

2007/08 UNAUDITED ACCOUNTS

1. SUMMARY

- 1.1 The accounting surplus for the year per the Income and Expenditure Account is £8.424m. After adjustments for areas where statutory provisions override the Statement of Recommended Practice (SORP) the balance on the General Fund has increased by £6.415m. Once contributions to PPP smoothing funds, second home council tax income awaiting distribution and funds earmarked during 2007-08 are adjusted the surplus for 2007-08 compared to budget amounts to £2.393m.
- 1.2 The free General Fund Reserve is £5.136m. There are substantial sums earmarked and committed in the General Fund Reserve amounting to £26.077m giving a total balance on the General Fund of £31.213m.
- 1.3 After allowing for the planned transfer to services for 2008-09 in respect of single status of £0.496m the free balance on the General Fund is £4.640m. This compares to a projected position at the time of budget preparation of £2.630m. The increase in the balance of £2.010m is a welcome addition going into 2009-12 budget period.
- 1.4 The net worth of the Council has increased by £55.147m from £63.158 at 31 March 2007 to £118.305m at 31 March 2008. In addition to the movement in the General Fund this arises from revaluation of fixed assets and an actuarial gain on pension assets and liabilities. This is merely an increase in the accounting worth of the Council and does not represent additional money available to spend.
- 1.5 Fixed assets have increased in value by £20.495m. The Council had a net investment of cash, bank and short term borrowing at 31 March 2008 of £38.849m compared to net short term borrowing of £0.804m at 31 March 2007. Loan term borrowing has increased to take advantage of attractive interest rates during 2007-08 and to move borrowing closer to the capital financing requirement.
- 1.6 The Roads and Lighting Trading Account met the requirement for a 3 year rolling breakeven position. The Catering and Cleaning Trading Account did not achieve a 3 year rolling breakeven position. Steps have been taken to avoid this situation arising again now that single status has been implemented.
- 1.7 Council tax income has increased from £45.059m in 2006-07 to £46.493m in 2007-08. Council tax income exceeded budget by £1.415m after adjusting for the council tax on second homes.

- 1.8 Group Accounts are currently being prepared and it is anticipated these will be available on the day of the Council meeting.
- 1.9 The statement of internal control is prepared on a group basis and indicates areas for further development in the internal control systems of the Council. This cannot be finalised until the Group Accounts are complete and should be available on the day of the Council meeting.

2. RECOMMENDATIONS

- 2.1 Members note the unaudited accounts.
- 2.2 Members approve the earmarking of funds in the General Fund as detailed in Appendices 1 to 4.
- 2.3 Members note the year end budget monitoring position reported in Appendix 5.

3. DETAIL

3.1 Introduction

- 3.1.1 There is a statutory requirement to prepare a set of Accounts and submit the Accounts to the Controller of Audit and the Council. The date set by the Scottish Government for submission of the Accounts is 30 June of each year.
- 3.1.2 It should be noted that the Accounts have still to be audited. The Auditors certificate and Letter to Members will be submitted to Members immediately after the completion of the audit anticipated for 30 September 2008. Figures are therefore subject to change.
- 3.1.3 The Accounts are prepared in accordance with the SORP for Local Authority Accounts. This specifies the format and content of the Accounts as well as the accounting treatment of transactions. There have been a number of changes to the SORP for 2007/08. These are part of the drive by those who regulate the accounting profession to bring the accounting policies adopted by the public sector in line with those used in the private sector. There are a number of areas where central government regulation requires a different accounting treatment in terms of the impact on council tax and this results in the reconciliations as per the movement statements for the General Fund Balance and HRA Balance. The main adjustments that fall within these statements relate to adjusting for the difference between Financial Reporting Standard (FRS) 17 pension charges and the amount paid to the Strathclyde Pension Fund and adjusting for the difference between depreciation and gains or losses on sale of fixed assets and the principal repayment element of loan charges.
- 3.1.4 In relation to the format of the Accounts the SORP requires presentation of an income and expenditure account which shows the surplus or deficit in accordance with the SORP and a separate statement that adjusts and reconciles this for central government regulation to give the movement on the General Fund Reserve which in crude terms is equivalent to the impact on council tax.

3.1.5 The Council is required to prepare group accounts. These will be presented towards the end of the Accounts and will be circulated separately for the Council meeting as they are still being prepared.

3.2 Income & Expenditure Account

3.2.1 The Council ended the year with an accounting surplus of £8.424m for 2007-08 compared to a surplus of £0.385m for 2006-07. This is the accounting surplus based on the SORP compliant accounts rather than the movement in the General Fund Balance.

