	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Engagement Services Developer	15,677			15,677	15,677	0	To fund 50% of a new temporary LGE10 post. The post is a Digital Engagement Services Developer that will provide capacity to deliver service efficiencies through the use of the new CREATE/RPA software. The other 50% of the post can be funded from a current vacancy.	15,677	0	0

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040	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	13,824			13,824	13,824	0	To facilitate the implementation of technical efficiency improvements and new processes. This money will be used to support phase two of the irent project. Spend reprofiled for 2024/25 following delays in irent project.	13,824	0	0
041	Executive Director (Kirsty Flanagan)	Development & Economic Growth	Planning Income	60,000			60,000	60,000	0	To fund additional resources to support and develop the Council's planning service. Whilst recruitment issues within Argyll and Bute were largely been resolved during 2022/23, the requirement for the operation of the DM Service with reduced staffing levels over an extended period of time, coupled with the increasing demand for development post-Covid, and uncertainty caused by the introduction of National Planning Framework 4 has given rise to a substantial backlog of case work and has had a significant adverse impact on processing times for planning applications.  Plans to utilise this on additional staff costs in 24-25 in order to reduce the backlog.	60,000	0	0
042	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	214,158			214,158	214,158	0	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.	214,158	0	0
043	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Service Concessions - Priorities Investment Fund (Project Officer for Housing Emergency)	200,000			200,000	70,000	130,000	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.	70,000	130,000	0
044	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	41,260			41,260	41,260	0	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	41,260	0	0
045	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Screen Machine	28,000			28,000	28,000	0	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.	28,000	0	0
046	Executive Director (Kirsty Flanagan)	Development and Economic Growth	International Eight Metre Association World Cup	10,000			10,000	10,000	0	At the Council Budget meeting on 22 February 2024, the Council committed to a one-off investment of £0.010m to the International Eight Metre World Cup in response to an external funding request.	10,000	0	0
047	Executive Director (Kirsty Flanagan)	Financial Services	Revenue and Benefits BPR - extra staff to implement savings targets	86,955			86,955	86,955	0	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.	86,955	0	0
048	Executive Director (Kirsty Flanagan)	Financial Services	Scotland Loves Local	57,453			57,453	57,453	0	As agreed by Council 22 February 24, a £57,453 underspend from the Scotland Loves Local scheme to be allocated to support measures to help with the costs of living by funding member organisations of the Community Food Forum, All Energy, Argyll and Bute Citizens Advice Bureau and Bute Advice Centre, with detailed proposals to be agreed by the Executive Director with responsibility for Finance, in consultation with the Leader, Depute Leader and Leader of the Largest Opposition Group. Details of the agreed spend are to be reported to elected members.	57,453	0	0
049	Executive Director (Kirsty Flanagan)	Financial Services	Financial Systems	33,748			33,748	30,748	3,000	The council is required to implement the IFRS16 Leases accounting standard from the 1st April 2024.	30,748	0	3,000
050	Executive Director (Kirsty Flanagan)	Financial Services	Accounting and Budgeting Team Resilience	47,883			47,883	8,000	39,883	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.	8,000	8,000	31,883
051	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,241,752			1,241,752	569,752	672,000	Waste Variation Monies - £1.242m balance at 31/03/24: This will be used to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2026 ban on the Landfill of Biodegradable Municipal Waste. £570K in 2024-25 consisting of: - Island restoration/capping, Helensburgh transfer station and recycling improve. fund (island sites) design costs, technology trial on blue bin recycling participation, consultancy costs relating to additional monitoring data for SEPA and waste PPP site conversion. £672K in 2025-26 consisting of:- Island restoration/capping, Helensburgh transfer station design costs during construction, consultancy costs relating to additional monitoring data for SEPA and waste PPP site conversion.	569,752	672,000	0