3.2.2 Income from taxation and government grants totalled £221.946m for 2007-08 compared to £210.844m for 2006-07. An increase of £11.102m (5.3%). This includes revenue support grant up from £131.957m in 2006-07 to £142.282m in 2007-08, non domestic rates down from £33.828m in 2006-07 to £33.171m in 2007-08 and council tax up from £45.059m in 2006-07 to £46.493m in 2007-08.

3.2.3 Net operating expenditure increased from £210.459m in 2006-07 to £213.522m in 2007-08. An increase of £3.063m (1.5%). The main factors giving rise to the increase in expenditure are summarised below.

	<u>£m</u>	<u>Comment</u>
Housing Service (Non HRA)	2.759	
Housing Service (HRA) Discontinued Operations	10.828	HRA ceased in 2006-07
Education	(7.316)	Decrease in depreciation and credit in 2007-08 for build-up of NPDO residual value asset (Schools)
Social Work	2.474	Reflects budgetary allocation
Non Distributed Costs	3.852	Change in FRS17 charges re pensions
Reduction in interest payable & similar charges	(13.549)	Cost of early redemption of debt on housing stock transfer in 2006-07
Other increase in net operating expenditure	<u>4.015</u>	
	<u>6.638</u>	

3.3 General Fund Balance

- 3.3.1 The balance on the General Fund at 31 March 2008 stands at £31.213m compared to £24.798m at 31 March 2007. An increase of £6.415m. The “free” General Fund Balance stands at £5.136m at 31 March 2008. This equates to 2.0% of the net revenue expenditure for 2008-09. There are a range of balances earmarked within the General Fund Balance. These total £26.077m and are summarised in the Appendices to this report.
- 3.3.2 The net surplus on the Income and Expenditure Account of £8.424m plus the HRA balance transferred to the General Fund of £0.255m less the adjustments to reflect the impact on Council Tax of £2.264m equates to the increase in the balance on the General Fund of £6.415m.
- 3.3.3 The net adjustment to the surplus per the Income and Expenditure to reflect the impact on council tax is a debit of £2.264m. In summary this debit represents the difference between:
- Principal repayment to the loans fund and the depreciation on amortisation of fixed assets and government grant and any gain/loss on sale of assets
 - Cash paid as pension contributions and the costs charged in accordance with FRS17.
 - Statutory provision relating to amounts due on early repayment of loans and the charges in accordance with the SORP.
 - Capital element of schools NPDO Payment and build-up of debtor to reflect the residual value of the NPDO schools at the end of the contract.
- 3.3.4 The table below summarises the surplus for the year of £2.393m compared to budget. This is after adjusting for earmarked funds carried forward. In summary departmental expenditure was contained within budget and savings on loan charges and additional council tax income are the main factors giving rise to the surplus.

	£
Increase in council tax income	1.415
Reduction in AEF	(0.116)
Savings in loan charges	1.040
Net underspend on departmental expenditure compared to budget	<u>0.054</u>
 Surplus against budget 2007-08	 2.393

- 3.3.5 The overall movement in the General fund is summarised in the table below. In addition to the surplus compared to budget of £2.393m funds have been earmarked which in total amount to £13.001m. These together with the HRA balance transferred of £0.255m offset the planned transfers to services from the General Fund of £9.234m.

	£m	£m
Balance on General Fund 31 March 2007		24.798
Less budgeted transfer to services 2007-08		<u>9.234</u>
		15.564
Add surplus against budget 2007-08		2.393
Add earmarked funds for 2007-08		
Council Tax on second homes	1.743	
Contribution to smoothing funds	5.132	
Funds earmarked by departments	6.126	
		13.001
Add transfer of HRA balance		<u>0.255</u>
Balance on General Fund 31 March 2008		<u>31.213</u>

3.4 Statement of Total Recognised Gains and Losses

3.4.1 This analyses the increase in the net worth of the Council from 31 March 2007 of £63.158m to £118.305m at 31 March 2008 based on the Balance Sheet. This is an increase in the net worth of the Council in accounting terms and does not represent an increase in the spending power of the Council. The increases from revaluation of fixed assets £13.359m and the additional gain on pension assets/liability at £33.164m do not represent additional cash to the Council.

3.5 Balance Sheet

3.5.1 As indicated above the accounting net worth of the Council has increased by £55.147m from £63.158m at 31 March 2007 to £118.305m at 31 March 2008.

3.5.2 The value of fixed assets has increased from £313.332m at 31 March 2007 to £333.827m at 31 March 2008. An increase of £20.495m (6.5%). This comprises a net upward revaluation of fixed assets and capital expenditure less the value of fixed assets disposed of.

3.5.3 In terms of current assets and current liabilities the net of stock, debtors and creditors remains broadly the same, moving from £14.178m at 31 March 2007 to £14.885m at 31 March 2008. However the net cash, bank, short term borrowing and bank overdraft has moved from a net amount owed by the Council of £0.804m at 31 March 2007 to a net amount of surplus cash invested of £38.849m at 31 March 2008. This is an increase of £39.653m. This reflects the level of General Fund Balance and borrowing closer to the capital finance requirement in order to take advantage of attractive interest rates during 2007/08.

3.5.4 Overall long term liabilities have increased from £236.271m at 31 March 2007 to £244.886m at 31 March 2008. The increase of £8.615m masks some significant movements.

- Long term borrowing has increased from £157.302m to £187.113m as the Council drew down long term loans to secure funds at attractive interest rates and to move closer to our capital finance requirement.
- The FRS17 valuation of pension scheme moved from a liability of £34.782m to an asset of £0.818m.
- There were also government grants in relation to fixed assets and an increase in the provision to cover single status back pay as this is being paid in 2008-09.

3.5.5 It should be noted that at 31 March 2008 fixed assets valued at £333.827m exceed the level of long term borrowing and deferred government grants of £237.796m by a £96.038m equivalent to 40%. The equivalent figures at 31 March 2007 were fixed assets of £313.332m, long term borrowing and deferred government grants of £195.993m leaving an excess of assets of £117.339m (60%). Against this it should be noted the Council now has £38.849m of cash invested compared to a net overdraft of £0.804m for 31 March and this more than accounts for the reduction in fixed assets compared to long term borrowing.

3.6 Cash Flow Statement

3.6.1 The Cash Flow Statement reports the flow of cash in and out of the Council. It covers both revenue, capital and financing cash flows. The main points to note from this statement are as follows:

- The net increase in cash of £39.673m is consistent with change in cash, bank and short term borrowing movement in the balance sheet
- The net cash inflow from financing of £29.433m is consistent with the increase in long term borrowing as per the movement in the balance sheet
- The reduction in the net cash out flow from capital from £16.124m for 2006-07 to £11.018m for 2007-08 is due mainly to an increase in capital grant received
- The net cost of servicing finance has reduced from £12.776m in 2006-07 to £9.333m in 2007-08 largely due to the early redemption of loans on housing stock transfer in November 2006 resulting in a reduction in interest payments in 2007-08.
- The net cash flow from revenue activities fell from £72.475m in 2006-07 to £30.591m in 2007-08 mainly due to an increase in other operating cost payments.

3.7 Notes to Accounts

3.7.1 The notes give further information and explanation to some of the key figures included in the accounts.

- 3.7.2 Notes 3.1 and 3.2 relate to trading accounts. The Council had previously decided to remove Waste and Leisure services from a trading account environment and the Building Maintenance trading account ended upon housing stock transfer. This leaves only Roads and Lighting and Catering and Cleaning.
- 3.7.3 Roads and Lighting achieved a surplus of £0.068m for 2007-08 and has met its 3 year breakeven targets with a rolling surplus 3 year of £0.346m.
- 3.7.4 Catering and Cleaning incurred a deficit £1.022m for 2007-08. It has a rolling 3 year deficit of £3.657m. These deficits are due to single status and equal pay. With single status now implemented these deficits should not arise again. A review of the SLA has taken place to reflect the post single status cost base. Finally a review of competitiveness of catering and cleaning was undertaken as part of the options appraisal for Operational Services.

3.8 Council Tax Income Account

- 3.8.1 Income taken to the General Fund for council tax in 2007-08 amounted to £46.493m compared to £45.059m in 2006-07. This is an increase of £1.434m (3.2%). It is an increase of £1.415m compared to the budget of £45.078m including council tax on second homes.
- 3.8.2 Although council tax increased by 3.49% from £1,117 to £1,156 the total council tax levied excluding second homes only increased by £1.276m (2.9%) from £51.059m in 2006-07 to £52.335m in 2007-08.
- 3.8.3 Discounts, valuation and provision for bad and doubtful debts reduced by £355,000 from £8.317m in 2006-07 to £7.962m in 2007-08.

3.9 Non Domestic Rate Income Account

- 3.9.1 Non Domestic Rate Income amounted to a share of £33.171m for 2007-08 allocated from the national pool. This compares to £33.828m in 2006-07. Our own net income amounted to £26.261m and we received a contribution from the national pool of £6.909m for 2007-08. These figures compared to income of £26.499m and a contribution from the national pool of £7.327m for 2006-07.

3.10 Group Accounts

- 3.10.1 For 2007-08 the Council is required to prepare Group Accounts. The Group Accounts comprises income and expenditure account, balance sheet, reconciliation statements and notes. The group accounts incorporate Common Good Funds as subsidiaries and Police, Fire and Valuation Joint Board as associates. At the time of preparing this report not all of the information is available to draft the Group Accounts. It is anticipated that the Group Accounts will be available for circulation at the Council meeting on 26 June 2008.