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 24-25	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent in 2025-26	Amount Planned to be Spent from 2026/27 onwards
052	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Service Concessions - Priorities Investment Fund (Strategic Development Framework)	450,000			450,000	225,000	225,000	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.	225,000	225,000	0
053	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	287,835			287,835	83,883	203,952	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will 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 2 employees that will need to be covered from the remaining balance. Paper on proposed extension to be prepared.	83,883	203,952	0
054	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	140,000			140,000	140,000	0	At the Council meeting on 27 February 2020, it was agreed to input £400k in Green transport, investment in footway and cycle path maintenance supporting the healthy wellbeing and green agenda. Spend has been delayed due to COVID and this will be taken forward in 23/24. £260k Footways Reconstruction programme now spent and will be drawn down against capital programme during 23/24. £140k Ardrishaig North Project spent in 22/23 and drawn down in 24/25 (capital expenditure).	140,000	0	0
055	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	40,942			40,942	40,942	0	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.	40,942	0	0
056	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099			28,099	0	28,099	Delay with introduction of amenity time recording system due to increased costs. Discussions ongoing to find alternative cheaper solution. The software/system being introduced by HR/Payroll during 2023-24 offers a time-recording facility. Although not included in the current HR/Payroll spec, once the new system is up and running, the proposal would be to investigate the time-recording system to see if viable for amenity time recording purposes.	0	0	28,099
057	Executive Director (Kirsty Flanagan)	Roads & Infrastructure Services	(2023 Contract Inflation Adjustments) Waste PPP	223,261			223,261	223,261	0	Contract Inflation adjustments - £0.223m balance at 31/03/24. Adjustment to inflation included in the budget based on updated RPIX figures at February 2023. Based on actuals in 23-24, only £32k of this was required leaving a balance of £223k.	223,261	0	0
058	Executive Director (Kirsty Flanagan)	Roads and Infrastructure Services	Weather incident costs not covered by Bellwin claim.	198,000			198,000	198,000	0	£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 expected in 24-25.	198,000	0	0
059	Non Departmental	Non Departmental	Service Concessions - Replace previous loans fund principal repayment holiday	5,400,000			5,400,000	5,400,000	0	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	0	0
060	Non Departmental	Non Departmental	Pay Inflation Contingency	1,700,000			1,700,000	1,700,000	0	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	1,700,000	0	0
061	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	1,000,000	0	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion (£1m).	1,000,000	0	0
062	Non Departmental	Non Departmental	Oban TIF (Tax Incremental Financing - Excess NDR)	875,651			875,651	0	875,651	This is the surplus NDR after paying all Loans Charges in respect of TIF infrastructure projects. This fund will be used in the future as TIF projects are delivered. Discussions in place on future ff the next TIF project (Oban Airport) which will utilise this reserve. If the project does not go ahead, we will need to return NDR to Scottish Government	0	875,651	0
063	Non Departmental	Non Departmental	Treasury Gain	294,000			294,000	294,000	0	To fund one off operational saving 2024/25 003 as agreed by Council when setting 2024/25 budget in February 2024.	294,000	0	0
064	Non Departmental	Non Departmental	Information Management (Balance of Funding)	200,469			200,469	200,469	0	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/l Jackson. Paper went to DMT in Dec.	200,469	0	0



Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 24-25	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent in 2025-26	Amount Planned to be Spent from 2026/27 onwards	
065	Non Departmental	Non Departmental	Engagement with Hub North re provision of services for older adults and vulnerable people across Argyll and Bute	100,000			100,000	70,000	30,000	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 that a sizable proportion will be spent during 24/25	70,000	30,000	0	
066	Non Departmental	Non Departmental	Spend to Save Route Optimisation Software	82,775			82,775	82,775	0	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 - Spend to save route optimisation (£0.100m) which will be spent over 2023/24 and 2024/25.	82,775	0	0	
067	Non Departmental	Non Departmental	CHARTS	80,000			80,000	80,000	0	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.	80,000	0	0	
068	Non Departmental	Non Departmental	Council Strathclyde Pension Fund Saving 24-25 (£2m to balance 24-25 budget)			2,000,000	2,000,000	2,000,000	0	This is part of the revenue budget for 24-25 and is the saving on pension budgets resulting from the drop in employers pension rate. The total of £6.875m is split as follows: £2m to balance the budget, £3.75m allocation to capital plan, per budget meeting 22 February 24 and the balance of £1.125m going towards what will be total of £2m over the two years pot to be directed to transformation and projects that will save revenue in the future.	2,000,000		0	
069	Non Departmental	Non Departmental	Council Strathclyde Pension Fund Saving 24-25 (£3.75m allocation to capital plan)			3,750,000	3,750,000	0	3,750,000	This is part of the revenue budget for 24-25 and is the saving on pension budgets resulting from the drop in employers pension rate. The total of £6.875m is split as follows: £2m to balance the budget, £3.75m allocation to capital plan, per budget meeting 22 February 24 and the balance of £1.125m going towards what will be total of £2m over the two years pot to be directed to transformation and projects that will save revenue in the future.			0	3,750,000
070	Non Departmental	Non Departmental	Council Strathclyde Pension Fund Saving 24-25 (£2m to be directed to transformation and projects that will save revenue in the future)			1,125,000	1,125,000	0	1,125,000	This is part of the revenue budget for 24-25 and is the saving on pension budgets resulting from the drop in employers pension rate. The total of £6.875m is split as follows: £2m to balance the budget, £3.75m allocation to capital plan, per budget meeting 22 February 24 and the balance of £1.125m going towards what will be total of £2m over the two years pot to be directed to transformation and projects that will save revenue in the future.				1,125,000
071	Non Departmental / Social Work	Non Departmental	Social Work Strathclyde Pension Fund Saving 24-25			3,053,000	3,053,000	0	3,053,000	This is part of the revenue budget for 24-25 and is the saving on Social Work pension budgets resulting from the drop in employers pension rate - to be held in Council reserves for utilisation by the HSCP in future.				3,053,000
072	Non Departmental	Non Departmental	Capital Plan			1,875,000	1,875,000	0	1,875,000	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
				18,509,179	0	11,803,000	30,312,179	15,702,691	14,609,488		15,702,691	4,483,983	10,125,505	