3.11 Statement on the System of Internal Control 2007/08

3.11.1 The Code of Practice on the Annual Accounts includes a requirement to prepare a statement on the system of internal control. My statement will appear on page 7 of the Accounts. The statement will cover the whole of the group accounts rather than just the Council on its own. The statement is drawn from the Internal Audit Manager's statement on the adequacy and effectiveness of the internal control system of the Council and also similar statements from other group bodies. The statement cannot be finalised until all of the group accounts information is available and it is anticipated that the statement will be available on the day of the Council meeting.

3.12 Budget Monitoring

3.12.1 Appendix 5 is a summary report outlining the comparison of actual and budget expenditure at the financial year end.

For further information please contact Bruce West, Head of Strategic Finance
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Bruce West
Head of Strategic Finance
20 June 2008

Earmarked Reserves - Summary

Appendix 1

Description	Previous	2007-08	Total
	£	£	£
PPP Smoothing Funds			
Waste Management PPP	4,038,299	540,701	4,579,000
NPDO Affordability Funding	2,548,890	4,591,096	7,139,986
Total PPP Smoothing Funds	6,587,189	5,131,797	11,718,986
Revenue for Additional Council Tax on Second Homes	3,173,000	1,743,000	4,916,000
Reserve Committed for 2008-09 Budget		1,542,000	1,542,000
Savings Agreed to be Carried Forward to 2008-09	55,485	130,000	185,485
Unspend Grants - See Appendix 2	76,753	966,834	1,043,587
Contributions Carried Forward - See Appendix 3	145,229	1,178,470	1,323,699
Unspent Budget Carried Forward - See Appendix 4	860,743	3,980,575	4,841,318
Peliminary Design for Regional Transport Partnership Projects	454,000	-300,000	154,000
Campbeltown Town Centre/Area Regeneration Scheme	287,000		287,000
Former HRA Balance		65,000	65,000
Total Earmarking	11,639,399	14,437,677	26,077,076

Earmarked Reserves - Unspent Grants

Appendix 2

Department	Description	Previous	2007-08	Total	Reason for Carry Forward
		£	£	£	
Chief Executive's Unit	Bord na Gaidhlig - Development		27,154	27,154	Grant Monies Not Spent
Chief Executive's Unit	Bord na Gaidhlig - Implementation		171,624	171,624	Grant Monies Not Spent
Chief Executive's Unit	Choose Life		29,577	29,577	Grant Monies Not Spent
Chief Executive's Unit	DRIVESafe		4,113	4,113	Grant Monies Not Spent
Chief Executive's Unit	Rural Partnerships		76,673	76,673	Grant Monies Not Spent
Community Services	Islay High Schools of Ambition	2,169		2,169	Brought Forward from 2006-07
Community Services	Homeless Taskforce Grant	-22,416		-22,416	Brought Forward from 2006-07
Community Services	National Accommodation Strategy for Sex Offenders (NASSO)		23,758	23,758	To enable the Council to fully implement NASSO
Community Services	Scottish Disability Sport - Scottish Disability Sport Local Development Grant		2,902	2,902	Grant Awarded not fully spend in 07/08, authorised to carry forward
Community Services	Awards For All - Older Voices		4,082	4,082	Grant Awarded not fully spend in 07/08, authorised to carry forward - to be spent by September 2008
Community Services	The Scottish Football Association - Football Development - MacDonald's Football Programme		4,800	4,800	Carry forward of Scottish Football Association funding to continue the McDonald's Football Programme which runs until the end of the academic year
Community Services	Sportscotland - Active Schools		15,473	15,473	Grant Awarded not fully spend in 07/08, authorised to carry forward and to be used for active schools staffing and programme costs.
Community Services	NHS Highland - Health Improvement Fund		9,150	9,150	Carry forward of NHS funding for school health fayres
Community Services	Sportscotland - Sportscotland Regeneration Fund		14,454	14,454	Grant Awarded not fully spend in 07/08, authorised to carry forward
Community Services	Telecare Development Fund		117,407	117,407	Development of National Telecare Programme
Community Services	NPAF		10,416	10,416	Unspent part of grant carried forward with Scottish Executive agreement
Community Services	Foster Training Grant		30,340	30,340	Foster Training Grant
Community Services	Supporting People		262,189	262,189	Planned 08/09 Commitments
Community Services	Sex and Relationship Training monies		9,792	9,792	Planned 08/09 Commitments
Community Services	Cultural Co-ordinators		42,846	42,846	Planned 08/09 Commitments
Community Services	PGCE Part time Pathway		6,810	6,810	Planned 08/09 Commitments
Community Services	Islay Schools of Ambition		64,862	64,862	On-going Programme
Corporate Services	Food Safety Management Programme		38,413	38,413	Corporate Initiative with specific funding to deliver a project. Grant from Food Standards Agency to deliver service.
Corporate Services/Community Services	Youth Crime Local Action Fund	97,000		97,000	Brought Forward from 2006-07
		76,753	966,834	1,043,587	

Earmarked Reserves - Contributions Carried Forward

Appendix 3

Department	Description	Previous	2007-08	Total	Reason for Carry Forward
		£	£	£	
Chief Executive's Unit	Community Planning Partnership		20,723	20,723	Partner Contributions Not Spent
Community Services	Resource Transfer		95,524	95,524	NHS income for specific purposes, unable to be fully utilised within financial year - agreed to carry forward
Community Services	Substance Misuse Strategy Group		906	906	Not Council funding but held on behalf of group.
Community Services	ADAT funding for fixed term posts		9,755	9,755	Fixed term posts spanning more than one financial year
Community Services	MH Dementia Oban		481	481	Contribution for Sensory Garden
Community Services	Associated Schools Group		3,069	3,069	Carry forward in respect of anticipated costs re year end networking meeting
Community Services	Nof Quality Childcare Localised Training	1,246		1,246	Nof Localised Training Carry Forward
Community Services	Schools Carry Forward balances		369,627	369,627	Forms part of Scheme of Delegation
Community Services	Health Board Funding carried forward to 2007/08 - from Community Services	145,229		145,229	Brought Forward from 2006-07
Corporate Services	ICT 3 Islands Partnership		61,632	61,632	Corporate Initiative with specific funding to deliver a project. Bulk of income from AIE to run the services in 08/09.
Corporate Services	Young Scot Project (MGF2) (Dialogue Youth)		48,548	48,548	Corporate Initiative with specific funding to deliver a project. Income from Local Action Fund & Community Safety.
Corporate Services	Youth Crime Anti Social Behaviour Orders		159,718	159,718	Payments for ASBO overlap year end. Specific funding from Scottish Exec and final accounting still to be done. Some monies may need to be repaid.
Non-Controllable Costs	Salt Domes - CFCR contribution		150,000	150,000	Monies required for replacement for Salt storage which will result in efficiencies due to reduction in leachate.
Operational Services	Helensburgh Partnership		147,250	147,250	Monies held for future payment on behalf of the Helensburgh Partnership. Monies required to fund commitments which will be paid in 2008/09 and onwards.
Operational Services	Playing Fields		1,641	1,641	Monies held on behalf of outside bodies who run Playing Fields.
Operational Services	Playing Fields		4,288	4,288	Monies held on behalf of outside bodies who run Playing Fields.
Operational Services	Playing Fields		24,062	24,062	Monies held on behalf of outside bodies who run Playing Fields.
Operational Services	Red Gauntlet		20,000	20,000	Contribution of £20,000 was received from Kier Homes for Red Gauntlet by way of contribution to ongoing play area works for 2008/09 and onwards.
Operational Services	Leisure		10,000	10,000	Contribution of £20,000 was received in 2007/2008 from Argyll Active for the development of exercise regimes for children. Leisure have used these monies mainly to promote swimming lessons at the various pools. In 2007/08 £10,000 of expenditure was incurred
Operational Services	Bowmore PC		50,000	50,000	Carry forward monies from capital for Bowmore PC due to delays in commencing work.
		145,229	1,178,470	1,323,699	