APPENDIX 2

Earmarked Reserves - Service Concessions  
As at 30 June 2024

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	Remaining Balance	Still to be drawdown in 24-25	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent in 2025-26	Amount Planned to be Spent from 2026/27 onwards
001	Chief Executive's Unit	Community Planning	Service Concessions - Priorities Investment Fund (Area Plans)	200,000		200,000	100,000	100,000	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	100,000	100,000	0
002	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Service Concessions - Priorities Investment Fund (Project Officer for Housing Emergency)	200,000		200,000	70,000	130,000	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.	70,000	130,000	0
003	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Service Concessions - Biodegradable Municipal Waste (BMW) Ban	3,500,000		3,500,000	0	3,500,000	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.	0	3,500,000	0
004	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Service Concessions - Priorities Investment Fund (Strategic Development Framework)	450,000		450,000	225,000	225,000	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.	225,000	225,000	0
005	Non Departmental	Non Departmental	Service Concessions - Learning Estate Investment Strategy	8,000,000		8,000,000	0	8,000,000	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.	0	8,000,000	0
006	Non Departmental	Non Departmental	Service Concessions - Replace previous loans fund principal repayment holiday	5,400,000		5,400,000	5,400,000	0	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	0	0
007	Non Departmental	Non Departmental	Service Concessions - Rothesay Pavilion	4,772,000		4,772,000	0	4,772,000	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.	0	4,772,000	0
008	Non Departmental	Non Departmental	Service Concessions - Priorities Investment Fund	4,742,000		4,742,000	0	4,742,000	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.	0	4,742,000	0
009	Non Departmental	Non Departmental	Service Concessions - Roads Investment to Capital	3,546,000		3,546,000	0	3,546,000	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.	0	3,546,000	0
010	Non Departmental	Non Departmental	Service Concessions - Capital Projects Inflation Pressures	2,000,000		2,000,000	0	2,000,000	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. Further allocation agreed Council meeting 22 February 24 - increase capital contract earmarking to protect current capital projects in plan £0.297m	0	2,000,000	0
011	Non Departmental	Non Departmental	Service Concessions - Priorities Investment Fund (Capital Programme)	1,028,000		1,028,000	0	1,028,000	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	0
012	Non Departmental	Non Departmental	Service Concessions - New refuse collection vehicles	700,000		700,000	700,000	0	As agreed at Council meeting 23 February 2023 - Enhancing waste and recycling uplift arrangements through placing orders for new refuse vehicles.	700,000	0	0
013	Non Departmental	Non Departmental	Service Concessions - Climate Change	640,000		640,000	0	640,000	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.	0	640,000	0
014	Non Departmental	Non Departmental	Service Concessions - New Jet Patcher Vehicle	250,000		250,000	250,000	0	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	0	0
015	Non Departmental	Non Departmental	Service Concessions - New Road Marking Vehicle	230,000		230,000	0	230,000	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.	0	230,000	0
				<b>35,658,000</b>	<b>0</b>	<b>35,658,000</b>	<b>6,745,000</b>	<b>28,913,000</b>		<b>6,745,000</b>	<b>28,913,000</b>	<b>0</b>