Earmarked Reserves - Unspent Budget Carried Forward

Appendix 4

Department	Description	Previous	2007-08	Total	Reason for Carry Forward
		£	£	£	
Corporate Services	MGF Land and Property (DNAS)		32,540	32,540	Corporate Initiative with specific funding to deliver a project
Corporate Services	Land & Property (DNAS) MGF3		4,910	4,910	Corporate Initiative with specific funding to deliver a project
Corporate Services	Smart Card - MGF3		132,315	132,315	Corporate Initiative with specific funding to deliver a project
Corporate Services	Smart Card A&B Contribution		43,540	43,540	Corporate Initiative with specific funding to deliver a project
Corporate Services	eCare - A&B Contribution		74,000	74,000	Corporate Initiative with specific funding to deliver a project
Corporate Services	ICT Topslice (MGF)		204,969	204,969	Corporate Initiative with specific funding to deliver a project
Corporate Services	Fire doors at Graham Williamson IT Centre		17,000	17,000	Work required for Health and Safety reasons due to commence May 2008.
Corporate Services	Benefits Administration - LHA Pathfinder Project		75,140	75,140	Carry forward agreed by DW/P - see e-mail
Corporate Services	Protective Services Training Programme - Environmental Health		54,578	54,578	Corporate Initiative with specific funding to deliver a project - unspent budget
Corporate Services	Smoking Prohibition		54,076	54,076	Corporate Initiative with specific funding to deliver a project
Corporate Services	Anti Social Behaviour - Noise Nuisance		13,541	13,541	Corporate Initiative with specific funding to deliver a project
Corporate Services	Anti Social Behaviour-Private Landlord Registration		53,376	53,376	Corporate Initiative with specific funding to deliver a project. One year extension to funding rec'd March 08.
Corporate Services	Money Management - Job Centre Plus		117,472	117,472	Corporate Initiative with specific funding to deliver a project
Corporate Services	Home Safety Unit		152,078	152,078	Corporate Initiative with specific funding to deliver a project funding from external bodies e.g Fire & Rescue, Police etc
Corporate Services	Internal Council Award Scheme		4,326	4,326	Sponsorship income received for year 2006/2007 awards and to be carried forward to use for the 2008/09 awards(now bi-annual)
Corporate Services	CCTV Maintenance		71,602	71,602	Council Decision of 20 Sept 2007. Earmarked reserve for Dunoon CCTV included here.
Corporate Services	Community Safety Partnership		74,606	74,606	Corporate Initiative with specific funding to deliver a project. Final accounting with Scottish Exec still to be done.
Corporate Services	Elections		232,358	232,358	£42k Electoral Registration additional GAE for 0809 not budgeted so underspend earmarked for this. Scottish Govt elections control a/c still to be cleared and costs transferred here.
Corporate Services	Reduction to Balance Year End Outturn		-10,000	-10,000	
Corporate Services	Best Value Review of Legal & Protective Services		237,000	237,000	To cover initial costs associated with review & restructuring
Corporate Services	Personnel		40,000	40,000	To appoint a qualified Personnel officer for Corporate Services.
Chief Executive's Unit	Shared Services Diagnostic Pathway		162,528	162,528	Corporate Initiative with specific funding to deliver a project
Community Services	Village Halls		100,000	100,000	Budget have been committed to provide grant funding to specific project.
Community Services	Stramash		54,250	54,250	To enable project to continue while a business case is developed with the view of an arms length company being created.
Community Services	Efficiency Enabling Fund		166,078	166,078	To fund efficiency initiatives
Community Services	Oban Community Sports Field		5,711	5,711	To build up fund to enable replacement costs to be met
Community Services	Museum Reserve Funding		19,184	19,184	Agreed funding over 3 years
Community Services	Events and Festivals		22,494	22,494	
Community Services	Upskilling the Workforce		136,054	136,054	Move to training delay - schedule 08/09
Community Services	Reduction to Balance Year End Outturn		-110,000	-110,000	
Community Services	Health Improvement Partnership Funding for school counselling service - OLI		10,000	10,000	Agreed funding to 2009
Operational Services	Airport Carry Forward		295,000	295,000	Carry forward identified within Airport budget for 08-09 due to delays in opening/licensing.
Operational Services	Waste Management - Alternative Weekly Collections		315,348	315,348	Monies required to progress introduction of alternate weekly collection.
Operational Services	Headstone Repairs		150,824	150,824	Additional monies required to meet identified headstone repairs.
Operational Services	Streetscene		60,979	60,979	Underspend due to delays in starting Streetscene as a result of ongoing single status consultation. Monies required to implement Streetscene in 2008/09.
Operational Services	Community Wardens		214,942	214,942	Underspend due to delays in starting Community Wardens as a result of consultation/job evaluation. Monies required to continue employment of Community Wardens in 2008/09 and onwards.

Earmarked Reserves - Unspent Budget Carried Forward

Appendix 4

Department	Description	Previous	2007-08	Total	Reason for Carry Forward
Operational Services	Community Wardens		251,905	251,905	Underspend due to delays in starting Community Wardens as a result of consultation/job evaluation. Monies required to continue employment of Community Wardens in 2008/09 and onwards.
Operational Services	Helensburgh Depot - CFCR		250,000	250,000	Monies required for the replacement for Helensburgh Depot.
Chief Executives	Underspend within Policy and Strategy to Fund Budget Savings in 2007/08	39,000		39,000	Brought Forward from 2006-07
Community Services	Additional Funding agreed at Council 28/06/06 for Community Services	690,000		690,000	Brought Forward from 2006-07
Community Services	Social Work - Care First Funding	131,743		131,743	Brought Forward from 2006-07
Operational Services	Kintyre Recycling		92,278	92,278	Underspend due to delays in purchasing premises as a result of the Owner's illness and hospitalisation. Monies required to complete purchase in 2007/08.
Operational Services	Mercury Abatement		28,575	28,575	Monies held for future payment to meet our Mercury abatement requirements.
Operational Services	Parking contribution - Trunk Roads		20,000	20,000	Provision for carry forward of Trunk Road share of Parking income.
Operational Services	STAG Appraisals		50,000	50,000	Additional monies required to meet need for STAG Appraisals.
Other Operating Income & Expenditure Total	CEU - Argyll & Bute Agricultural Forum		5,000	5,000	Waiting for forum to claim grant.
		860,743	3,980,575	4,841,318	

Departmental Objective Analysis												
Chief Executive's Unit												
Service	Actuals 2007/08	Budget 2007/08	Adjustments	Adjusted Budget 2007/08 Before Earmarking	Adjustment for Grants Unspent Grant Monies Carried Forward to 2008/09	Contributions Received but Unspent Carried Forward to 2008/09	Earmarked in General Reserve Proposed Unspent 2007/08 Budget	Savings Identified During Budget Forward to 2008/09	Adjusted Budget 2007/08	Real Variance (Overspend) / Underspend	Variance %	Explanation of Variance (of +/-£100k, or >5%)
Chief Executive	178,098	174,318		174,318					174,318	(3,780)	-2.17%	Outwith reporting criteria
Communications Manager	169,422	163,611		163,611					163,611	(5,811)	-3.55%	Outwith reporting criteria
Head of Personnel	975,292	1,232,498		1,232,498					1,232,498	257,206	20.87%	Single Status Implementation and Corporate Training Budgets Underpsest.
Head of Personnel - Equal Pay	(350)	0		0					0	350	0.00%	Outwith reporting criteria
Head of Strategic Finance	1,089,756	1,042,545		1,042,545					1,042,545	(47,211)	-4.53%	Outwith reporting criteria
Policy and Strategy Manager	434,756	850,767		850,767	(20,723)				520,903	86,147	16.54%	Underspend against a range of headings.
Chief Executive's Unit Total	2,846,974	3,463,739	0	3,463,739	(309,141)	(20,723)	0	0	3,133,875	286,901	9.15%	

Departmental Objective Analysis												
Community Services												
Service	Actuals 2007/08	Budget 2007/08	Adjustments	Adjusted Budget 2007/08 Before Earmarking	Adjustment for Funds Earmarked in General Reserve Unspent Grant Monies Carried Forward to 2008/09	Contributions Received but Unspent Carried Forward to 2008/09	Earmarked in General Reserve Proposed Unspent 2007/08 Budget Forward to 2008/09	Savings Identified During Budget Forward to 2008/09	Adjusted Budget 2007/08	Real Variance (Overspend) / Underspend	Variance %	Explanation of Variance (of +/-£100k, or >5%)
Capital Funding Project	7,463,893	7,543,091		7,543,091					7,543,091	79,198	1.05%	Outwith Reporting Criteria
Director of Community Services	249,923	482,614		482,614		(166,078)			316,536	66,613	21.04%	Additional Recovery of Income.
Head of Adult Services	27,899,341	28,880,293		28,880,293		(106,666)			28,773,627	874,266	3.04%	Underspend due to CFCR entries in respect of Garelochhead £489k to offset Glow overspend within Primary Education. Reduction in Private Residential Care to meet future resource constraints £290k
Head of Children & Families	9,066,979	8,951,969		8,951,969		(1,246)	(10,000)		8,910,383	(156,596)	-1.76%	Mainly due to S22 Welfare Costs £73k.
Head of Community Regeneration	4,075,762	4,459,367		4,459,367			(159,961)		4,107,380	31,617	0.77%	Outwith Reporting Criteria
Head of Community Support	157,621	159,018		159,018					159,018	1,397	0.88%	Outwith Reporting Criteria
Head of Planning and Performance	5,167,189	5,696,908		5,696,908			(67,732)		5,366,987	199,798	3.72%	Funding Received for Backfill of Posts realised an underspend of £130k.
Head of Pre-School & Primary	29,180,517	28,872,327		28,872,327		(234,489)			28,620,612	(659,906)	-1.96%	Overspend due to change in funding for National Grid for Learning (GLOW) £405k, offset by CFCR within Adult Services.
Head of Secondary Education	36,140,058	35,863,786		35,863,786		(138,207)			35,608,079	(631,979)	-1.49%	Overspend relates to NPDO FM Charges £678k offset by underspends in Cleaning trading account £132k, utilities (including electricity, gas, heating & water) £73k and NDR £97k.
Housing Services for Information only	1	0		0					0	(1)	0.00%	Outwith Reporting Criteria
Community Services Total	119,401,285	120,909,372	0	120,909,372	(619,281)	(480,608)	(403,771)	0	119,405,712	4,427	0.00%	

Department Objective Analysis												
Corporate Services	Actuals 2007/08	Budget 2007/08	Adjustments	Adjusted Budget 2007/08 Before Earmarking	Adjustment for Unspent Grant Monies Carried Forward to 2008/09	Contributions Received but Unspent Carried Forward to 2008/09	Earmarked in General Reserve Proposed Unspent 2007/08 Budget	Savings Identified During Budget Forward to 2008/09	Adjusted Budget 2007/08	Real Variance (Overspend) / Underspend	Variance %	Explanation of Variance (of +/-£100k, or >5%)
Chief Executive	178,098	174,318		174,318					174,318	(3,780)	-2.17%	Outwith reporting criteria
Communications Manager	169,422	163,611		163,611					163,611	(5,811)	-3.55%	Outwith reporting criteria
Head of Personnel	975,292	1,232,498		1,232,498					1,232,498	257,206	20.87%	Single Status Implementation and Corporate Training Budgets Underpenned
Director of Corporate Services	172,660	192,331		192,331		(40,000)			152,331	(20,329)	-13.35%	Earmarking offset by underspends within ICT and Financial Services and Democratic Services and Governance.
Head of Democratic Services and Governance	1,800,734	2,252,157		2,252,157		(372,892)			1,879,265	78,531	4.18%	Outwith Reporting Criteria
Head of ICT & Financial Services	4,367,254	5,472,813	(177,000)	5,295,813		(269,899)	(584,414)		4,441,501	74,247	1.67%	Outwith Reporting Criteria
Head of Legal and Protective Services	2,618,329	3,206,507		3,206,507	(38,413)		(682,121)		2,485,973	(132,356)	-5.32%	Earmarking offset by underspends within ICT and Financial Services and Democratic Services and Governance.
Corporate Services Total	8,956,977	11,123,809	(177,000)	10,946,809	(38,413)	(269,899)	(1,679,427)	0	8,959,071	94	0.00%	

Department Objective Analysis												
Development Services												
Service	Actuals 2007/08	Budget 2007/08	Adjustments	Adjusted Budget 2007/08 Before Earmarking	Adjustment for Funds Earmarked in General Reserve Unspent Grant Monies Carried Forward to 2008/09	Contributions Received but Unspent Carried Forward to 2008/09	Proposed Earmarking of Unspent 2007/08 Budget Forward to 2008/09	Savings Identified During Budget Forward to 2008/09	Adjusted Budget 2007/08	Real Variance (Overspend) / Underspend	Variance %	Explanation of Variance (of +/-£100k, or >5%)
Director of Development Services & Support Team	791,540	471,413		471,413					471,413	(320,126)	-67.91%	Costs related to Planning Enquiry and Budget Savings not achieved.
Head of Planning	2,183,484	2,237,854		2,237,854					2,237,854	54,370	2.43%	Outwith Reporting Criteria
Head of Transportation & Infrastructure	574,588	490,573		490,573					490,573	(84,016)	-17.13%	Recharge to Public Transport Budget not processed.
Development Services Total	3,549,613	3,199,841	0	3,199,841	0	0	0	0	3,199,841	(349,772)	-10.93%	

Department Objective Analysis												
Operational Services												
Service	Actuals 2007/08	Budget 2007/08	Adjustments	Adjusted Budget 2007/08 Before Earmarking	Adjustment for Funds Earmarked in General Reserve Unspent Grant Monies Carried Forward to 2008/09	Contributions Received but Unspent Carried Forward to 2008/09	Proposed Earmarking of Unspent 2007/08 Budget Forward to 2008/09	Savings Identified During Budget Forward to 2008/09	Adjusted Budget 2007/08	Real Variance (Overspend) / Underspend	Variance %	Explanation of Variance (of +/-£100k, or >5%)
Director of Operational Services	2,021,661	2,359,032		2,359,032		(147,250)			2,211,782	190,121	8.60%	£105k favourable variance within Central Services mainly due to vacancy savings. Utilised to offset the additional cost for delays in licensing Oban Airport where funds have been earmarked against Roads and Amenity Services.
Head of Facility Services	4,161,973	4,053,450		4,053,450		(39,991)			4,013,459	(148,514)	-3.70%	
Head of Roads and Amenity Services	23,223,520	24,862,785	121,443	24,984,228		(70,000)	(1,729,851)		23,184,377	(39,143)	-0.17%	Variance relates mainly to Cleaning Services.
Operational Services Total	29,407,154	31,275,266	121,443	31,396,709	0	(257,241)	(1,729,851)	0	29,409,617	2,463	0.01%	